



## Brand relationships and brand equity in franchising<sup>☆,☆☆</sup>

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### ABSTRACT

Previous research suggests that building brand equity enhances the competitive advantage of retailers in B2B markets. However, limited attention has been paid to the concept of brand equity in B2B retailing contexts, particularly in franchise channels. This study seeks to understand how brand relationships can be leveraged to enhance brand citizenship behavior and ultimately brand equity in franchise channels. Accordingly, this study explores franchisees' perceptions of their franchise brands, leading to a new conceptualisation of 'franchisee-based brand equity'. An interpretive research design is employed, comprising of semi-structured interviews with key informants. Findings suggest that franchisors play an important role in promoting brand citizenship behaviour of franchisees, which in turn enhances brand equity. The study provides insight on how to effectively manage brand relationships to enhance franchisees' brand citizenship behaviour and brand equity. The concept of brand relationships has been discussed widely in consumer markets, but has received limited attention in B2B contexts. In response, this study provides new insight in B2B branding and specifically, in how brand relationships may enhance brand citizenship behaviour and brand equity in B2B markets.

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### 1. Introduction

For many business-to-business (B2B) firms, the development and effective management of their brand(s) is critical in creating sustainable competitive advantage (Randall, 1997). According to Keller (2003, p. 60), brand equity is "...the differential effect of brand knowledge on consumer response to the marketing of the brand." Brand equity also refers to the added value bestowed by the brand to the product (Farquhar, 1989). Consequently, firms with strong brands are able to attain a sustainable point of differentiation (Aaker, 1996) and achieve greater financial leverage (Ind, 1997) compared to those without. For example, Katherine Sampson, the founder and Managing Director of Healthy Habits franchise in Australia, states that "The best way to solidify the business's position in the market is to develop the brand" (Chandler, 2009, p. 62). Guided by this philosophy, Healthy Habits managed to achieve a 480 percent increase in revenue from \$2.5 million to \$14

million and grew from 2 stores to 32 in 18 months (BrandsRPeople2, 2010). This evidence illustrates the importance of brand equity in B2B channels. However, whilst brand equity is one of the most salient topics to both academics and practitioners, it remains under-researched in B2B markets (Han & Sung, 2008).

Brand building is as important in B2B markets as it is in business-to-consumer (B2C) contexts (Mudambi, 2002) as building brand equity can insulate firms against competitors and enhance market share (Keller, 2003; Lynch & de Chernatony, 2004). Thus, brand equity is an important strategic tool for retailers as it can lead to improved performance in terms of sales and profitability (Davis & Mentzer, 2008; Nannery, 2000). However, despite the increased focus on retail brand management, limited attention has been paid to the concept of retail brand equity in prior literature (Pappu & Quester, 2006). Further, limited prior research on B2B branding has explored strategic and tactical issues related to building and managing of B2B brands (Lindgreen, Beverland, & Farrelly, 2010). Thus, despite the increased recognition of the role brands play in B2B markets compared to B2C operations, we know comparatively less about brand building and brand management in B2B markets (Lindgreen et al., 2010). Since brand equity is a result of the overall brand image created by the sum of brand associations as perceived by customers (Michell, King, & Reast, 2001), it is important for managers to clearly comprehend the contribution made by retailers in B2B brand building. Firms in the modern era have grown to understand their staff and other stakeholders as brand ambassadors in the brand building process, in particular those involved in delivering the brand promise (de Chernatony, Cottam, & Segal-Horn, 2006). Thus, in the current study, we explore franchisees' perceptions of factors that are

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viewed as fundamental in building franchise brands in such B2B channels.

Brand equity from the retailer's perspective is encapsulated in three conceptual ideals, namely; (i) the equity associated with the retailer's brand, (ii) the equity associated with the retailer's store brand, and (iii) the retailer's perceptions of the brand they sell (Baldauf, Cravens, Diamantopoulos, & Zeugner-Roth, 2009, p. 2). In this paper, we capture franchisees' perceptions of the brand they are associated with; as a result we introduce the term *franchisee-based brand equity* (FBBE). Whilst a number of brand equity models have been advanced in recent years (e.g., Baldauf et al., 2009; Broyles, Schumann, & Leingpibul, 2009; Yoo & Donthu, 2001), there is need for additional models that present more detailed empirical research on brand equity in various contexts (Keller, 2003).

In particular, despite the uniqueness of brand management in franchise channels (see Pitt, Napoli, & Merwe, 2003) no distinct models have been advanced to explain brand equity in this particular marketing channel. Bordonaba-Juste and Polo-Redondo (2008) describe a franchise channel as a system of interdependent firms that make products or services available to consumers through negotiation and exchange. In conventional B2B channels, dyadic relationships can be assumed to be equal, yet this is not the case in franchise systems. Specifically, in a franchise channel the franchisor sells contractual rights to market goods and services using its brand name and business practices to franchisees (Combs, Michael, & Castrogiovanni, 2004). Consequently, the distribution of products in franchises is governed by a contract which is a vehicle to centralise operations and control the efforts of other members in the distribution channel (Ronald & House, 1971). In such constrained business environments, franchisees need to form strong attachment with the franchise brand name to enhance its brand value. Thus, besides the legal/contractual relationship, there is need to understand other factors that can create value for the franchise brand and the franchise channel as a whole. Given this background, this paper addresses the following two research questions, based on *franchisees' perceptions*:

- (i) *How to promote brand equity in franchise channels?*
- (ii) *What promotes franchisees' brand citizenship behaviour?*

This study seeks to understand how brand relationships can be leveraged to enhance brand citizenship behaviour and subsequently brand equity in franchises. The paper is structured as follows: First we discuss the theoretical foundations underpinning this study, followed by a review of literature on brand equity (focusing on franchisees), brand relationship management and brand citizenship behaviour. The research methodology and results are then presented. The paper concludes with a discussion of the results, research implications for scholars and managers and directions for future research.

## 2. Theoretical background

In prior literature, a number of theories have been advanced to explain how brands enhance relational and economical value. For example, Louro and Cunha (2001) posit that relational theories conceive brand management as a continual dynamic process, in which brand value and meaning are concurrently created through interlocking behaviours, collaboration and competition between firms and consumers. Other researchers conceptualise brand equity as a relational market-based asset that is an external resource that resides in the relationships of final users of the brand (e.g., Davis & Mentzer, 2008; Delgado & Munuera, 2005). Thus, "...brand equity ultimately derives in the market place from the set of brand associations and behaviours that have been developed towards the brand" (Delgado & Munuera, 2005, p.188). Fournier (1998) suggests that brands can serve as relationship partners that have a personality that consumers can form a dyadic relationship with. Therefore, by establishing strong relationships with the brand, franchisees can differentiate themselves from

competitors and non-franchised retailers (Gupta, Grant, & Melewar, 2008).

Some theorists have used the resource constraint, agency and search cost approaches to explain franchising (Hopkinson & Hogarth-Scott, 1999). However, these theories have failed to fully capture the behavioural issues that surround relational exchanges within franchise channels (Combs et al., 2004; Harmon & Griffiths, 2008). One such theory that has been used to explain relational benefits and inter-firm relationships in industrial marketing is social exchange theory (SET). Hence, drawing on SET we build our thesis of brand relationship management effects on brand citizenship behaviour and brand equity. By definition, SET is a continuous mutual process in which actions are voluntary and dependent on rewarding reactions from other parties (Das & Teng, 2002). SET has been applied in franchise relationships, where reciprocity is recognised as a key driver of relationship value (Harmon & Griffiths, 2008). Thus, exchanges are primarily driven by self-interest, characterised by cooperation and reciprocity in terms of mutually economic and non-economic results (Frazier & Rody, 1991; Metcalf, Frear, & Krishnan, 1992). SET suggests that it is the non-contractual values of an exchange such as trust and its sources namely ethics, kinship and friendship that enhance extra-role behaviour in agents (Blau, 1964; Li, 2010). Thus, our study considers SET as a strong theoretical grounding for understanding factors that enhance franchisees' brand citizenship behaviour and brand equity.

## 3. Literature review

### 3.1. Franchisee-based brand equity (FBBE)

There is some agreement amongst scholars (Brodie, Glynn, & van Durme, 2002; Keller, 1993; Keller & Lehmann, 2006) that there are at least two distinct brand equity perspectives namely customer-based and financial-based brand equity. However, prior literature has paid limited attention to brand equity in B2B markets, resulting in brand equity being dubbed the 'intellectual step-child' (Ohnemus, 2009, p.159) in extant B2B branding literature. Webster (2000) argues that discussing brands from a consumers' view is a traditional approach that can result in inadequate analysis of brand equity and consequently, in ineffective management of B2B brands. Davis (2003, p. 2) similarly warns that "...focusing exclusively on managing the brand in consumer markets ignores the needs of important downstream customers such as distributors and retailers and fails to capitalise on the potential for leveraging brand equity to create added value with upstream suppliers." Thus, in an attempt to extend knowledge in brand building, some authors have conceptualised brand equity in various B2B markets, resulting in terms such as trade-based brand equity (Davis, 2003), customer-based retailer equity (Pappu & Quester, 2006), B2B brand equity (Kuhn, Alpert, & Pope, 2008) and retailer-perceived brand equity (Baldauf et al., 2009). The present paper builds on this stream of literature and conceptualises brand equity based on franchisees' perceptions as *'franchisee-based brand equity'*. Based on Aaker's (1991) definition of brand equity in which he posits that the brand creates value for all members of the channel, we define FBBE as: a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a franchisee.

Business partners in a marketing channel tend to gain sustainable competitive advantage through the creation of brand equity (Gordon, Calantone, & di Benedetto, 1993). Consequently, building brand equity is crucial if retailers wish to maintain and improve their financial performance. From the franchise channel perspective, both franchisees and franchisors share the incentive to promote and sustain franchise brand equity. However, franchisees may at times have little incentive to safeguard the franchise brand equity if there are no negative effects on their short-term profits (Watson & Johnson, 2010). In other words, "...for those franchisees whose business is characterised

by non-repeat trade, there may be a temptation to undertake activities that may be injurious to the brand (e.g., through cost cutting) in return for short-term gain” (Watson & Johnson, 2010, p. 54). To ensure consistent product offering and brand image across the franchise channel there is need for strong and reliable franchisee–franchisor relationships. The positive results of such relational exchanges can eventually be reflected through the brand to end customers (Davis & Mentzer, 2008).

Similar to other marketing channels, reputable brands with high equity in franchise business systems can translate into a stream of benefits to the franchisee. Such brand benefits can be interpreted based on economic and behavioural facets. For instance, Sashi and Karuppur (2002, p. 504) state that “...successful brand names can transcend national boundaries and extend the reputation earned in one market to several global markets”. Economic assets such as increased income from reputable brands drive franchisee’s intentions and contribute significantly to brand building activities (Sashi & Karuppur, 2002). Additionally, behavioural properties such as strong relationships with the franchisor, or other franchisees in the network, can influence the franchisee’s brand building efforts. Other benefits of effectively managing brand equity include enhancing customer’s willingness to pay a premium price, positive word of mouth, attracting new and retaining loyal customers (Netemeyer et al., 2004). Given this background, the present paper explores how efficient brand relationship management practices can result in brand citizenship behaviour in franchisees that enhances FBBE.

### 3.2. Brand relationship management (BRM)

The initial conceptualisation of brand relationships was advanced by Blackston (1992) when he proposed that the interaction between a brand and its consumers can result in strong, intimate and permanent relationships. Subsequently, various researchers seem to converge towards similar views that sometimes people tend to form relationships with brands, just like the way they form personal relationships (Aggarwal, 2004; Fournier, 1998). For example, Aggarwal (2004, p. 87) states that “...people sometimes form a very intimate bond with brands and, in some extreme cases, a passion that is often associated only with a close circle of friends and family”. In this light, BRM has been defined as “...an integrated approach to establish, maintain, and enhance relationships between a brand and its customers, and to continuously strengthen these relationships through interactive, individualised and value added contacts, and a mutual exchange and fulfilment of promises over a long period of time” (Nebel & Blattberg, 2000, p. 3). In industrial markets, BRM involves the development and management of B2B relationships through brands (Day, 2000). To effectively manage B2B markets, Gupta et al., (2008) suggest the need to integrate BRM and supply chain management through brand relationship representatives that can act as a communication link in B2B marketing. In franchise channels such brand relationship representatives are franchisees, who represent the franchise brand to the customers. A review of literature indicates limited focus on BRM in the franchising context. In this study we use the term BRM in franchising to refer to relationship management strategies focused on developing and managing sustainable franchise relationships through the franchise brand.

Based on previous literature and initial insights from industry experts, we conceptualise BRM as a multi-dimensional construct composed of six dimensions namely; information sharing, brand architecture, franchisor support, channel power, conflict resolution and bonding. First, information sharing plays a crucial role in determining the success of relational exchanges through open, honest and frequent exchanges of information (Dwyer, Schurr, & Oh, 1987). Perry, Cavaye, and Coote (2002) also concede that it is imperative to ensure consistent and frequent information exchange in franchise channels than in any other business. Second, brand architecture describes the role of the brand and the nature of relationships between brands (Devlin & McKechnie, 2008).

Accordingly, retailers should carefully design and implement a brand architecture strategy to maximise on sales and retailer brand equity (Ailawadi & Keller, 2004). Third, the success of a franchisee significantly depends on the support provided by the franchisor (Terry, 1993). Franchisees that possess well-developed initial support services and continual support services are more willing to maintain consistent operational standards (Mendelsohn, 1999). Fourth, in franchise channels, power refers to the ability of the franchisor to influence the decision variables of the franchisee (Hunt & Nevin, 1974). Such power can either be coercive or non-coercive. However, the use of non-coercive power has been found to reduce levels of conflict and increase franchisees’ satisfaction (Hunt & Nevin, 1974). Thus, satisfied franchisees retort by refraining from non-compliance and free-riding behaviours (Kidwell, Nygaard, & Silkose, 2007), thereby contributing towards building brand success. Fifth, conflicts are inevitable in franchise relationships and evidence exists in literature (e.g., Spinelli & Birley, 1998). However, the ability of parties to resolve conflicts reinforces cooperative behaviour that yields reciprocation, a crucial ingredient in franchise channels (Anderson & Narus, 1990; Frazier & Rody, 1991). Lastly, high levels of bonding increase commitment which is crucial to relationship building (Morgan & Hunt, 1994). Prior literature has conceptualised bonding as consisting both structural (e.g., contractual agreements) and social interactions to help establish positive interrelationships between channel partners (Wilson, 1995).

Amongst other things, the major aim of BRM is to enhance the business partner’s emotional attachment to the brand that eventually can result in positive brand evaluations and attitudes (Aggarwal, 2004; Gupta et al., 2008). Therefore, we suggest that efficient BRM practices play a crucial role in enhancing franchisees’ brand citizenship behaviour.

### 3.3. Brand citizenship behaviour (BCB)

Brand citizenship behaviour describes employees’ extra-role behaviour aimed at enhancing brand identity (Burmam & Zeplin, 2005). Accordingly, BCB is driven by brand commitment, that is “... the extent of psychological attachment of employees to the brand, which influences their willingness to exert extra effort towards reaching the brand goals” Burmam and Zeplin (2005, p. 284). In the current study, we operationalise the construct of BCB to describe the various generic behaviours of franchisees that enhance brand identity. One of the major challenges in franchising firms is how to configure the franchise channel relationships so that franchisors can stimulate impulsive cooperation, creative actions and involuntary behaviour in franchisees. Thus, in franchisor–franchisee relationships the question is, ‘How can franchisors encourage franchisees to engage in BCB that enhances brand identity across the franchise channel?’ To answer this question, we examine franchisees’ perceptions of their franchisors, to evaluate the role played by franchisors in enhancing franchisees’ BCB. The present study contends that strong brands are built through identity-based brand management (Aaker, 1996), that involves the process of aligning employees’ or resellers’ behaviour with the corporate brand identity to ensure coherent customer brand experiences across all customer touch points (Vallaster & de Chernatony, 2006).

To conceptualise the BCB construct, Burmam and Zeplin (2005, p. 283–284) adapted the concept of organisational citizenship behaviour and identified the following seven dimensions: (i) helping behaviour, (ii) brand enthusiasm, (iii) brand consideration, (iv) sportsmanship, (v) brand endorsement, (vi) brand advancement, and (vii) self-development. Helping behaviour refers to positive attitude, friendliness, helpfulness and empathy towards internal and external customers, taking responsibility for tasks outside of those expressed in the contract if necessary, such as, following up on customer complaints and taking action. Brand enthusiasm entails undertaking extra initiative while engaging in brand-related behaviour, for example local area marketing through

charity and sponsorships. Whereas, compliance to brand related behaviour guidelines as stipulated in the agreement is known as brand consideration. Thus, in franchise channels, franchisees should accept the brand values and 'live the brand' both within the firm and when interacting with consumers. On the other hand, sportsmanship describes the willingness to engage for the brand even at high opportunity costs. Such behaviour can involve franchisees attending brand development training programs and annual conferences. Brand endorsement involves recommending the brand to others, such as friends and family, whereas brand advancement is the franchisees' or their staffs' contribution to the adaptation of the brand identity concept to changing market needs or new business competencies. For example, passing customer feedback to franchisors or coming up with innovative ideas. Lastly, self-development relates to franchisees' willingness to continuously enhance their brand-related skills by attending brand development training programs that are not necessarily enforced in the contractual agreement.

In this study, we adopt these seven dimensions to operationalise BCB in franchise channels. We posit that franchisees' behaviour towards the brand has important implications for brand equity, since the extra efforts exerted by the franchisee are crucial in enhancing brand related goals (Iverson, McLeod, & Erwin, 1996; Kimpakorn & Tocquer, 2008). Therefore, in line with our second research question, we seek to understand what promotes franchisees' BCB and evaluate the extent to which this influence brand equity.

## 4. Methodology

### 4.1. Research design

The selection of a research approach should be made based on the research situation (Yin, 2003). In the present study, we employed a qualitative research approach for several reasons. A qualitative research design was used to gain more insight and understanding of the research situation and to reveal underlying ideas of the research problem (Malhotra, 2004). Further, in situations where little is known about the subject, qualitative methods are considered the most appropriate approach for exploring initial discoveries (Strauss & Corbin, 1998). B2B marketing researchers also advocate the use of qualitative research methods to study business activities (e.g., Matthyssens & Vandenbempt, 2003). Hence, given the unexplored nature of B2B branding in franchise channels, an interpretive-deductive research design was adopted. Deductive inferences aim to understand the 'what and how' nature of a concept or phenomenon (Moustakas, 1994). In this study, a deductive approach helped to extract implied and logically conclusive premises (Krippendorff, 2003) on how brand relationships and BCB can enhance FBBE.

### 4.2. Data collection

Data were collected through semi structured interviews (Creswell, 2007; McCracken, 1988) with franchisees and other franchising consultants who had previously been franchisees to discover more about brand relationships, BCB and brand equity. Key informants were chosen because of their position, skills or areas of specialisation in franchising (Marshall, 1996). In addition, semi structured interviews were employed because they allow participants the chance to be experts and thereby inform the research (Leech, 2002). Face-to-face interviews were conducted with 14 participants and only two participants (executive directors) who were not easily accessible were interviewed over the telephone. In some cases, further follow ups were conducted over the telephone when clarification was required and this also allowed participants to provide more detailed and reliable information (Zikmund, 2000). Further, the quality of data obtained by telephone is relatively similar to that collected in personal interviews since there is little difference in the amount of prompting and probing between the two types (Schmiedeskamp, 1962).

A review of prior literature and preliminary interviews were held with three franchising experts who helped in the development of a semi structured interview protocol (see Appendix A). However, given the exploratory nature of the study, our main goal was to avoid imposing pre-conceived frameworks upon participants, rather we wanted to obtain participants' understanding of the concepts within their own frames of reference. In this light, the protocol was only used to guide the topic of interest throughout the discussions and avoid loss of focus (Beverland, Farrelly, & Woodhatch, 2004). Interview questions were mostly open-ended and discovery-oriented to facilitate more open discussions and deeper probing. The protocol was continuously adjusted in line with new concepts and ideas emerging from previous interviews (Strauss & Corbin, 1998). The questions helped the researchers to attain rich descriptions of the process of managing brand relationships and offered the basis for more direct questions that focused on the franchisor-franchisee relationships and the role played by both parties in enhancing BCB and brand equity. Lastly, the indirect or third-person questioning technique was employed in some questions in an attempt to tap into sensitive questions such as those related to interrelationships (Zikmund, 2000).

### 4.3. Sampling

Sampling in qualitative research is usually deliberate or purposeful, since researchers select participants that are able to provide the best quality data on a given topic (Locke, 2001). Accordingly, a purposive sampling approach using the 'snowball' technique was used to select participants (Malhotra, 2004). The initial contacts were made using public databases such as the Australian and New Zealand Franchise Directory and websites of franchise organisations (e.g., [www.franchisedirectory.com.au](http://www.franchisedirectory.com.au)). The participants were then contacted by e-mail or phone and invited to participate in the study. An explanatory statement detailing the purpose of the study and a discussion guide outlining a list of topics for discussion were also attached to the e-mail invitation.

In total, interviews were concluded after 16 participants as there were indications of theoretical saturation in the last two interviews (Patton, 2002). The sample size included 10 franchisees, four franchise consultants (who were franchisees before) and two executive directors of franchise organisations. Executive directors were also considered as appropriate participants due to their vast experience and position in the industry and thus these two participants were fundamental in confirming and validating feedback from franchisees. On average, participants' experience ranged from 3–28 years and emerged from various franchising sectors in Australia (Table 1). Upon request and granting of respondent's permission, all interviews were recorded and then transcribed to minimise interviewer bias (Yin, 2003). Audio recording was preferred as it is less intrusive and more flexible than note-taking (Legard, Keegan, & Ward, 2003). Varying on participants' level of experience, active participation and interaction, interviews including follow ups lasted between 1.5 to 2 hours.

### 4.4. Data analysis

Data analysis was carried out gradually throughout the data collection process, which allowed theoretical categories to be elaborated through constant comparison and refinement of transcripts (Strauss & Corbin, 1998). In addition, transcripts were read repetitively until researchers attained a high level of acquaintance with data, then paragraphs and sentences were coded for conceptual content in each transcript (King, 1994). In other words, data were analysed by searching for recurring patterns, themes and relationships which were identified by establishing similarities, dissimilarities and repeated terms (Beech, 2000). Thus, we employed the procedures of categorisation, abstraction, comparison, integration, refutation, iteration and dimensionalisation recommended by Miles and Huberman (1994) and Spiggle (1994). As

**Table 1**  
Characteristics of participants.

Name <sup>a</sup>	Position	Franchise Industry Sector	Experience (Years)
AB	Managing Director	Consulting	3
CD	Franchisee	Fast-food	6
DE	Franchisee	Telecommunications	9
FG	Franchisee	Retail	28
HI	Chief Executive Officer	Retail	7
JK	Managing Director	Consulting	17
LM	Franchisee	Retail	10
NO	Franchisee	Food and beverage	5.8
PQ	Franchisee	Automotive	4
RS	Executive Director	Service provider	3.5
TU	Managing Director	Consulting	15
VW	Franchisee	Automotive	10
XY	Franchisee	Food and beverage	5
ZA	Franchisee	Food retail	3
BD	Franchisee	Real estate	5.5
EF	Managing Director	Consulting	6

<sup>a</sup> Name identity disguised for confidential reasons.

a result, to obtain an overall and contextualised understanding of the various ways franchise firms manage brand relationships and enhance BCB, we tracked back and forth between the literature and transcripts that led to the emergence of a number of higher order themes (e.g., as shown in Table 2). According to Denzin and Lincoln (2000), themes are fuzzy constructs that researchers identify before, during and after data collection. Thus, these themes were established by linking empirical data with preconceived ideas from existing literature. Miles and Huberman (1994) also suggest researchers should begin with some general themes derived from reading extant literature and then add more themes and sub-themes as the analysis progresses. Therefore, given the unexplored nature of this research genre, this form of analysis was considered to be more appropriate as it enhances conceptual validity (Shapiro, 1997).

**Table 2**  
Dimensions of FBBE.

Brand equity dimensions	Related benefits	Illustrative quote from the findings
Franchisee-perceived relationship value	<ul style="list-style-type: none"> <li>– strong franchisor-franchisee relationships</li> <li>– long term franchise contracts</li> <li>– reduced conflicts</li> <li>– increased cooperation</li> </ul>	<p>“...I think it is important to know the brand equity of a company so that you know you are not getting into a dodgy company, you would have seen it everywhere in the marketplace and you would have already seen the success...but also once you are in the business it's up to you, to enhance the value (of the brand)...” (NO)</p>
Franchisee-perceived brand image	<ul style="list-style-type: none"> <li>– increased customer base</li> <li>– brand growth across various geographic locations</li> <li>– brand reputation help other franchisees in the network</li> <li>– good relationships with franchisors</li> </ul>	<p>“...focus on bringing positive associations with the brand itself, through enhancing positive feelings, a positive vibe, and the quality of the products and then try to look at the aspect that will actually enhance the brand in the sense of intangible aspects such as societal marketing concept, giving back to the community...” (CD)</p>
Franchisee-perceived brand loyalty	<ul style="list-style-type: none"> <li>– high customer patronage</li> <li>– high customer retention</li> <li>– positive word of mouth</li> <li>– reduced marketing costs and efforts</li> <li>– increase in store loyalty of franchisees</li> </ul>	<p>“...franchisees must know what customers want, to make sure their product can adapt to meet what customers are looking for, hence the customer keep coming back to continue their relationship with the brand...” (JK)</p>

One major challenge in qualitative research is the problem of satisfying reliability and validity (Krippendorff, 2004). First, care was taken throughout the analysis to avoid forcing emergent patterns into preconceived categories (Gummesson, 2003). This was achieved through investigator triangulation, as three coders were involved and each researcher's interpretations were collated, compared and explored to ensure consistency and deeper understanding of data (Creswell, 2007; Strauss & Corbin, 1998). Further, prior research attests that the use of more than one analyst can improve the consistency or reliability of analyses (Lincoln & Guba, 1985). Differences between the coders were resolved through discussions and cross-checking with the transcripts (Miles & Huberman, 1994). Construct validity was enhanced through data triangulation (Denzin & Lincoln, 2000). That is, in addition to the interviews, evidence from other sources such as company documents, advertising flyers, company websites and other resources such as CDs, training manuals and magazines were corroborated to locate major and minor themes (Creswell & Miller, 2000). The use of different sources of data helps to develop rich insights and provides the basis for greater transferability of the findings to other contexts (Eisenhardt, 1989). Additionally, a member checking technique was employed to establish credibility (Lincoln & Guba, 1985). This was achieved by sending transcribed data, interpretations and conclusions back to a sample of participants for them to offer feedback to enhance accuracy and credibility (Creswell & Miller, 2000). Lastly, participant's relevant words were interpreted and quoted verbatim when discussing the findings to enhance validity (Eisenhardt, 1989).

## 5. Findings

The findings below are based on the insights from the interviews and other formal sources as indicated above. First, we explore the significance of BRM and second, we discuss the various dimensions of BCB in B2B markets - particularly franchise channels. Lastly, the link between BRM, BCB and FBBE is examined, leading to a normative model of FBBE. Due to space limitations, only key quotations are used to support the results.

### 5.1. Brand relationship management

Participants shared consensual sentiments on the significant role played by the franchise brand in franchisor-franchisee relationships. A common observation was that the brand controls the environment and provides a mutual ground on which both franchisees and franchisors operate. The brand is often the focal asset franchisees are buying from franchisors. Hence, the need to ensure and uphold its success in the market was viewed as crucial in franchise channels. It was also observed that the brand was a source of confidence in franchisees that enhances their sense of belonging to the franchise channel, leading to higher levels of certainty in their business operations. Therefore, the brand plays a crucial role of unifying parties that at times have no mutual respect for each other, as explained by the following participants:

“The brand is everything - it is the attractant for the franchisee and the goodwill of the franchisor.” “...if there is no mutual respect between those two parties it might not work well and the brand comes in to unite them.” (PQ)

“The franchisor is the custodian of the brand and as franchisees they are responsible for upholding the brand through their actions...” (LM)

Brand relationships emerged to be important in promoting BCB in franchisees that enhance brand equity. The findings also indicate that efficient BRM by franchisors can enhance franchisees' BCB leading to

positive brand outcomes such as brand trust, brand commitment and brand satisfaction. Most franchisees recognised the need for them to be brand ambassadors and maintain standards that enhance brand reputation and brand identity. To attain these qualities it was identified that franchisees need to develop positive relationships with the franchise brand. Thus, the brand:

“...is what they are investing in ...the maintenance, the engagement, the respect that the franchisee has for the brand is critical for the success ...I think that relationship between the brand and the franchisee has to be maintained to be very healthy at all times.” (RS)

As ambassadors of the brand, franchisees should live the brand and strive to communicate positive aspects of the brand to consumers. As a result, a good relationship between the franchisee and franchise brand was regarded as fundamental in safeguarding brand identity. For example, one participant described one common misconception in franchise businesses that the “...brand is everything...” (JK). However, too often franchisees complacently expect the brand to sell itself based on the assumption that it is well-established. Yet, franchisees need to exert extra effort in brand building to contribute to increased brand equity. The importance of establishing and maintaining a healthy franchisee - brand rapport was highlighted by the following participant:

“...I have been to different fast-food outlets and some of the services have been very bad while some have been fast, caring and making sure it's perfect, so there is a mini-culture of the way individuals do things and how they respect the brand...the brand can only do so much and that is to give customer expectations of a consistent service quality but as an outlet you still need to deliver and if you don't it reinforces a bad message and that negativity can rub-off everywhere...” (FG)

These findings support the internal brand management perspective, suggesting the need to adopt an inside-out approach and align franchisees' behaviour with the franchise brand identity (Vallaster & de Chernatony, 2006). To achieve this, it was suggested that brand relationships could be managed differently at two stages (i) recruitment and (ii) implementation. During the franchisees' recruitment stage franchisors need to identify whether there is a cultural-fit between the potential franchisee's business values and franchise brand values. Such an approach was viewed as a more proactive way of managing franchise brand relationships by recruiting franchisees whose values are well-aligned with the franchise brand and the firm's goals.

During the implementation stage, franchisors also need to manage brand values and augment business practices that reinforce brand equity. One objective of this study was to provide an understanding of how brand relationships can be managed in existing franchisor-franchisee relationships. To explore this, our preliminary analysis identified six factors (that is, information sharing, franchisor support, brand architecture, conflict resolution, channel power and bonding) that are likely to influence brand relationships. From the discussions, it was evident that franchisor support and information sharing were considered to be essential in influencing the behaviour and attitude of franchisees towards the brand. Franchisors with less constrained information exchange structures are able to provide adequate disclosure documentation, which contributes to high levels of satisfaction and cooperation of franchisees. Further, it was observed that to ensure sustainable franchise businesses, franchisees require continuous support throughout the relationship lifetime and not only at the start-up stage.

On the other hand, while the importance of brand architecture has been reiterated in other business markets, our findings revealed some

complexities in franchise channels. It was observed that not all franchise businesses might have the same capacity to carry a wide range of products or services. Thus, a clear brand portfolio might be evident in well-established franchise businesses but not in developing or small franchise businesses. Otherwise, in established franchises the role of brand architecture in enhancing brand image was attested by one franchisee:

“...the brand has to stand for what the product range is part of... what we were doing is a healthy version of fast-food but we were trying to be healthy in our communication, so if the product didn't stand to what we were saying the brand is, then you will have a disjoint...” (CD)

Our results also suggest that conflict resolution is a crucial factor that should be handled effectively to help nurture brand relationships. It was observed that failure to resolve conflicts in franchise relationships could lead to problems of non-compliance and opportunistic behaviour. For instance, franchisees indicated that if they were dissatisfied with the franchisors they were more likely to have negative feelings towards the brand. In most cases, it was found that a major cause of conflict was that franchisees' concerns were ignored. Franchisees felt they needed their voices to be heard to avoid conflict:

“...conflict issues are around price changes, restrictions on supplier choice, menus etc...I feel we should be part of the decision-making process in that way we won't have issues with the franchisor...” (XY)

Although previous research has reported that channel conflict can be both functional and dysfunctional, we note from our findings that conflicts resulted in negative consequences towards the brand. That is, in franchisor-franchisee relationships, positive attitudes that arise from amicable conflict resolution positively influence franchisees' attitudes towards the brand as opportunistic and non-compliance behaviours are reduced.

Both structural and social bonding also emerged as important in strengthening franchisees' relationship to the brand. Thus, as the franchisor-franchisee relationship becomes stronger, the positive feelings and attitudes also pass-through to the franchisees' relationship with the brand. However, most participants indicated that contractual agreements or structural bonding played a relatively lesser role in enhancing brand relationships, compared to social bonding. For instance, social bonding through personal and social interactions was identified as a crucial factor in franchise BRM. This issue was highlighted by one of the participants:

“...I think that the franchise relationship should be based less on the contractual legal agreement and more on a relationship where both would want to do the right thing about the brand and the contract should be used only when something goes wrong.” (JK)

Lastly, whilst the exercise of channel power varied with the type of franchise system, there was a general view that channel power should be balanced among parties. For instance, franchisees emphasised the need for some level of authority to execute some brand related activities that suit their market segment or territory. As explained by the following franchisee:

“Power sharing is something that in my particular case is extremely important ...I don't think franchisors can adapt to each individual situation as much as we can as franchisees ...so if I want to give a discount in my store to the pensioners I should be allowed to do so because that's my target market... pretty much power sharing is influenced by the segment of the market which you are working with...” (NO)

In sum, there is evidence from our findings that if well-implemented and supported with appropriate business practices, effective BRM can promote BCB in franchise channels.

## 5.2. Brand citizenship behaviour

In franchising, it is apparent that citizenship behaviour related to promoting the brand is likely to influence brand equity. There was a consensual view that the creation of BCB was critical for the success of franchise businesses. Therefore, franchisors should take a more proactive approach in recruiting franchisees that have the right attitude towards the brand and with a stronger cultural-fit to the brand values. This issue was emphasised by one of the franchise consultants:

“...If they don’t share the passion and vision of the brand...don’t understand and support the strategy, the relationship is unworkable. Make sure you select the right people into the business in the first place, probably the most important issue...ensure that people are coming into the business for the right reasons not just to make money...” (JK)

Franchise businesses were also warned of the disadvantages of blind recruitment for potential franchisees as there can be negative outcomes if there is no cultural-fit between franchisees and brand values. This was espoused by the following participant:

“When the [brand name] franchise system was growing, the franchisor himself was giving the franchise to everyone who had money, so money was the driving force...in itself that kicked-back in a very negative way because the people were not into the business of restaurants ... positive attitude towards the brand is extremely, extremely important...” (CD)

Overall, participants indicated that franchisors played a significant role in promoting positive attitudes towards the franchise brand, mainly through communication. Thus, franchisors should communicate the set of constructive brand attributes to encourage franchisees into absorbing and living the franchise brand values. In support, participants felt that franchisors must ‘lead by example’, suggesting that franchisees become constructive when the franchisor is also supportive. Five key issues identified by participants were that franchisors should: (i) have an open and transparent relationship, (ii) ensure two-way communication, as well as a business relationship climate where franchisees’ voices were heard, (iii) have a well-documented franchise system, operations and procedures to ensure appropriate compliance, (iv) encourage franchisees to be actively involved in the decision-making process, and (v) provide adequate training and support to enhance the capabilities of franchisees.

This study also explored the importance of BCB dimensions proposed by [Burmam and Zeplin \(2005\)](#) in franchise channels. Our qualitative results revealed that brand enthusiasm is important in business markets. Thus, whether directly or indirectly most franchisees engaged in some sort of extra initiative behaviour to enhance brand equity. For example, local area marketing emerged as the major activity franchisees undertook to express enthusiasm for the franchise brand:

“Yes, it comes down to local area marketing and how you communicate what [brand name] is about ...there was never this instruction to do with how to interact with our consumers in the franchise agreement, it’s something that I felt was going to make our brand look good and have some cut-through to the consumer market...” (ZA)

When discussing the concept of sportsmanship, franchisees indicated that doing a little something extra to help the brand could “...take you to greater heights...” (CD). For example, most franchisees indicated that their businesses had benefited from local marketing

campaigns such as sponsorships, even though they had incurred significant costs. Not surprising, brand endorsement was also considered as a crucial brand related behavioural attribute that can enhance brand equity, as indicated by one franchisee:

“Talk good about the brand to the friends, to your family I think that is important ...and let them see the strong points of the brand.” (DE)

Brand consideration, brand advancement and self-development were also identified as crucial in enhancing brand equity. Most importantly, brand consideration in the form of compliance with brand related behaviour guidelines was regarded as fundamental in franchise relationships by nearly all participants. Participants felt that franchisees must be able to understand the franchise system they are venturing into, and they must comply with the system. Franchisees that are highly compliant were regarded as vital in promoting a positive brand image and this can greatly reduce the possibility of legal action, as explained below:

“...if compliance exist in your system and you have a franchise compliance programme to make sure that franchisees understand the brand, understand their relationship to the brand, understand their relationship to the franchisor, neither you will hardly ever pick up your franchise agreement nor they.” (EF)

Even though the operating environment of franchisees is highly constrained, it was evident that brand advancement and self-development of the franchisee played a crucial role in B2B brand building. With regards to brand advancement, it was indicated that franchisees need to continuously provide feedback, advice and suggestions to their franchisors or area managers and by doing this “...they help to add value by coming up with suggestions that might make the business better...” (RS). In essence, franchisee suggestions could lead to some great ideas. For example, as mentioned by one participant that individual suggestions led to the highly successful and popular McDonald’s happy meal and children playground concepts. This notion of franchisee creativity was also articulated by one of the executive directors, who however, warned that creativity and innovation need to be executed in line with the franchise firm’s goals:

“...the good ones will enhance innovation and that of course...innovation with the knowledge of the franchise system, individual innovation without the knowledge of the franchise system is not encouraged because then you undermine the brand’s consistency.” (RS)

Lastly, it was also observed that helping behaviour is a key issue in enhancing customer retention, particularly in franchise channels where similar products/services are found in different but close territories. For example, one franchisee noted that, “...if you give people a good experience...they would want to come again more...” (BD). Thus, friendliness, empathy towards the customer and community, positive behaviour and generally good service delivery by franchisees were found to be important for brand building as noted below:

“...locally, what I do is local community funding like pre-school, primary schools in the area and also supporting sports clubs... and I have a retirement village nearby and a lot of my customers are old people, they come for coffee every day, so when they also do fundraising I support them. I think if you give customers favours and you take pride in what you do...you will win.” (NO)

“...I have many other examples of doing that type of work [social responsibility] as a franchisee that gave our brand elevation in the marketplace that ultimately increased our turnover to the point that we became one of the most important stores in the chain...” (LM)

Overall, it is evident that all the dimensions of BCB are as equally important and relevant in franchise systems as they are in other B2B markets. Therefore, it can be proposed that having a fertile business environment characterised with positive attitudes and willingness to exert extra efforts, franchisees are in a better position to enhance brand equity.

### 5.3. Franchisee-based brand equity

In this section we discuss FBBE as the outcome of BRM and BCB. To understand how the term brand equity is interpreted in franchise businesses, participants were requested to describe the term based on their own experiences and context. Our findings suggest the participants' common understanding of the term brand equity was in line with Keller's (2003) definition that emphasises the differential effect that comes with well-established brands. For example, some participants indicated that brand equity referred to:

"The sum of all distinguishing qualities of a brand, drawn from all relevant stakeholders that results in personal commitment to and demand for the brand, is brand equity; these differentiating thoughts and feelings make the brand valued and valuable." (TU)

"...the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. Therefore, this entails the results franchisees can achieve with [brand name] *visa* *vis* without." (HI)

In B2B relationships, the concept of brand equity has been evaluated in various ways. For example, brand equity can be considered as a relational resource (Davis & Mentzer, 2008; Kuhn et al., 2008), brand value (Ailawadi & Keller, 2004; Webster, 2000), brand image or associations (Aaker, 1991; Keller, 2003) or brand loyalty (Aaker, 1991; Davis, 2003). Through categorisation our findings suggest that franchisees' perceived brand equity is a multidimensional construct composed of three components, that is (i) franchisee-perceived relationship value, (ii) franchisee-perceived brand image, and (iii) franchisee-perceived brand loyalty (Table 2). Thus, the findings propose that well-managed brand relationships can translate into BCB that can subsequently enhance the franchise relationship as well as the brand image and brand loyalty.

According to Ulaga and Eggert (2006), B2B market exchanges occur when all parties involved expect a positive sum game (i.e., relationship value). In our study, it was apparent that in franchise relationships, the higher the net-value realised by the franchisee and franchisor, the stronger the motivation to initiate and sustain the franchise partnership. For example, most franchisees indicated that they were motivated to join their current franchise channel based on the perceived brand equity of the franchise brand in the market. In addition, it was reiterated that the onus was on the franchisee to uphold brand value. On the same note, powerful brands were also considered as a source of confidence that enhance franchisees' trust in the relationship. For instance, one franchisee emphasised that "...the brand helps to a degree in establishing confidence in one another..." (PQ). Thus, it is important to note that strong brands with high equity can be an incentive to potential franchisees and can also reinforce existing relationships.

A strong brand image also helps to differentiate the products or services of one franchise channel from competing franchises especially in franchising environments where retailers are highly prone to brand parity problems. Also, powerful brand identity is a source of competitive advantage that increases a firm's income through repeat purchases and reduced customer acquisition costs (Netemeyer et al., 2004). Not surprising and consistent with prior studies, almost all participants

emphasised the need to create and maintain a positive brand image. One way of creating a positive brand image that was mentioned by almost all participants was by undertaking local area marketing activities. For instance, one franchisee narrated that the benefits that accrued from his funding of local school projects spilled-over to the whole franchise channel:

"...such campaigns...helped strengthen and grow the brand within our consumer base, that had direct benefits to our business but overall, it also gave a good relationship with [brand name]... it was rewarding for me but it also helped strengthen the brand for the consumer for the whole channel." (VW)

In addition, participants emphasised the importance of creating a positive brand image through social responsibility. This is fundamental in franchise channels where one of the major objectives is enhancing brand growth across various geographic locations.

Lastly, participants had the view that brand loyalty is the most crucial dimension of FBBE. Powerful brands were identified as the main driver of market share through repeated purchases of the brand, positive word of mouth, customers' willingness to pay premium prices, and ultimately increased brand profitability. Generally, franchisees compete for the same cohort of customers as they sell replicable products or services, therefore brand loyalty of franchisees was regarded as crucial in enhancing brand equity and can help ward-off competition. In this light, the participants indicated that it is that extra mile franchisees make that enhances repeated purchases. Table 2 summarises the dimensions of FBBE that emerged in the study.

In conclusion, this study explored the dimensions and outcomes of BRM and BCB in franchise channels. Based on a review of literature and our empirical qualitative findings, we propose a model of brand equity in franchise channels, as shown in Fig. 1.

## 6. Discussion

Our findings indicate that effective management of the relationship between the franchisee and the franchise brand is fundamental in enhancing brand equity. It was observed that franchise business practices that solely depend on contractual agreements might be risky and susceptible to failure or disappointing results. Thus, it is important to identify other factors that can help the success of franchise firms, besides the legal contractual relationship. In attempt to provide possible explanations, we explored how the management of brand relationships can help improve brand equity in B2B channels. Our study identified two stages at which franchisors can manage brand relationships. First, at the recruitment stage, franchisors need to recruit franchisees whose brand values are aligned to those of the franchise brand. This finding is consistent with recent recommendations in literature for B2B firms that advocates the development of proactive strategies aimed at building and protecting brands as a way of safeguarding and nurturing long-term relationships (Persson, 2010). The importance of aligning brand values in B2B branding has been emphasised by other researchers (e.g., Campbell, Papania, Parent, & Cyr, 2010; Price & Arnould, 1999). For example, Campbell et al., (2010) propose that "...firms wishing to portray particular brand images to their customers choose suppliers whose images mirror them." In support, other researchers recommend that in brand driven markets such as franchise channels, internal personnel need to know the goals and brand values of their firm (Henkel, Tomczak, Heitmann, & Herrmann, 2007). Vallaster and de Chernatony (2006, p. 761) also state that "...brand consistent behaviour supports the development of a coherent brand image, and is considered one of the crucial success factors in corporate brand management." The argument for internal brand building is based on the crucial role played by internal staff in ensuring coherent customer brand experiences across all

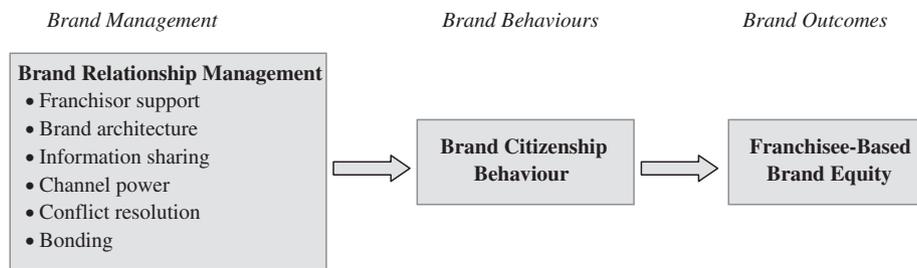


Fig. 1. Proposed FBBE model.

customer-touch points (Burmam & Zeplin, 2005). Thus, if franchisees are committed to the brand this can influence their cooperative behaviour and ensure good customer experiences across the entire franchise channel thereby enhancing brand equity.

Second, at the implementation stage, franchisors should integrate into their business practices the proposed six dimensions of BRM (i.e., franchisor support, information sharing, brand architecture, channel power, conflict resolution and bonding) to nurture and maintain positive brand relationships in franchisees that can enhance brand equity. As a result of these dimensions, franchise businesses can establish powerful brand relationships that differentiate themselves from competing franchises as well as non-franchised channels. For instance, we found that franchisees that possess well-developed start-up and continual support services were more willing to maintain consistent operational standards. Prior research also attests that well-supported franchisees tend to be more consistent with operational standards, engage in cooperative behaviour and are highly successful (Mendelsohn, 1999; Terry, 1993). It therefore seems reasonable to conclude that franchisees with adequate support from their franchisors possess increased brand value creation opportunities compared to the ones starved of support. With regards to information sharing, our findings support the need for frequent and regular information exchange within franchise channels. Franchisees need to keep abreast of new and updated procedures, up-to-date pricing, product and other market information, and be supported with on-going training, whilst franchisees must constantly furnish franchisors with their performance information (Perry et al., 2002). Consistent with prior research, our results also suggest that effective conflict resolution enhance cooperative behaviour which in turn enhances brand equity. For instance, Chang and Gotcher (2010) found that conflict resolution enhances co-creation of value in marketing channels. Further, although brand architecture was found to be a complex issue to deal with in franchise channels, other observers recommend the need to devise a coherent brand portfolio strategy that clearly designates the role and function of each brand within the firm (Aaker & Joachimsthaler, 2000). Therefore it can be suggested that effective BRM can result in positive attitudes for franchisees and also franchisors, leading to information sharing, creating good rapport and shared memory in their business partnership.

To provide possible answers to the second research question, our results suggests that franchisors play a crucial role in fostering franchisees to exhibit consistent BCB. Our findings imply that the seven dimensions of BCB (namely, helping behaviour, brand endorsement, brand enthusiasm, brand advancement, brand consideration, sportsmanship and self-development), identified by Burmann and Zeplin (2005) are also evident in franchise channels. This implies that it is the responsibility of franchisors to provide structures (such as BRM) that can encourage franchisees' BCB. Other researchers suggest that the development of inclusive contracts (that spell out principles of cooperation and procedures of conflict resolution) can reduce perceived risk of relational dependency and foster voluntary and cooperative behaviour (Li, 2010; Nooteboom, Berger, & Noorderhaven, 1997). Our qualitative findings are consistent with prior research, most of which focused on employee behaviour. For instance, this

research stream advocates the need for structures, processes and incentives to enable brand-oriented behaviour (Hartline, Maxham, & McKee, 2000; Henkel et al., 2007; Olson, Slater, & Hult, 2005).

Consequently, we suggest that franchise businesses require a well-defined framework that can assist them in aligning the business goals and strategic visions of franchisees and franchisors to empower BCB. In this respect, our qualitative analysis observed some key elements franchisors require to be effective brand managers, particularly in constrained situations like franchise channels. Perhaps the most significant role franchisors can play in promoting positive attitudes of franchisees towards the brand is mainly through communication. Thus, effective brand communication has the power to motivate franchisees into absorbing and living the brand values. Our findings concur with existing literature, in which the role of internal brand communication is emphasised. For instance, Mudambi (2002) posits that to realise the potential of B2B brands, business marketers need to understand and effectively communicate the value of their brands. The benefits of communication also transcend to human behaviour, connecting individual partners and creating good relationships (Duncan & Moriarty, 1998). In addition, our findings identified other possible drivers of BCB from franchisors, such as creating an open and transparent relationship, provision of adequate training and service support, decision-making justice as well as a well-documented and inclusive franchise agreement with clear operational procedures. Past research contends that franchisees are more concerned about the restrictions enforced on them and the lack of autonomy they have in decision-making (Watson, Stanworth, Heales, Purdy, & Stanworth, 2005). Thus, "franchisees feel they are being provided with little opportunity to contribute to strategy formulation, and are not able to manifest their desired level of entrepreneurial spirit" (Watson et al., 2005, p. 31). In line with our findings, prior research evidence note that inclusive contracts enhance relationship governance by reducing role ambiguity that facilitate clear understanding of what each party should contribute and gain from the relationship and ultimately this encourages extra-role behaviour such as BCB (Li, 2010). Further, we observed that franchisees are likely to emulate franchisors who 'lead by example' thereby leading to cooperative behaviour. Brand managers are crucial brand ambassadors towards stakeholders and by acting consistently their brand congruent behaviour may motivate employees and other stakeholders to copy top management behaviour (Lockwood & Kunda, 1997). If well-executed, these structures can promote voluntary action and cooperative behaviour that can trigger BCB. As a result, we identified that BCB can translate into desirable brand outcomes such as increased brand equity, not only for the individual franchisee but for other franchisees in the network as well.

Lastly, by adopting an integrative view, our explorative findings suggest that effective BRM can foster positive BCB that in turn is likely to enhance FBBE (see Fig. 1). Thus, positive brand outcomes of BRM and BCB are explained in terms of franchisee-perceived relationship value, brand image and brand loyalty. In fact, our findings suggest that satisfied franchisees can derive both tangible and intangible benefits over the lifetime of their franchise relationship and this can result in renewal of contracts when they cease, leading to high channel relationship

performance. This also supports the central notion of the social exchange view that considers the intangible value of a relationship as the main driver behind interrelationships among business partners (Das & Teng, 2002). Existing research also suggests that franchisees tend to believe that they are getting more value for money out of the partnership when they are satisfied with the support provided by the franchisor (Leslie & McNeill, 2010). As a result, such franchisees are in a good position to strengthen the franchise brand image and their own store image, thereby enhancing overall brand equity. It is also worth noting that brand image can influence brand associations and resultantly leads to positive attitudes that can spill over to other brands in the franchise channel. Lastly, our study also reveals that positive BCB promotes both franchisees' brand loyalty that can eventually extend to other stakeholders and final customers. In support, past research shows that strong B2B brands go to the extent of creating intellectual and emotional ties not just with final customers but also other stakeholders such as channel intermediaries and employees (Lynch & de Chernatony, 2004). As a result, BRM and BCB contribute to strong and reputable brands by enhancing customer patronage, customers' willingness to pay premium prices, positive word of mouth and greater level of resistance to competitive substitute products.

### 6.1. Theoretical implications

The last two decades have witnessed an intensification of practical and academic interest in building and measuring brand equity. However, most prior research on brand equity has focused on consumer markets and limited attention has been paid to brand equity in B2B contexts (Kuhn et al., 2008). Thus, by conceptualising the concept of BRM and BCB, our exploratory study goes some way towards addressing this gap and thereby expanding current understandings of brand equity in B2B markets by advancing a new concept of *franchisee-based brand equity*. Specifically, we suggest that FBBE can be explained through franchisee-perceived relationship value, franchisee-perceived brand image and franchisee-perceived brand loyalty which are outcomes of BRM and BCB. In this respect, our findings contribute to theoretical perspectives that explain the behavioural concerns of relational exchanges within B2B markets such as franchise channels (Combs et al., 2004; Harmon & Griffiths, 2008). Second, the study conceptualised the concept of brand relationships in B2B markets, a concept that has dominated consumer markets (Aggarwal, 2004; Fournier, 1998) and remains unexplored in business markets. Hence, we proposed and explored the six dimensions of BRM as discussed above contributing to brand relationship theories by shifting the focus from consumer markets to business markets. Third, in this study, we also explore the concept of BCB by applying the dimensions proposed by Burmann and Zeplin (2005) in explaining the relationship of franchisees and the franchise brand. Perhaps the most significant theoretical contribution of our analysis is providing potential directions as to how top management (franchisors) can promote BCB, particularly in franchisees that operate in a more constrained environment compared to other conventional retailers. While other studies have examined how to encourage extra-role behaviour (e.g., Li, 2010), our study does not only provides a framework of encouraging BCB but goes on to explore how this enhances brand equity in B2B markets. Lastly, brand equity as a concept has flooded extant literature based on two main explanations that is, the customer and financial perspective (Kim, Kim, & Jeong, 2003). Our analysis contributes to the research stream that has reconceptualised brand equity at a B2B level, in particular namely, partner or retailer-perceived brand equity (e.g., Baldauf et al., 2009; Gordon et al., 1993; Kuhn et al., 2008; Mudambi, 2002). On the other hand, brand management in franchise channels remains a multifarious issue that poses many challenges to brand managers and yet relatively limited research has investigated the concept of brand equity in franchise channels, which is a unique B2B channel (Pitt et al., 2003). Hence, our study attempts to provide possible explanations by

advancing the FBBE model. Thus, contributing to knowledge by conceptualising and empirically investigating how BRM and BCB can enhance brand equity of firms in B2B markets such as franchise channels.

### 6.2. Managerial implications

Although the findings of this study are exploratory in nature, this paper reveals various practical implications for managers. Possibly the most important implication for practice relates to the observation that BRM is fundamental in brand building. This suggests that managers, particularly franchisors, need to comprehend the concept of BRM and the various dimensions that govern it as proposed in this study. Central to the concept of BRM is the notion that negative emotions and feelings towards the brand, can negatively influence franchise relationships. This is because negative attitudes can reduce cooperation, trust, mutual understanding and eventually brand benefits, and in some extreme cases can lead to the termination of the relationship. Therefore, franchisors should make more effort to promote a positive relationship between franchisees and the franchise brand. However, the main question any manager might ask is, "How and when to manage brand relationships?" Keeping in mind the qualitative nature of this study, we therefore identified two stages that can be followed by managers in managing brand relationships.

In the first stage, the study discovered that brand relationships can be managed during the recruitment of potential franchisees. Equipped with these insights, managers are more enlightened to become proactive in selecting the 'right' franchisees that is, the ones with a cultural fit to the company's vision. Otherwise, as a word of caution, managers are also warned that failure to choose the 'right' franchisees or partners could jeopardise the long-term survival of the relationship as well as the company's goals. The second stage relates to already existing relationships. That is, in practice some franchisors may be mainly concerned with numerical growth of store outlets and at times their basis of recruitment might overlook the importance of recruiting the 'right' franchisees. In this light, we explored the crucial BRM dimensions that can be used by franchisors to closely monitor the maintenance and alignment of brand values in franchise relationships. In particular, franchisors must ensure adequate provision of support to franchisees, transparent and regular information sharing, well-devised brand architecture strategy, efficient conflict resolution system, avoid use of coercive influence strategies and promote more social interactions.

In addition, we explored how franchisors could enhance their franchisees' BCB which in turn can lead to enhanced brand equity. In a much broader sense, franchisors are advised to engage franchisees in citizenship behaviour that enhances brand identity as well as improving channel relationship performance among partners. In this light, we explored the seven dimensions of BCB that can be fostered through franchisees' voluntary cooperation and adherence to the firm's business activities. Our study also explicates the dimensions of BCB and the role they can play in contributing to brand equity. Further, since non-compliance is a major drawback in franchise channels, our results also equip franchisors with factors that promote cooperation and compliance. For example, it was observed that continual support from franchisors and quick solutions to conflicts are paramount in reducing free-riding and non-compliance behaviour. Thus, franchisors need to undertake continuous research and make regular store visits so as to understand the support needed by franchisees and whether they live the brand's goals. Overall, such information help franchisors in identifying areas of concern so as to quickly take corrective action before negative consequences derail the image and identity of the brand.

Existing research attests that in franchise relationships it is difficult to determine who actually makes the important brand decisions since neither the franchisor nor franchisee has complete control over brand building (Pitt et al., 2003). Based on our findings we recommend that franchise headquarters need to establish well-monitored

structures that enable joint decision making among franchisors and franchisees to ensure equitable and fair distribution of both social and economic values. This is necessary to encourage franchisees to engage in BCB, which in turn leads to high brand equity. As a result, we suggest that brand management in franchise firms should then be well coordinated and integrated between franchisors and franchisees. Thus, our study helps in identifying the roles played by different franchise channel members in contributing towards brand equity.

## 7. Directions for future research

This study provides numerous opportunities for future research. First, further research is needed to explore other dimensions that may influence BRM and BCB, in other B2B contexts such as the principal-agent relationships. Second, future research could also focus on identifying market-related or organisational factors that can potentially mediate or moderate the effect of brand relationships on brand equity. Factors such as the level of brand involvement, centralisation or decentralisation of authority, competitive intensity or country-of-origin effects could be evaluated. Third, to provide a more comprehensive picture on franchise brand equity, future studies could combine interpretations from both franchisors and franchisees and develop comparative brand equity models that evaluate differences and similarities of their perceptions. Lastly, the FBBE model proposed in this study is grounded mainly on qualitative data. Thus, an opportunity arises for future research to empirically test the statistical significance and relationships between BRM, BCB and FBBE. This study acknowledges the challenges that emerge in developing a new model as other potential factors and relationships that are unknown may not be easily identifiable (Broyles et al., 2009). Nevertheless, we believe that our framework provides a stepping stone for subsequent studies on B2B branding and specifically on brand relationships and franchise brand management.

## 8. Conclusion

The study adopted an inside-out approach to B2B brand management and a relationship perspective in providing a framework of how a well-managed brand relationship system could enhance BCB and ultimately FBBE. Bearing in mind the exploratory nature of this study, we suggest that franchisees as crucial customer contact points require constant monitoring to ensure consistent BCB that enhances brand equity. Franchise brand building anchored on strong and positive brand relationships is perhaps the best way of doing business in such complex and freedom-constrained marketing environments. Thus, franchisees can best position themselves in the market and differentiate themselves from non-franchised firms by establishing powerful brand relationships. In simple terms, our study propose that franchise managers who aim to improve franchisees' BCB and FBBE, should provide the following: continuous franchisor support; provide a rich brand portfolio; communicate often and effectively; socialise formally and informally; provide clear contractual terms; use less coercive power; and lastly resolve any arising conflicts as quickly and efficiently as possible with their franchisees. This can possibly result in a satisfied franchisee who is willing to exert extra effort in his/her business activities. Generally, if the franchisee is 'happy' the positive attitudes are likely to enhance positive perceptions towards the brand. Eventually, the resulting effects will spill over to end-consumers, thereby enhancing the brand equity across the entire franchise channel.

## Appendix A. Semi-structured interview guide

### Section A General information (Optional)

1. Briefly describe your current role?
2. How long have you worked in franchising businesses and what type of position/s have you held before?

### Section B Brands & brand Equity

1. Can you briefly discuss your understanding of the term 'brand'?
2. Are you aware of the term 'brand equity'? If YES, please briefly explain the term with respect to franchise businesses.
3. In what ways can the franchisor promote the brand?
4. How do you promote the brand?

### Section C Brand management

1. What do you think are the main reasons for one joining a franchise business operation?
2. Explain the role of the brand in a franchisor-franchisee relationship?
3. Can the brand be used to recruit potential new franchisees? If so, how and why?
4. Do you view the relationship between the franchisee and the brand to be important in any way?
5. In your opinion how is the brand managed between the franchisor and franchisee?
6. The following list includes some of the issues that might influence the success of managing brand relationships in franchise business systems. Please comment on the extent to which each item is important.

### Section D Brand citizenship behaviour

1. When recruiting potential franchisees, how important is it for franchisors to consider franchisees' attitude towards the franchise brand?
2. What do you consider as constructive franchisee behaviour that is needed for a successful franchise business?
3. What can franchisors do to develop franchisee attitudes that promote brand value?
4. Based on your experience are there any other activities (not written in the contract) that are undertaken by the franchisees to promote the value of the brand?
5. The following list includes brand-consistent behaviours that are considered as crucial to franchisees. Please comment on the extent to which each behaviour is important.

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