

Chapter 12

Virtual Communities and Social Networking in Franchising

Ye-Sho Chen

 <https://orcid.org/0000-0002-7459-9891>

Louisiana State University, Baton Rouge, USA

ABSTRACT

Franchising has been a popular approach to growing a business. Its popularity continues to increase, as we witness an emergence of a new business model Netchising or Online-to-Offline, combining the Internet for global demand-and-supply, virtual communities, and social networking processes and the international franchising arrangement for local responsiveness. In this article, we show that building up a good “family” relationship between the franchisor and the franchisee is the real essence of franchising, and proven working knowledge is the foundation of the “family” relationship. Specifically, we discuss the process of how to make big data and business analytics meaningful for virtual communities and social networking in franchising. The process consists of business challenges, data foundation, analytics implementation, insights, execution and measurements, distributed knowledge, and innovation.

INTRODUCTION

Franchising has been a popular approach to growing a business globally (Justis & Judd, 2002; U.S. Commercial Service, 2018). Its popularity continues to increase, as we witness an emergence of a new business model, Netchising or O2O (online-to-offline), which is the combination of the Internet for global demand-and-supply, virtual communities, and social networking processes and the international franchising arrangement for local responsiveness (Chen, Justis, & Yang, 2004; Chen, Chen, & Wu, 2005, 2007; Chen & Wu, 2007; Chen, Liu, Zeng, & Azevedo, 2012; Qiang & Wang, 2018). In his best seller, *Business @ the Speed of Thought*, Bill Gates (1999) wrote: “Information Technology and business are becoming inextricably interwoven. I don’t think anybody can talk meaningfully about one without talking about the other.” (p. 6) Gates’ point is quite true when one talks about franchise’s use of virtual communities and social networking (Perrigot, Kacker, Basset, and Cliquet, 2012). Thus, to see how virtual

DOI: 10.4018/978-1-7998-9020-1.ch012

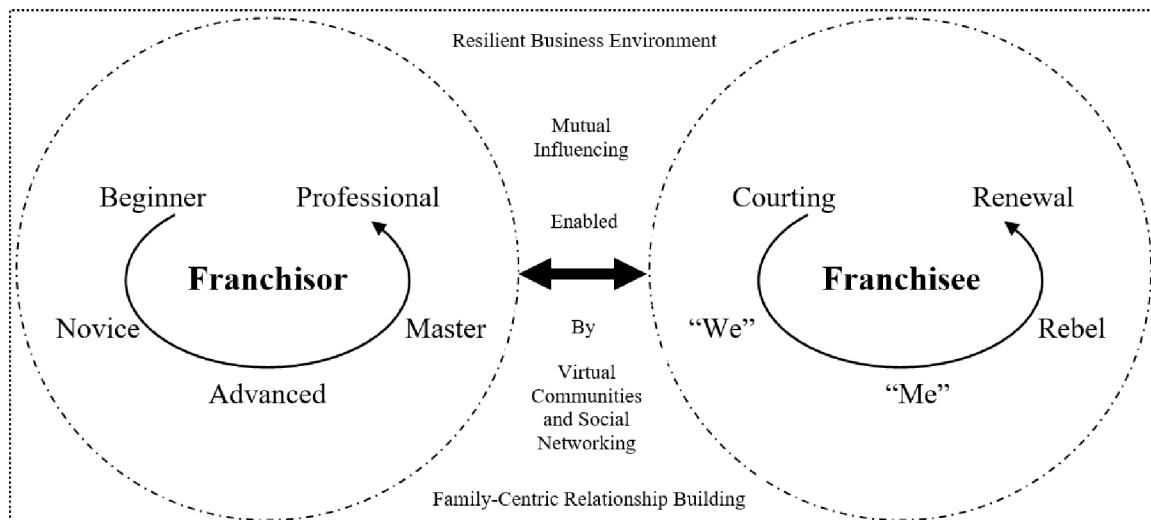
communities and social networking can be “meaningfully” used in franchising, one needs to know how franchising really works.

In this paper, we show that building up a good “family” relationship between the franchisor and the franchisee is the real essence of franchising, and proven working knowledge is the foundation of the “family” relationship. Specifically, we use the following seven pillars of business analytics (Laursen & Thorlund, 2010; Isson & Harriott, 2013) to discuss the process of how to make how virtual communities and social networking “meaningful” in franchising: business challenges, data foundation, analytics implementation, insights, execution and measurements, distributed knowledge, and innovation.

BUSINESS CHALLENGES: MANAGING THE FRANCHISOR-FRANCHISEE RELATIONSHIP

Franchising is “a business opportunity by which the owner ... grants exclusive rights to an individual for the local distribution ... The individual or business granting the business rights is called the franchisor, and the individual or business granted the right to operate ... is called the franchisee.” (Justis & Judd, 2002, pp. 1-3) Developing a good “family” relationship between the franchisor and the franchisee is the key business challenge of a successful franchise (Justis & Judd, 2002). Figure 1 describes how such a “family” relationship is built in the franchise business community. In the figure, it shows that the franchise system is operated in the dynamic business environment of global, national, regional, and local communities. The resilience of the business environment is also getting significant attention nowadays (UNISDR, 2018). The “family” relationship is developed through a mutual influencing process of family-centric relationship building enabled by virtual communities and social networking.

Figure 1. Understanding how to manage the franchisor/franchisee relationship



12 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/virtual-communities-and-social-networking-in-franchising/282974

Related Content

Young Connected Migrants and Non-Normative European Family Life: Exploring Affective Human Right Claims of Young E-Diasporas

Koen Leurs (2016). *International Journal of E-Politics* (pp. 15-34).

www.irma-international.org/article/young-connected-migrants-and-non-normative-european-family-life/163143

The Impact of Social Networking Websites on the Education of Youth

Sunitha Kuppuswamy and P. B. Shankar Narayan (2010). *International Journal of Virtual Communities and Social Networking* (pp. 67-79).

www.irma-international.org/article/impact-social-networking-websites-education/43067

Usage of Facebook by Library and Information Science Female Undergraduate Students in Selected Nigerian Universities

Justina B. Babatunde and Adeyinka Tella (2015). *Social Media Strategies for Dynamic Library Service Development* (pp. 230-249).

www.irma-international.org/chapter/usage-of-facebook-by-library-and-information-science-female-undergraduate-students-in-selected-nigerian-universities/127825

Sustainability Analysis of Tourism in India: Data Envelopment Analysis Approach

Surender Kumar (2018). *International Journal of Virtual Communities and Social Networking* (pp. 33-45).

www.irma-international.org/article/sustainability-analysis-of-tourism-in-india/219791

Young Immigrants' Internet Political Participation in Germany: Comparing German East Europeans and German Turks

Viktoria Spaier (2013). *International Journal of E-Politics* (pp. 1-17).

www.irma-international.org/article/young-immigrants-internet-political-participation/76892