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This thesis is dedicated to my family, for without their support
none of this would have happened.

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1. Introduction

As the world is getting more and more globalized and the companies increasingly expand their operations beyond national boundaries by developing international and global brands and as a result, the questions that arises is: what factors influence the success of these international strategies?

One of the purposes of this paper is to identify whether the perceived cultural differences across countries and regions have an influence on the company's success in terms of its corporate reputation, customer satisfaction and loyalty and thus on the customer's purchase intention. In other words, can globally established companies make use of their reputation in order to successfully attract and retain customers regardless of their cultural differences?

Supporters of a global strategy point to the increasing homogenization of customer tastes and preferences suggesting that significant economies of scale can be attained by marketing standardized products worldwide (Levitt 1983). Critics, on the other hand, dismiss the potential of a global strategy and emphasize economic, cultural and other environmental differences among nations as impediments to its implementation. They argue that tailoring strategy to reflect country-market differences will generate improved response (Kotler 1986).

Additionally, the increasing trend towards the globalization of world markets whereby companies increasingly perceive consumer preferences as being similar has helped establish the franchising business format as a favored market entry mode (Hoffman & Preble, 1993). The international development and consequently the success of franchising firms have been attributed to a number of factors, both organizational and environmental (Alon 1999). Many studies focus on analyzing the influences and potential drivers that may guarantee effective franchising, however, very few studies have provided information regarding the reputation of these franchising firms and particularly the effect of cultural differences on the consumers' perceptions.

Subsequently, the goal of this paper is to investigate whether there are variations regarding the reputation of franchise systems based on cultural differences, by setting two distinct research objectives. The first objective is to examine the way in which the dimension *customer-based reputation* is influenced by *customer satisfaction* and hence its effect on the dimensions: *customer loyalty*, *positive word-of-mouth* and *purchase intention*. The second objective is to analyze the differences between developed and

developing countries using two distinct conceptual models based on established literature. According to these two models, five main hypotheses will be tested using survey data from nine Western and Eastern European countries based on two globally established franchising firms: McDonald's and Burger King.

The results of this study will not only confirm or dismiss the conceptual model of Walsh et al. (2009) but also extend it by analyzing the impact of the previously mentioned dimensions on the customer's purchase intention providing important information to international franchise managers. Additionally, this paper will also extend the cross cultural reputational research by examining the cultural differences in the fast food franchising industry providing relevant information regarding the impact of culture on the corporate reputation and thus on the success of franchise companies.

In the first part of the paper a literature review of the most important concepts and terms will be presented in order to provide the theoretical background of the research problem and the objectives. The second part will consist of the empirical examination of the conceptual models and the main hypotheses together with the discussion of the findings and finally the conclusions of this study.

2. The Global Environment

During the past decades the business environment has changed considerably due to the increasing number of companies that extended beyond national borders. This was mainly possible due to the evolution of technology, transnational communications and transportation networks. As a result, the world has become one giant marketplace, consisting of multinational companies (MNC) and global consumer segments that drive international trade. This worldwide phenomenon of internationalization of the markets and companies is called globalization. More specifically globalization is defined as: *“The process of social, political, economic, cultural and technological integration among countries around the world.”* (Hodgetts, Luthans, Doh 2006, p. 7)

The increasing development and integration of markets may represent an opportunity for costumers, which can result in benefits such as lower prices, greater availability of goods and access to technology. Companies, on the other hand, may perceive the globalization process as a bit more challenging because of cultural difference, which can make it harder to identify customer's needs and thus satisfy them.

With the continuous development of globalization, concerns relating to the environmental and social impact of this trend are starting to intensify. With multinational corporations relocating manufacturing and other labor-intensive business units to developing countries based on economic reasons, pollution and environmental damage are likely to increase. This is because environmental standards which are common in western societies, are generally more relaxed or simply absent in developing countries in order to attract foreign investments. Similarly, labor protection laws and social services are exploited by those governments to favor the entering of MNCs which from an macroeconomic point of view provide wealth to the country but at the cost of its' population.

Although these perceptions of globalization are unlikely to change in the near future, international companies have started to revise their business making policies by following international guideline regarding the manufacturing of products and their commercialization. Examples are the so-called fair-trade certified products which guarantee that fair prices were paid to the exporters by companies, which also advocate higher economic and social standards in those countries.

2.1 Global Brands

“At a time when product differentiation is more difficult to achieve, strong brands are essential differentiating assets.” (Schuiling & Kapferer 2004, p.108).

In this context of globalization, many firms that operate internationally have responded to this current trend by implementing a global strategy. In other words, companies switched from a multi-domestic¹ marketing approach to a global marketing approach and thus directly influencing the companies branding strategies. As a consequence, international firms have focused on the development of global brands (Schuiling & Kapferer 2004). According to the literature, global brands are defined as:

- ‘a global brand is one that is perceived to reflect the same set of values around the World. The same set of values or brand character forms the key in global brand strategy’ (Chevron 1995, p. 24)
- ‘brands whose positioning, advertising strategy, personality, look, and feel are in most respects the same from one country to another’ (Aaker and Joachimsthaler 1999, p. 137)
- ‘brands that consumers can find under the same name in multiple countries with generally similar and centrally coordinated marketing strategies’ (Steenkamp, Batra and Alden 2003, p. 37)
- ‘global brand is defined as the multi-market reach of products that are perceived as the same brand worldwide both by consumers and internal constituents’ (Johansson and Ronkainen 2005, p. 340)

International companies who possess well-established branded products and/or service across markets can charge premium prices because the consumers perceive their brands as indicators of quality (Teegan, 2000).

The building of an effective international brand portfolio, which is able to achieve and also guarantee the company’s success, is often perceived as an easy task.

¹ Multi-domestic strategy = the products are tailored according to the needs of local markets (Source: Global Business – Global Strategy. Retrieved on July 24. 2012)

Deciding on which brands to build, which local brand to expand internationally and which to sell or assimilate under an international brand name often involves a difficult analyzing process that has a considerable impact on the future success of the company (Schuiling & Kapferer 2004).

Unilever, a multinational company active in the fast-moving consumer goods industry (FMCG), has recently started to review its brand portfolio. As a response to the development of the global marketing environment, the company decided to focus on just 400 brands from its total of 1200. Similarly, another global player Proctor & Gamble (P&G) also active in the FMCG sector, sold most of its local brands, concentrating on 300 international brands. L'Oréal and Nestlé are undoubtedly the best examples and also proof that such global brand strategies are effective. Both firms build their worldwide success on 16 (L'Oréal) respectively 6 (Nestlé) strategic brands, which were expanded internationally ensuring a profitable development of both companies (Schuiling & Kapferer 2004).

Why are global brands so profitable?

As previously mentioned, globalization has a number of advantages which, if used properly, can create opportunities for companies.

Primarily, global firms increasingly try to standardize their brands in order to benefit from economies of scale², creating significant cost reductions in essential business departments such as research and development, manufacturing, and logistics (Schuiling & Kapferer 2004). Douglas and Wind (1987) argue that multinational corporations rely on using these economies of scale in order to gain major competitive advantages³ in international markets.

It is very common for companies to set efficiency goals over longer periods of time, which have to be gradually accomplished. The main idea behind this is to reduce the input to a minimum whereby achieving the maximum possible output in order to increase the flexibility of the pricing strategies.

² Economies of scale = lowering the average cost per produced unit through increasing production output (Source: Business Dictionary, Investopedia. Retrieved on 24.07.2012)

³ Competitive advantage = when a firm is able to deliver better product benefits than its competitors or the same benefits at lower costs (Porter E. Michael, 2003)

In other words, reducing the costs enables managers to reduce the price without losing profits, thus creating an advantage over competing companies.

A second advantage attributed to global brands is that companies, especially in the FMCG industry, are able to considerably reduce the speed to market for new product developments, introducing them on a regional or global scale within 12 to 18 months (Schuiling & Kapferer 2004).

Finally, global brands are positioned similarly across countries by channeling the communication strategies to express a clear, consistent, credible and competitive message. As a result, companies can benefit from a unique brand image and increased brand awareness across countries.

Researches show that a global positioning of a brand can create consumer perceptions of brand superiority (Kapferer 1992, 2004; Shocker, Srivastava, and Ruekert 1994). Consumers weigh quality as an important aspect that positively influences their preference for global brands (Holt, Quelch, and Taylor 2003; Steenkamp, Batra, and Alden 2003). Furthermore, consumers classify global brands as being more prestigious and thus the purchase of such brand grants them an exclusive status (Batra et al. 2000; Kapferer 1992). Based on the latter research results, it can be stated that global brands have a significant impact on the purchase intention of consumers, especially if the image of the brand fits the lifestyle and the general perceptions of the consumers.

Consequently, global brands provide companies important benefits in terms of: a globally unique brand image and consistent cost reductions due to economies of scale, especially in the current setting of market globalization. Potential competitors may perceive global brands as entry barriers discouraging them to expand in certain markets and therefore enabling the already established brand to maintain its market position (Schuiling & Kapferer 2004).

2.2 Global Consumers

With the development of global brands based on the continuous integration of markets, companies started to review their targeting strategies by widening their segmentation process across national borders. In other words, companies tried to identify lifestyle and perception similarities between consumers across countries in order to create a unified communication approach to support a global brand image.

Hold, Quelch & Taylor (2004) argue that the results of these communication efforts of multinational corporations are closely related to the emergence of a global culture, primarily because culture is created and also preserved by communication. Additionally, the authors highlight the fact that although global culture is based on cohesions, consumers don't necessarily share the same tastes or values. Nonetheless, they assign certain characteristics to global brands that directly influence their purchase decisions.

According to their research, Hold, Quelch & Taylor (2004) identify three important factors that influence the purchase of global brands and which are shared by consumers internationally.

The first characteristic, which has the strongest impact on the consumer's brand preference, is quality. Consumers associate the quality of global brands with the premium prices charged for their products and also with the idea that in order for companies to compete on a global scale, companies have to develop new, better and more technologically advanced products than their competitors. Consequently, global brands are perceived as signals of quality (Hold, Quelch & Taylor 2004).

The second characteristic is the so-called global myth. Consumers perceive global brands as symbols of cultural ideas. A common objective shared by companies is to deliver global identities using their brands by creating appealing products that consumers identify with and then share with people alike (Hold, Quelch & Taylor 2004).

The final characteristic, which also weighs in the purchasing process, is social responsibility. Consumers are aware of the strong influence that multinational corporations have on society's well being and therefore, they expect firms to act in a responsible way and also to address social problems in their surroundings (Hold, Quelch & Taylor 2004).

Additionally, the authors also identify four global consumer segments that vary according to the consumer's view held on global brands:

- *Global Citizens* – are consumers, which interpret the success of a global company as an indicator of quality and innovation. They also expect companies to behave responsibly on matters like environmental protection, consumer health and worker rights.
- *Global Dreamers* – perceive global brands as being quality products and at the same time they also identify with the myth they advocate. Unlike the global citizens, global dreams aren't really concerned about the social responsibilities of those companies.
- *Antiglobals* – are consumers who have doubts about the socially responsible behavior of global companies. Moreover they don't believe that international companies offer products of higher quality.
- *Global Agnostics* – aren't influenced by the brand's global characteristics in their purchase decision. They use the same evaluation criteria on both global and local brands.

2.3 Global Expansion

The modern economy is based on the principle of growth. Each year company managers worldwide assess the results of the previous year and then set new objective in terms of higher market share, sales and profits for the following year. But what happens when further increase in sales isn't possible in the market because the market itself isn't growing anymore? In other words, what do companies do when the market becomes saturated?

Usually there are two key possibilities that companies can choose from in order to achieve their objectives. The first is to increase the market penetration of the product. This means that companies try to steal customers from their competition and/or try to widen their target group by using a different marketing strategy, which then can be directed at a wider range of customers. This solution offers relatively low growth potential.

The second possibility, assuring long-term development and also higher growth potential, is to expand into a new market. This is also known as the internationalization process of the company. Based on past and more current studies, researchers have identified several types of expansion methods, which are widely used by today's multinational companies.

The first and also one of the most commonly applied method of transnational expansion, is called the stage model, also known as The Uppsala internationalization model⁴. The model is very similar to the waterfall method, which generally foresees a country-by-country expansion where companies initially establish operations in a relatively close market and then, after gaining international experiences, gradually extend into more distant market. However, it can be argued that the model is inflexible and deterministic (Reid, 1983; Turnbull 1987) whereby opportunities to reduce expansion costs by entering similar market simultaneously cannot be fructified (Hollensen, 2011).

The transaction cost analysis model relies heavily on the aspect that 'a firm will tend to expand until the cost of organizing an extra transaction within the firm will become equal to the cost of carrying out the same transaction by means of an exchange on the open market' (Coase, 1937; p. 395). In other words, a firm will always choose to internalize business operations rather than externalize them (to another company) if it can benefit from significant cost advantages. Analogue, a firm will prefer an external partner to perform certain operations if the costs of using an own department or subsidiary are higher. For example, a company would rather hire an export intermediary when deciding to expand its' sales operations internationally if the costs of establishing an own export department are higher.

Another approach used by companies to internationalize, the network model, is founded on the idea that existing business relationships or alleged networks can be used to expand into foreign markets. This method is generally applied in the business-to-business (B2B) environment or in fields where the coordination between partners is a potential source for increasing efficiency and effectiveness. A common example are the car manufacturers which often request that certain suppliers follow them abroad if they want to keep their business in the domestic market (Hollensen, 2011).

⁴ Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977

The final model mainly used by small medium enterprises (SMEs) for their international expansion is the so-called born global method. The increasing development of these companies is largely attributed to the advances in the communication technology subsequently creating an international information highway. According to current research, born globals are designed to serve the international/global market right from the start, skipping the traditional internationalization stages. The literature states that companies can be categorized as born globals if the number of employees is under 500 and yearly sales don't exceed \$100 million; furthermore, if they rely on the latest technologies to create unique and innovative products aimed niche markets (Hollensen, 2011).

2.3.1 Internationalization Factors

Although one important aspect that pushes the internationalization process has been previously presented, there are also other drivers that influence the decision to expand into different countries. These can be divided into two key categories: proactive and reactive. The proactive reasons determine a change in the business strategy of the company, primarily because the company wants to exploit its' internal capabilities and existing competitive advantages. On the other hand, reactive motives push the company unwillingly into rethinking its' strategy in order to ensure survival or to accomplish growth goals (Hollensen, 2011).

Proactive motives

As mentioned earlier, the need of achieving profit and growth goals ponders strongly in the mind of managers when evaluating the possibly of serving additional markets. It can be assumed that if previous expansion efforts were successful and the firm's desire to grow is strong, the search for new market opportunities will be greater and also more thorough. Identifying market opportunities and gaining market information can act as stimuli to initiate a further examination of the company's internal capabilities, which then enable the foreign entry.

Nevertheless, firms can also be pushed to internationalize based on the aspiration, ambition and eagerness of the management vis-à-vis global development.

This eagerness is based on the manager's desire to be a part of an international company or it can simply reflect his general entrepreneurial drive. Moreover, the potential reduction of manufacturing costs by achieving economies of scale, the possibility to relocate business units to realize cost savings or simple tax benefits can certainly favor the decision to operate on a global scale (Hollensen, 2011).

Reactive motives

According to the literature, strong domestic competition or better-known, competitive pressure, strongly impacts the internationalization decision of companies. In other words, the fear of losing domestic market share determines companies to reevaluate their business development strategies in order to cope with the advantages of global competitors. Additionally, a poor sales performance of a product in the domestic market can often cause issues of over production or excess capacity. These, on the other hand, may persuade managers to search for a viable market alternative in order to drive fixed and inventory costs down. The same issues arise if the marketed products are seasonal products with a fluctuating demand. Companies need to broaden the markets they serve in order to achieve a constant demand and more importantly, continuous cash flow. Subsequently, companies often perceive the geographical and psychological closeness of foreign markets as an appealing factor that heavily contributes to the internationalization process (Hollensen, 2011).

2.3.2 Market Entry Modes

After analyzing the factors that determine the decision whether to enter a new country or not, the key question that arises is: which market entry strategy and ownership structure to choose when expanding?

In order to answer this question, several factors have to be considered: geographic location, cultural distance, market knowledge and knowhow, internal resources, managerial experience and also the degree of desired control. In the following, the different types of ownership structures as well as their implication as types of foreign market entry will be presented.

The first ownership form that also implies the highest investment and risk is the wholly owned subsidiary (WOS). As the name states, the foreign operation unit is totally owned and also controlled by the multinational corporation. Primarily, wholly owned subsidiaries are chosen when total control over the operation is necessary (i.e.: for protecting company knowledge such as patents, trademarks), when managerial efficiency will be better without the interfering of foreign partners and when high potential revenues are expected. A common downside of wholly owned subsidiaries is that host countries often perceive them as threatening to the local economic environment attributed to the absence of local partners and also due to the concern that the MNCs will ruin local enterprises (Hodgetts, Luthans and Doh, 2006).

The second market entry strategy, involving similar risk compared to the latter, are the mergers and acquisitions. Due to the continuous international expansion, multinational companies often choose to purchase subsidiaries of other companies in order to facilitate a faster development in the foreign market. This means that MNCs can benefit from existing market share, supplier and distributor relationships and they can also make use of the dominant awareness of the local brand. The general idea behind mergers is that two or more companies join their complementary strengths in order to create a new company with increased market competitiveness. The main drawback, applicable to both mergers & acquisitions is the post purchase/merger integration of the operations. In other words, companies face serious challenges when deciding how to reorganize the different business processes in order to comply with the new corporate objectives (Hodgetts, Luthans and Doh, 2006).

The third ownership type, where the risk is divided between two partners, comprises the so-called alliances and joint ventures. Alliances are specific cooperative relationships between two different companies, whereas joint ventures are a certain type of alliance in which two or more parties hold ownership and/or control rights of the business operations. An alternative possibility for corporations that want to leave their core business untouched is to create a third unrelated enterprise in order to support a profitable collaborative relationship. Alliances and joint ventures can be divided in two main types: non-equity ventures and equity joint ventures. The first is described as a cooperation in which one party provides a specific service for another. However, the equity joint ventures are characterized by the financial investment of the global partner in a new company with the local partner.

The main advantages when using alliances and joint ventures are: achieving economies of scale and scope, dividing the risk (political and economical) and acquiring new knowledge (Hodgetts, Luthans and Doh, 2006).

The forth and probably one of the most used are the licensing and franchising agreements. Comparable to the previous market entry mode, the licensing agreement that is principally used in the manufacturing industries enables one party to receive exclusive rights over patents and trademarks in order to market a product in a particular region (or country) in exchange for a fee. Generally, the partner offering the license (also called licensor) limits the geographic area in which the licensee (party which buys the license) is permitted to market its products. Additionally, the licensor also determines a certain period of time in which the agreement is valid. The main difference between licensing and franchising, which particularly used in the service industry, is that in addition to the patents and trademarks, the franchisee (the equivalent of the licensee) is also allowed to use the product line and more important the methods of operation. Due to the last two additions, franchising is the preferred foreign market entry mode particularly in the fast food and hotel/motel industries. However, unlike the licensing agreement, franchise agreements generally consist of a two-step payment procedure that requires the franchisee to pay the franchisor (the equivalent of the licensor) a fee at the beginning of the contract and also gradual payments in form of percentages of the revenues. A deeper understanding, insights and also implications of franchising systems will be provided in the second part of the paper (Hodgetts, Luthans and Doh, 2006).

The final expansion approach that is also most frequently used to build up international experience is exporting/importing. As previously presented, the idea behind exporting/importing is to boost sales by increasing the target market that the company decides to supply. The main advantage of an exporting operation is that the economic risk which companies face when internationalizing is significantly lower than with other market entry modes. Additionally, even if companies lack financial resources, international knowledge or foreign market understanding they can rely on export intermediaries, in form of export management companies (EMCs), which in return for a fee will handle the entire exporting process (Hodgetts, Luthans and Doh, 2006).

3. Franchising

As mentioned earlier in Chapter 1, globalization has significantly influenced the development of markets worldwide. This change has led to a homogenization of consumer preferences across countries, regardless of their geographic location or cultural (Levitt, 1983).

In the last century, franchising has become one of the most rapid growing distribution channels used by firms to expand internationally (Duniach-Smith, 2003). As a result, franchising grew more popular as a foreign market entry mode due to its simple and widely applicable business format, primarily used by U.S. franchising firms like McDonald's (Hoffmann & Preble, 1993).

Franchising is a certain type of licensing agreement between two legally independent parties whereby one offers the rights, trademarks, and operational method and also support to market a product or service in return for a fee (Royalty). Franchising is widely used in the product distribution sector (i.e. Coca-Cola, Goodyear) and in service industries such as fast food (i.e. McDonald's, Wendy's), retail (i.e. Blockbuster Video) and business services (i.e. H&R Block, UPS Store)⁵.

Due to the wide use of franchising agreements in service industries, it is important to understand the key characteristics of services in order to gain an understanding why franchising as a market entry mode is so successful in this industry. According to the literature (Hollensen, 2011), services are distinguished from products based on the following characteristics:

- *Intangibility* - services cannot be touched or tested before purchasing (i.e. haircuts),
- *Perishability* - they cannot be stored for future use (i.e. unfilled airline seats),
- *Heterogeneity* - services involve human interaction and thus they are rarely the same,
- *Inseparability* – production and consumption of service occur almost simultaneously.

⁵ Source: What is a Franchise? International Franchise Association (IFA). Retrieved on 17.06.2012.

In the international environment, the franchising business format is defined as ‘a contract-based organizational structures for entering new markets. It involves a franchisor firm that undertakes to transfer a business concept that it has developed, with corresponding operational guidelines, to non-domestic parties for a fee’ (Teegen 2000, p. 498).

Similarly, Burton & Cross (1995) in Alon (1999) define international franchising as ‘a foreign market entry mode that involves a relationship between the entrant (franchisor) and a host country entity, in which the former transfers, under contract, a business package (or format), which it has developed and owns, to the latter’. Additionally, this transfer of rights, as earlier described, is usually limited to a certain period of time and the commercial use of the ‘franchisor package’ is restricted to a specific country or region (Teegen, 2000).

Burton & Cross (1997) argue that this transfer can be undertaken using different types of commercial vehicles. They classify them into two distinct categories: *direct franchising* (also known as single-unit franchising) involves a direct relationship between the franchisor and every franchisee that operates and/or owns an outlet; and *area development and master franchising* (also known as multi-unit franchising) whereby the franchisor enables the area developer or master sub-franchisor to build up a network of franchise outlets but unlike the master sub-franchisor, the area developer has no right to sub-franchise. The franchising types will be presented in more detail at the end of this chapter.

3.1 The link between Globalization and Franchising

The idea of a growing homogenization of consumer tastes and preferences across the world as a result of globalization, has created new opportunities for companies, enabling them to market their products or services successfully in foreign markets (Teegen 2000, according to Justis & Judd 1989).

Like previously mentioned, in the case of service firms the production and consumption of the ‘product’ are inseparable. Services firms wishing to expand globally have a lower range of market entry methods to choose from, thus making franchising the most suitable option to start their international expansion.

Whenever a company introduces a new product or enters a new, unknown market, control starts to play an important part in reaching target goals. Significant advances in information and communication technology enabled companies to effectively coordinate and also monitor franchise outlets all over the world (Etgar, 1976). The worldwide development and linkage of transport and telecommunication networks has also heavily contributed to the creation and success of international franchise systems (Teegen, 2000).

From an economic point of view, the liberalization of markets due to the fall of the Soviet Union has provided companies the opportunity to access new countries and serve markets which were previously restricted (Teegen, 2000). Furthermore, international franchising was generally preferred for entering countries of Central and Eastern Europe (CEE) and China, because franchising enables the franchisors to limit their financial exposure and thus reduce risk.

Another influence that has significant impact on the rapid and successful globalization of franchising systems is the country-of-origin⁶ (COO) effect in the consumers' purchase-making process. According to this, consumers who have a positive image of a country are more likely to trust and also to purchase products or service from companies coming from those countries. It has to be stated that this influence is only valid if the country, associated with the franchise systems, creates a positive country-of-origin image in the minds of the consumers. This is particularly the case of developed countries because they tend to score higher in terms of COO image than developing or transitions countries (Tomzack, 1995).

3.2 Expanding through Franchising

In order to avoid negative experiences when expanding through franchising and implicitly reduce the financial risk and its implications that are generally associated with the entering of foreign markets, companies should understand the main reasons that can influence the internationalization process.

⁶ Country-of-origin effect = the Country of Origin (COO) is the country with which a firm is associated and its effect is regarded as any influence or bias resulting from COO (Samiee, 1994; Diamantopoulos and Zeugner-Roth 2009)

In addition, entering foreign markets for the right reasons significantly contributes to the success of the franchising expansion. Subsequently, the reasons that drive the decision to expand while using franchising systems whereby increasing the success rate, are presented as follows (Konigsberg & Rosenstein, 1991).

The first factor that weighs heavily on the success of a companies' international development is closely related to the broad and objective assessment of the foreign market, consisting of identifying real opportunities as well as serious threats. Based on this evaluation, companies should develop a business strategy that must take into consideration the companies' own financial and human resources, its capabilities, together with the acceptability of its products/services by the local consumers, before initiating the first internationalization steps (Konigsberg & Rosenstein, 1991).

As mentioned earlier, domestic market saturation plays an important role in the firms' decision to seek new markets in order to enable further development and to achieve growth.

Companies are usually influenced by the geographic proximity of a country when choosing which markets to enter. This is clearly understandable when taking into consideration the reduced logistics' costs and the possibility of using the same managerial capabilities to control the bordering operations. Moreover, low financial resources or the lack of companies' foreign expertise and international experience are factors that favor the expansion into neighboring countries rather than in physically distant countries. This is primarily because the risks associated with entering a neighboring country are lower. However, differences in the political and legal systems together with dissimilar consumer preferences and behavior or cultural barriers may prove to be harder to overcome than the geographic distance (Konigsberg & Rosenstein, 1991).

In comparison to other market entry modes when using a franchising system to enter a new market, the franchise buyer is required to pay a significant initial fee that is followed by periodical royalties for the duration of the agreement. Therefore, financial problems or the need of a short-term injection of capital may determine the franchisor to develop internationally (Konigsberg & Rosenstein, 1991).

Competition is also a major factor with considerable impact on the business strategy, mainly because an increasing number of competitors in the domestic market possess an important threat to the company's development.

Additionally, the risk of being imitated by companies in foreign markets may be perceived as a comparable or a much higher threat for the franchise system, thus forcing expansion (Konigsberg & Rosenstein, 1991).

Although the formerly presented motives are generally applicable for the franchisor's organization, in reality franchisors often rely on third party initiatives to start the internationalization process. Confronted with political, legal and economic issues as a result of the foreign market entry, franchisors often miss the necessary knowledge and expertise to resolve such problems in an effective and efficient manner. Therefore, using the right method to export the franchise is crucial for the franchisor in order to ensure maximum gains (Konigsberg & Rosenstein, 1991).

3.3 Types of Franchising

When choosing the type of franchising for the international development, it is vital to thoroughly assess the macro- (political framework, economic situation, demographic) and microeconomic (market, competitors, consumers, suppliers) characteristics of the country or region in which the expansion should be undertaken. Duniach-Smith (2003) created a model that highlights the internationalization process of franchisors seeking foreign market expansion.

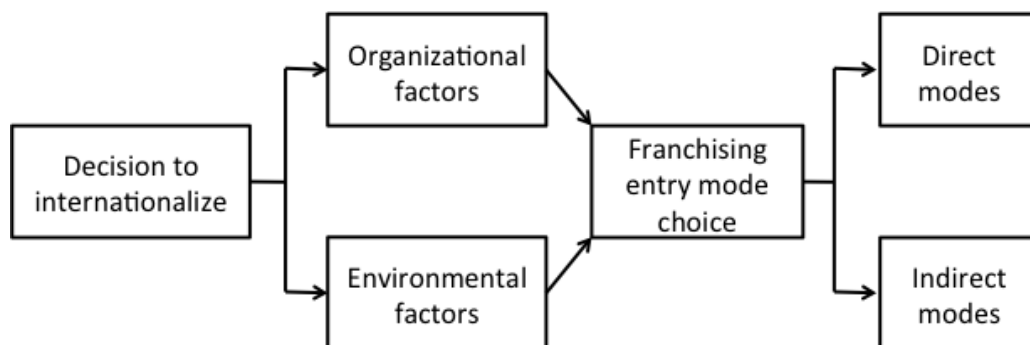


Figure 1. Model of international franchising entry mode choice (Duniach-Smith, 2003)

The choice of international franchising method generally depends on both organizational and environmental conditions (these usually comprise numerous factors) and it should originate from the overall business strategy of the franchising system so that a continuous and profitable growth is ensured.

As to the possible methods, these can be categorized in three main groups: direct franchising, master franchising and joint venture agreements. In the following part, each of these approaches will be presented in more detail, outlining their implications together with their advantages and disadvantages.

3.3.1 Direct Franchising

Direct franchising can be defined as the direct process between franchisor and franchisee without the involvement of a third party. There are three types of direct franchising: *franchising directly into a foreign country* - used when: foreign countries are geographically close, setting up foreign subsidiaries requires great resources, cultural differences between countries are low and to avoid high taxes in foreign countries; *establishing a foreign subsidiary or branch office* – used when: high geographic proximity, high cultural similarities and financial and managerial resources are available; and finally *entering into a development agreement* - used mainly to limited the number of franchisee in the foreign country (Konigsberg & Rosenstein, 1991).

Whenever managers take into consideration the use of direct franchising, they need to evaluate both the advantages and disadvantages before making a decision. Consequently, the following table provides an overview of all three types of direct franchising methods together with their advantages and disadvantages based on (Konigsberg & Rosenstein, 1991).

	Advantages	Disadvantages
<i>Franchising directly into a foreign country</i>	• Avoiding the legal burden of foreign countries; • Fiscal benefits; • Retaining control over the franchise system (trademarks, methods of operation, etc.), advertising and promotion; • Very profitable, royalties are not shared with third parties.	• Franchisor lacks knowledge of foreign country (laws, market, customs, culture, habits); • High financial risk if expansion is unsuccessful; • Difficult to enter a foreign market without an established office; • Lack of proper supervision may result in misuse of trademarks and company know-how.

<i>The establishment of branch office or foreign subsidiary</i>	• Easier to take over the outlets and operate them if franchisee is unsuccessful; • Gaining local knowledge in terms of laws, commercial practices, customs, etc.; • Chance to improve the franchisors' image as a good corporate citizen;	• High costs and risk associated with the establishment of a foreign subsidiary; • Acquisition of local knowledge through personnel may be limited and thus not enough for creating the market strategy; • Local ownership is required in certain countries;
<i>Entering into a development agreement</i>	• No knowledge of the market is required; • Less costly and easier to manage because the only interaction is with a limited number of franchisees; • A development fee is paid at the beginning of the agreement;	• The failure of a franchisee may have serious consequences on the franchisor; • Depending on the resources of the franchisee and the size of the territory development may take longer;

Table 1. Advantages/Disadvantages of Direct Franchising
Own representation based on (Konigsberg & Rosenstein, 1991).

3.3.2 Master Franchising

Generally, the master franchising agreement involves only two parties, the franchisor who is owner of the franchising system and the sub-franchisor who sells the franchise to franchisees in foreign countries. Additionally, the sub-franchisor may also choose to self develop and own franchise outlets in various countries. Master franchising is chosen when other methods of franchising cannot be used in certain countries or regions, if physical and psychic distance to the foreign market is high and especially if the necessary financial and managerial resources aren't available (Konigsberg & Rosenstein, 1991).

Franchisors may welcome the opportunity to enter into such an agreement, especially if international expansion was part of their long-term plan. Usually, this occurs when the franchisor operates a large number of outlets and when fast adaptation to domestic market changes is essential for remaining competitive. Due to this, they are unable to thoroughly assess the potential of foreign markets and moreover, to analyze their macro- and microeconomic environment. Consequently, the internationalization strategy lacks vital information and specific details, which hinder the franchisor to initiate expansion (Konigsberg & Rosenstein, 1991).

The main advantage resulting from the use of a master franchising agreement is the lower contribution with own monetary, managerial resources and capabilities compared to the previously presented direct franchising methods. Because the expansion process is undertaken by the sub-franchisor who usually carries all the risk, the franchisor is financially protected in case of failure creating another important advantage. Ultimately, the desire and the dedication of the sub-franchisor to succeed are high, because of his intense resource commitment associated with the establishment of the franchise system in the foreign market (Konigsberg & Rosenstein, 1991).

In contrast, master franchising has also several downsides. When entering into such an agreement, the franchisor, simply stated, gives up control over his trademarks, operation method and thus over his franchise system. This constitutes an important disadvantage even if from a legal point of view, the franchisor has the right to impose its way of doing business whereby protecting company brands and its know-how, but the ability to enforce his means may be very difficult especially if confronted with an unknown political, legal and economic environment. Therefore, choosing a suitable partner who may act and behave in the companies' own interest rather than pursue his individual goals, might be of crucial importance when starting a master franchise agreement. This may be seen as an important disadvantage because of the high risk related to the possibility of opportunistic behavior⁷ from the sub-franchisor. As a result, convincing the sub-franchisor to sign a non-competition or/and a confidentiality agreement may following the end of the master franchise contract may prove to be extremely difficult (Konigsberg & Rosenstein, 1991).

3.3.3 Joint Venture Agreements

The idea behind joint venture agreements is that the franchisor forms a joint venture with a foreign partner, usually from the country in which it is desired to expand. The newly created joint venture company enters into a development or master franchise agreement with the franchisor in order to access the foreign market with the franchise system. This approach is mainly used when local knowledge and capabilities are scarce or when no other option of entering the markets are available due to the laws of foreign countries (i.e. Eastern European countries, China and South American countries).

⁷ Opportunistic behavior = occurs when one party uses undisclosed knowledge to pursue his own interests take advantage of the other party (Source: Accounting Dictionary, Venture Line. Retrieved on 24.07.2012)

Another reason might be that franchisors want to keep a well-defined level of equity and thus a certain degree of control over the franchised business while profiting from the limited financial exposure linked to master franchising agreements (Konigsberg & Rosenstein, 1991).

When taking into account the advantages of using joint venture agreements, the role of the local partner is of crucial importance, considering that his familiarity with the laws, customs, and culture of the foreign country may significantly influence the financial results of the venture. Therefore, the joint venture partner constitutes a major advantage for the franchisor, not only for his impact on the success of the franchising system but also because of the possibility to share risks and profits (profits which the franchisor wouldn't receive if it wasn't for the joint venture agreement). Access to governmental subsidies, grants or certain tax reductions may be easier obtained as a result of shared equity, particularly because of the local partner. Finally, through this joint venture agreement, the franchisor has the possibility to improve its' control over the franchise system thereby protecting company owned trademarks, patents and know-how (Konigsberg & Rosenstein, 1991).

The disadvantages relating to joint venture agreements appear most commonly due to the different point of views, business goals or personal interest between the two partners. An example may be that the each party had different motives for which they decided to enter into the agreement thus possible conflicts may be unavoidable. Another disadvantage characteristic to joint venture agreements is when decision and ownership rights are divided incorrectly or evenly between partners. For example, if the franchisor has decision rights but he doesn't possess the necessary market knowledge to successfully develop the franchise system increasing the likelihood of failure. Evenly divided rights may lead to a situation in which the company is unable to act because each partner wants to follow a different business strategy. As a final disadvantage, issues may arise from divergences regarding the split of profits between the joint venture partners (Konigsberg & Rosenstein, 1991).

As a conclusion of this chapter, franchising is a very complex but flexible market entry mode, which, if applied under the correct circumstances and for the right motives, can prove to be very profitable. It is extremely important for international franchisors to choose the most fitting franchising method to expand in foreign countries due to the different levels of risk involved.

The decision should be based on a detailed analysis of the characteristics of each potential country. Ultimately, political, economical, social and cultural differences should be taken in consideration when choosing the franchising partner and also when drafting the contractual agreement.

4. Reputation

There are several factors like brand, quality and price that influence the consumers' decision to purchase a product or service. However, an important stimulus that increasingly gains significance is the reputation of the company, which produces and/or markets the product or service.

In today's globalized environment, characterized by international and multinational companies that serve worldwide consumer segments, the corporate reputation has become the main anchor point for consumers when deciding which products to buy and which not, if other features are similar. Moreover, several studies have shown that consumers are increasingly attentive to the manufacturing processes of products especially if they involve scarce resources.

As a result of the development of the information technology, consumers are now able to search and identify genuine information about companies, especially global companies, which often spend large amounts of money in order to maintain an 'ideal' and 'spotless' image in the mind of the consumers. It is essential for companies to acknowledge that they need to adapt their business practices to an environment where consumers also purchase by company reputation and where other stakeholders expect an ethical and moral corporate behavior.

According to the study "The company behind the brand: in reputation we trust"⁸ of the PR firm *Weber Shandwick* and its' research partner *KRC Research*, a strong corporate brand is nowadays perceived to be as important as the product brands. They argue that strong product brands can positively influence the overall reputation of a company, generally due to the transfer of positive characteristics and perceived value of products. Moreover, as previously mentioned, today's consumer care about the companies that own and produce product brands, especially if the firms have an economic or social influence on the consumers' immediate environment. Boycotts or negative publicity are often consequences of the consumer's disapproval of corporate behavior.

Another interesting insight, resulting from the study, is that consumers identify brands owned by companies with high corporate reputation with quality, sustainable sourcing and environmental friendly manufacturing.

⁸Source: The Company behind the Brand: In Reputation we trust (2011), Weber Shandwick & KRC Research. Retrieved on 25.06.2012.

Consequently, the decision making process is simplified, thus enabling the consumer to choose the most fitting product, among numerous offerings, that best satisfies his needs. As a conclusion, in the ever-changing and globalizing market environment, the importance of corporate reputation resulting from strong brand reputation is clearly underestimated by many company executives. In the current context of growing information technology development, consumers are able to verify the corporate statements in order to ensure that the firms, from which they buy their products, truly share their values and principals.

In line with the results of the latter study, Ettenson and Knowles (2008) state in their article that companies should focus part of their resources on protecting and improving their corporate reputation. Due to the influence (direct or indirect) which governments and communities have on the success of businesses, a well-regarded reputation is of main importance. They further argue that business ethics and corporate behavior are becoming more and more important for today's society. Moreover, consumers and other company stakeholders constantly monitor the firm's actions and its development comparing the corporate identity to their own beliefs, ethics and morals.

4.1 What is Reputation?

According to Brown et al. (2006) in Walsh et al. (2009), there are four main types of corporate associations that can be distinctively assessed: the *identity* (mental associations about the company held by its' members), the *indented image* (mental associations about the company which are communicated externally), the *construed image* (mental associations that company members believe are held by people outside the company) and *reputation* (mental associations actually held by people outside the company).

Managers need to keep these associations in their minds when taking major decisions or when developing corporate strategies. Even if these decisions may temporarily drive business they could, on the long run, have negative consequences. The impact of short term growth strategies developed only on costs advantages, may irreversibly harm the companies well-being considering that building a healthy reputation requires time, strong financial efforts and more importantly organization wide (especially managerial) dedication.

Depending on the field within which reputation is going to be defined, it has different meanings. Relevant to this study, in economics, reputation is described as corporate reputation and defined as ‘a reflection of a firm’s past actions which provide signals to stakeholders about their “true” attributes’ (Shamma and Hassan 2009, p. 326).

During the past years, scholars have provided several definitions regarding corporate reputation merely defining it as:

- ‘a “companycentric” concept that focuses on the credibility and respect that an organization has among a broad set of constituencies, including employees, investors, regulators, journalists and local communities – as well as customers’ (Ettenson and Knowles 2008, p. 4)
- ‘corporate reputation is a snapshot that reconciles images of a company held by all its constituencies’ (Fombrun 1996, p. 72)
- ‘reputation reflects how well it has done in the eyes of the marketplace’ (Weiss, Anderson and MacInnis 1996, p. 75)
- ‘the way key external stakeholder groups or other interested parties conceptualize that organization’ (Bromley 2000, p. 241)
- ‘a collective assessment of a company’s ability to provide valued outcomes to a representative group of stakeholders’ (Fombrun et al. 2000, p. 243)
- ‘a corporate reputation is a stakeholder’s overall evaluation of a company over time. This evaluation is based on the stakeholder’s direct experience with the company, any other form of communication and symbolism that provides information about the firm’s actions and/or a comparison with the actions of other leading rivals’ (Gotsi and Wilson 2001, p. 29)
- ‘corporate reputation is identical to all stakeholders’ perception of a given firm, i.e. based on what they think they know about the firm, so a corporation’s reputation may simply reflect people’s perceptions’ (Rose and Thomsen 2004, p. 202).

It is important to point out that although the definitions vary, they reflect one common idea: the ability of company stakeholders (customers, employees, investors, etc.) to correctly identify and assess the companies’ mission and purpose. However, Walsh et al. (2009) suggest that different stakeholder groups may have different perspectives about the company.

Furthermore, they argue that according to Freeman (1984) different groups may respond to particular qualities of a company and thus ‘reputation reflects a firms’ relative success in fulfilling the expectations of multiple stakeholder’ (Walsh et al. 2009 according to Freeman 1984, p. 189).

4.2 Different Views on Reputation

Taking in consideration all the previously presented definitions, it is appropriate to say that reputation is viewed and perceived differently.

Schreiber (2008) tries to summarize the different characterizations into two standpoints: an organization and a stakeholder’s viewpoint on reputation. Based on this classification, an organization sees reputation as ‘an intangible asset that offers a promise of performance, (...) shapes expectations and perceptions about the company’s differentiation, (...) enhances organizational value through relationships’ (Schreiber 2008, p. 7). Consequently, this intangible asset is considered to be of major interest for corporations because it enables them to acquire customers by sharing their beliefs, views and principles. At the same time, building genuine relationships can retain customers, thus making it difficult for competitors to steal existing and potential buyers. On the other hand, from the stakeholder’s viewpoint ‘reputation is the belief that an organization is distinguished from its peers’ because ‘behaviors and communications of the organization resonate with their needs and interests’ (Schreiber 2008, p. 7). Different stakeholder groups (customers, employees, communities, etc.) may prefer one company to another because they share a similar vision concerning social, economical and environmental developments.

According to Dowling (2004) in Walsh et al. (2009), the corporate reputation is seen as a multidimensional construct consisting of ‘a collective assessment of a company’s ability to provide valued outcomes to a representative group of stakeholders’ (Fombrun et al. 2000, p. 243). Based on this concept, Walsh and Beatty (2007) identify five dimensions that form customer-based corporate reputation (CBR):

- *customer orientation* – the willingness of a company to satisfy customer’s needs perceived by customers
- *good employer* – how employees are treated by the company seen from the point of view of the customers

- *reliable and financially strong company* – how customers assess the company in terms of capabilities, stability and effectiveness
- *product and service quality* – how quality, innovation and reliability of products and service are evaluated by customers
- *social and environmental responsibility* – the impact of a firm on society and environment from the customer's perspective.

Parallel to the two types of reputation views described earlier, it is also seen differently across disciplines. Fombrun et al. (2000) in Shamma and Hassan (2009) state that from an accounting perspective, a company gains value as a result of positive reputation. Additionally, strategists consider corporate reputation to be a source of competitive advantage if it is consistently established. Moreover, from the communication perception, reputation is considered to be a bridge that facilitates the creation of a relationship between the company and its stakeholders.

Following the different views and types, the construct of customer-based corporate reputation will be further considered for the purpose of this study. The reason for this is to enable a cross-country comparison of consumer inclinations and perspectives on the reputation of global franchising systems. More details will be presented in second part of the paper, consisting of the empirical research.

4.3 Implications and Assessment

When assessing company success, corporate reputation is one of the most important variables that need to be looked at. It is perceived as a strategic asset influencing both financial and non-financial results (Davies et al. 2003 and Fombrun 1996 in Shamma and Hassan, 2009).

According to a definition, corporate reputation is “a stakeholder's evaluation of a company over time” (Gotsi and Wilson 2001, p. 29). Because time plays a key role in building reputation, its' implications stretch way beyond pure financial investments. Reputation involves a long-term plan that needs to fit the organization and more importantly, it needs to be part of the corporate strategy.

As mentioned earlier, due to the development of information technology and communication networks, stakeholders have a variety of sources at their disposal to search and research multinational corporations.

They are increasingly aware of company actions and also their behavior regarding socio-economic and environmental aspects.

In order to benefit from the positive effects of customer-based corporate reputation, companies need to clearly define and communicate their business purpose. Moreover, in order to guarantee success, this purpose must be in line with the expectations of stakeholders, especially customers and employees. It should also comprise a common vision about the future of the company, its products and its social, economical and environmental impact on the local community.

Shamma & Hassan (2009) state that costumers are one of most important stakeholder groups for a corporation. Wiedmann and Buxel (2005) also confirmed this statement. They found out in their study that company managers consider customers to be the most important stakeholder group influencing the corporate reputation. On the second place, they continue, is the general public defined by Shamma & Hassan (2009) as non-customers that expect corporations to positively influence their environment and community.

Coming back to the customers, their importance can be easily explained from a financial viewpoint by taking in consideration that they are the main source of revenue for every company. Due to their involvement in the exchange of products and services and because of their interaction with company employees, customers gain personal experience, which then is translated into perceptions and beliefs, influencing their perception of corporate reputation. Consequently, in order to ensure profitable growth or in other cases the survival of companies, establishing and maintaining long-term customer relationships is vital (Shamma & Hassan, 2009).

When it comes to assessing corporate reputation, scholars have developed several methods that are generally applied enabling self and/or competitor benchmarking. The common nominator that is found in every technique is the use of several dimensions in order to clearly define and identify the stakeholders' perceptions of corporate reputation.

For example, Brown and Dacin (1997) indicate that stakeholders assess a company's reputation in terms of: leadership in industry, research and development capabilities, corporate social responsibility, involvement in local communities, and supporting worthy causes.

Similarly, Frombrun et al. (2000) base their assessment method on a multi-dimensional construct comprised of six concepts: emotional appeal, products and service, vision and leadership, social and environment responsibility, workplace environment, and financial performance. On the other hands, Berens and Van Riel (2004) suggest that three association streams are more than enough to evaluate the reputation of a company. They highlight the importance of: what people expect from the organization, how the company is perceived in terms of personality characteristics and the level of trust attributed to the company.

Although these approaches have different research designs and are composed of different dimensions used to evaluate reputation, managers can use them to gain an understanding of how the company is perceived by its stakeholders. Depending on the chosen method, they can also see which element increases or decreases the customer-based corporate reputation. This information is actually a valuable insight that can be extended to design long-term strategies.

5. Culture

With the increasing development of the global economy, managers are growingly facing cultural problems vis-à-vis company organization, international expansion or foreign marketing of products or services. As a result, their attention is increasingly focused on the cultural similarities and dissimilarities across the markets in order to ensure success. The importance of culture is become more obvious if taking in consideration that culture has significant influence on the technological capabilities as well as on the managerial attitude and essentially on the general belief-system of consumers (Hodgetts, Luthans and Doh, 2006).

In the context of international management, culture is defined as the ‘acquired knowledge that people use to interpret experience and generate social behavior. This knowledge forms values, creates attitudes, and influences behavior’ (Hodgetts, Luthans and Doh 2006, p. 93-94).

Hoecklin (1993) suggests a different perspective regarding the meaning of culture. She outlines four characteristics, which provide an explanation to what culture actually is. According to Hoecklin (1993) culture is:

- *a shared system of meanings* – this means that a group of individuals share and perceive things in a similar way;
- *relative* – there is no hierarchy which suggests that one culture is better than the other and thus each culture has its unique way of seeing and doing things;
- *learned* – culture originates from an individual’s social environment; one is not born with culture;
- *about groups* – due to the influence of the environment, culture is primarily a collective phenomenon involving common values, meaning and beliefs.

Sekaran (1983, p. 68) suggests that there is a thin boarder between cultural factors and macro-economic influences which makes it hard to clearly define culture ‘Culturally normed behavior and patters of socialization could often stem from a mix of religious beliefs, economic and political exigencies and so on. Sorting these out in a clear-cut fashion would be extremely difficult, if not totally impossible’.

Pursuing this trend of globalization, scholars have started to extend their research internationally in order to provide cultural understandings regarding ‘the complex whole which includes knowledge, belief, art, morals, customs and any other capabilities and habit acquired by man as a member of society’ (Taylor 1871 in McCort and Malhotra, 1993, p. 97 cited by Soares et al. 2007). Sivakumar and Nakata (2001) suggest that present business research is concentrated on explaining economic patterns of individuals, groups and organizations whereby national culture is usually included as a key variable.

Sojka and Tansuhaj (1995) in Soares et al. (2007) suggest that when realizing cross-cultural research, definitional difficulties may arise. In order to balance these issues and to reduce bias, scholars have used three approaches to operationalize culture: through language (it usually cannot be used as an indicator of ethnicity or to explain cultural behaviors), through material goods/artifacts (durable goods, toys, and clothing) and through beliefs/value systems (i.e. fatalism, materialism, and relations with others).

According to Soares et al. (2007), the possibility of identifying several cultural dimensions that comprise the most defining characteristics of cultures would significantly reduce the complexity of multidimensional cross-cultural research. However, Briley et al. (2000) suggest that such an approach is unable to apprehend all the important aspects of culture and the influence of cultural differences on customers’ decision-making process would be considerably underestimate.

In compliance with Soares et al. (2007), Smith et al. (1996, p. 232) state that even though these dimensions cannot include all particularities of a certain cultural, they can nevertheless ‘help create a nomological framework that is both capable of integrating diverse attitudinal and behavioral empirical phenomena and of providing a basis for hypothesis generation’.

In the following, the distinctive cultural dimensions developed by Hofstede and Trompenaar will be presented.

5.1 Hofstede's Cultural Dimensions

The most influential cross-cultural consumer research, which helped develop a cultural framework that is appreciated by business scholars worldwide, is Geert Hofstede's culture factors. His study (Hofstede 1984, 1991, 2001) was based on the *direct values inference* (DVI) approach that measures 'values of subjects in a sample, and inferring cultural characteristics based on aggregation of these values' (Lenartowicz and Roth 1999, cited from Soares et al. 2007). For the empirical validation, Hofstede used 116.000 questionnaires from over 60.000 respondents in seventy countries (Hofstede, 1984, 1991, 2001). According to his results, cultures can be split and compared according to five dimensions: individualism/collectivism; uncertainty avoidance; power distance; masculinity-femininity and long-term orientation (Hofstede, 1991, 2001). He also created indexes that were assigned to all nations, and linked the five dimensions with the macro-economic individualities of each country: demography, geography, economy and political system. The five cultural dimensions will be briefly presented in the following part.

Individualism/collectivism

The first dimension, individualism/collectivism, is primarily used to assess the relationships between individuals in each culture. People in societies characterized as being high individualistic often limited their concern to themselves and to their immediate relatives (i.e. U.S., Canada, Australia, Denmark). On the other hand, collectivism defines countries in which individuals can expect family members or other in-group members to look after them in exchange for loyalty (i.e. China, Venezuela, South Korea).⁹

Uncertainty avoidance

This dimension of uncertainty avoidance is defined as 'the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations' (Hofstede 1991, p. 113). Countries that display strong uncertainty avoidance have firm rules regarding behavior and ideas (i.e. Greece, Portugal, Spain).

⁹ Hofstede, G. (1983, 1991, 2001)

In contrast, societies with weak uncertainty avoidance are characterized by a more relaxed attitude (i.e. Jamaica, Singapore).¹⁰

Power distance

This third dimension describes the level to which weak members of a society accept that power is distributed unequally. Usually, people in societies showing a large degree of power distance (i.e. Indonesia, Malaysia, Israel) accept a hierarchical order whereas in societies with low power distance (i.e. Austria, Denmark) individuals try to balance the distribution of power.¹¹

Masculinity-femininity

Masculine countries show a general preference for achievement, assertiveness and material reward for success, thus highlighting a competitive society (i.e. Japan, Austria). On the other hand, feminine countries (i.e. Sweden, Norway) are characterized by cooperation, modesty, caring for the weak, emphasizing a more consensus-oriented society.¹²

Long-term orientation

The dimension of long-term orientation ‘stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift’ (Hofstede 2001, p. 359). The main difference between countries with short-term orientation (i.e. Canada, Czech Republic) and long-term orientation (i.e. China, Taiwan) is that the latter describes cultures with a tendency to save and invest, and also which show perseverance in achieving results whereas societies with short-term orientation will focus on achieving quick results.¹³

When determining the applicability of Hofstede’s work, especially the development of the five dimensions, Soares et al. (2007, p. 281) based on Lu et al. (1999) concludes that the dimensions have been used ‘to compare cultures, to support hypothesis, and as a theoretical framework for comparing cultures’ suggesting that its’ importance to international marketing is invaluable and that Hofstede’s study has been ‘a watershed

¹⁰ Hofstede, G. (1983, 1991, 2001)

¹¹ Hofstede, G. (1983, 1991, 2001)

¹² Hofstede, G. (1983, 1991, 2001)

¹³ Hofstede, G. (1983, 1991, 2001)

conceptual foundations for many subsequent cross-national research endeavors' (Fernandez et al. 1997, p. 43-44).

5.2 Trompenaars's Cultural Dimensions

Hofstede was not the only scholar addressing the issue of cultural difference. Over a 10 year period and based on 15.000 questionnaires, Fons Trompenaar, another a dutch researcher also developed five dimensions similar to those previously presented, but somehow different. Trompenaars's dimensions provide insights into the different business environments which global managers are confronted with. Their main purpose is to help managers behave in an appropriate manner and to take proper decision that are applicable in foreign cultures. The five dimensions emphasizing the particularities of various business environments based on culture will be presented as follows:

Universalism vs. Particularism

Managers from countries that are characterized by high universalism¹⁴ (i.e. USA, Austria, Germany, Switzerland) generally follow a more formal way of doing business. They are keen on following rules thus establishing formal contracts rather than using verbal agreements based on the existing relationship. On the other hand, relationships gain significant importance in high particularism¹⁵ countries (i.e. Former Soviet Union, Venezuela). A positive development in the relationship between partners often leads to changes in how business is conducted (Hodgetts, Luthans and Doh, 2006).

Individualism vs. Communitarianism

Based on Hofstede's research, Trompenaar (1994) also defined individualism and communitarianism as key cultural dimensions that significantly differ from country to country. The term individualism 'refers to people regarding themselves as individuals' unlike communitarianism where 'people regarding themselves as part of a group' (Hodgetts, Luthans and Doh 2006, p.112).

¹⁴ 'The belief that ideas and practices can be applied everywhere in the world without modification' (Hodgetts, Luthans, Doh 2006, p.110)

¹⁵ 'The belief that circumstances dictate how ideas and practices should be applied and something cannot be done the same everywhere' (Hodgetts, Luthans, Doh 2006, p.110)

Based on these findings, managers from high individualism cultures (i.e. USA, Argentina, Former Soviet Union) need to provide their partners from communitarianism countries (i.e. Malaysia, Korea) enough time for consultations in order to establish a long lasting and healthy business relationship. Similar, communitarian managers need to understand and adapted to the opposing business practices in order to ensure a successful collaboration (Trompenaars & Hampden-Turner, 1997).

Neutral vs. Emotional

According to Trompenaar (1994), differences also arise from an emotional point of view. He groups countries according to neutral or emotional cultures. Neutral cultures (i.e. Japan, UK) are defined as ‘a culture in which emotions are held in check’ whereas an emotional cultures (i.e. Mexico, the Netherlands, Switzerland) is seen as ‘a culture in which emotions are expressed openly and naturally’ group’ (Hodgetts, Luthans and Doh 2006, p.113).

Specific vs. Diffuse

This dimension refers to the difference between the sharing of public and private space with other people. People from specific cultures¹⁶ (i.e. Austria, UK, USA, Switzerland) are often characterized as open and extroverted and they generally are able to separate their work from their private life. Instead, diffuse cultures¹⁷ (i.e. Venezuela, China, Spain) imply higher barriers between people because work and private life are strongly connected. Moreover, individuals from diffuse cultures are perceived as more indirect and introverted (Trompenaars & Hampden-Turner, 1997).

Achievement vs. Ascription

The final dimension identified by Trompenaar (1994) consists of achievement or ascription cultures. The first links the status of an individual with his job performance or career progression. This is especially the case in Austria, the USA, Switzerland and the UK, all countries characterized as achievement cultures.

¹⁶ ‘a culture in which individuals have a large public space they readily share with others and a small private space they guard closely and share with only close friends and associates’ (Hodgetts, Luthans, Doh 2006, p.113).

¹⁷ ‘public and private space are similar in size and individuals guard their public space carefully, because entry into public space affords entry into private space as well’ (Hodgetts, Luthans, Doh 2006, p.113).

By contrast, in ascription cultures (i.e. Venezuela, Indonesia, China) individuals receive their status according to ‘who or what the person is’ (Hodgetts, Luthans and Doh 2006, p.114).

In summary, when addressing international markets, managers need to clearly understand their own cultural biases in order to successfully manage cultural differences. Moreover, they should try to incorporate these different perspectives in a unique strategy that could increase the competitiveness of the company and ensure long-term success.

5.3 Transition Economies

Relating to the previously presented definitions, the environment plays a significant role in defining individuals and groups of individuals. Since culture is primarily a collective phenomenon (Hoecklin, 1993), the impact of transition specific characteristics on culture has to be explained for the purpose of this study.

According to Swaan (1997), transition economies are countries, which as a result of a political revolution change from central-plan coordination to a market economy. Additionally, they are also characterized by an unstable institutional framework and corruption. Meyer (2001, p. 358) summarizes that the principle of economic transition ‘is the replacement of one coordination mechanism by another’ whereby government institutions provide ‘the formal and informal rules of the game of a market economy’ (Meyer 2001, p. 358 based on North 1990). In this paper, the focus will be placed on transition economies within Europe.

After the fall of the Soviet Union in the early nineties, most of the former socialist countries initiated their transition to a market economy using similar strategies. They generally consisted of three main initiatives: the liberalization of markets (i.e. companies could enter previously closed markets), privatization of state-owned companies and deregulation processes. The reason why this approaches were conducted in a similar manner was that the governments perceived the cultural individualities of the countries as insignificant and thus an impact of culture on the market mechanism was seen as unlikely (Polterovich, 2000).

Polterovich (2000, p. 3) provides a very good and comprehensive definition of the cultures that formed the former Soviet Union, describing them as ‘well educated and highly industrialized societies where moral, social, and economic norms of behavior were formed under the strong pressure of communist ideology and the totalitarian state’. Consequently, it needs to be stressed that even though the previously presented dimensions (either Hofstede’s or Trompenaars’s) can be used to gain insights into the particularities of a transition country, the influence of the totalitarian regime may have a stronger effect when comparing cultures. Based on this idea, the paper will continue with the empirical research where the effect of cultural difference on the reputation of global franchise systems is analyzed.

6. Research Background

Whereas the first part of the paper focused on presenting and explaining the key terms which are addressed in this paper, the second part will now concentrate on describing the purpose of this study, the questions which wanted to be answered based on this research and on the practical implications of such an endeavor.

6.1 Research Question and Objectives

As we have seen, ever-increasing globalization is driving companies to expand their business operations internationally and thereby serving consumers from different markets with different cultural backgrounds. This trend can be best seen in the service industry, especially in the food sector, where the most widely used foreign market entry mode is franchising.

Although there are signs of a growing global consumer segment which is characterized by similar beliefs, lifestyle and perspectives, the importance of customization and adaptation to local market needs still plays a significant role in ensuring success. Additionally to the increasing importance of a company's consumer orientated approach, the reputation of multinational corporations begins to weigh stronger in the consumer's purchase decision. Based on these facts, this paper addresses the following research question:

Is the reputation of international franchise systems perceived differently across developed and developing countries?

In order to answer this question, two distinct research objectives have been set. Their role is to divide the research question into comprehensive parts, which later on can be examined in the empirical research.

The first objective is to examine the way in which the dimension *customer-based reputation* is influenced by *customer satisfaction* and hence its effect on the dimensions: *customer loyalty*, *word-of-mouth* and *purchase intention*.

The second objective is to analyze the differences between developed and developing countries using the two conceptual models, which will be subsequently presented.

6.2 Conceptual Models

In order to achieve the research objectives two conceptual models were developed using already proven concepts. These models provide the theoretical framework for the creation of hypotheses, which than will be tested and implicitly confirmed/infirmed, providing an answer to the research question.

The first research model is based on the work of Walsh et al. (2009). The authors created their model in order to analyze the effects of consumer-based corporate reputation when used as a predictor variable (Fombrun and Shanley, 1990; Helm, Eggert, and Garnfel, 2005; as quoted by Walsh et al. 2009) and as an outcome variable (Wang, Lo and Hui, 2003; as quoted by Walsh et al. 2009). Walsh et al. (2009, p.192) built their conceptual model on the idea that ‘the more favorable general estimation the public has of an entity (individual, organization etc.), the more positive the impact of the public’s attitude, actions and behavior on that entity’. The validity of the model was confirmed based on an empirical survey with a sample of 2.000 customers of a German energy supply company. Consequently, this framework was slightly adapted in order to fit the research objectives thereby creating the foundation for the first four hypotheses.

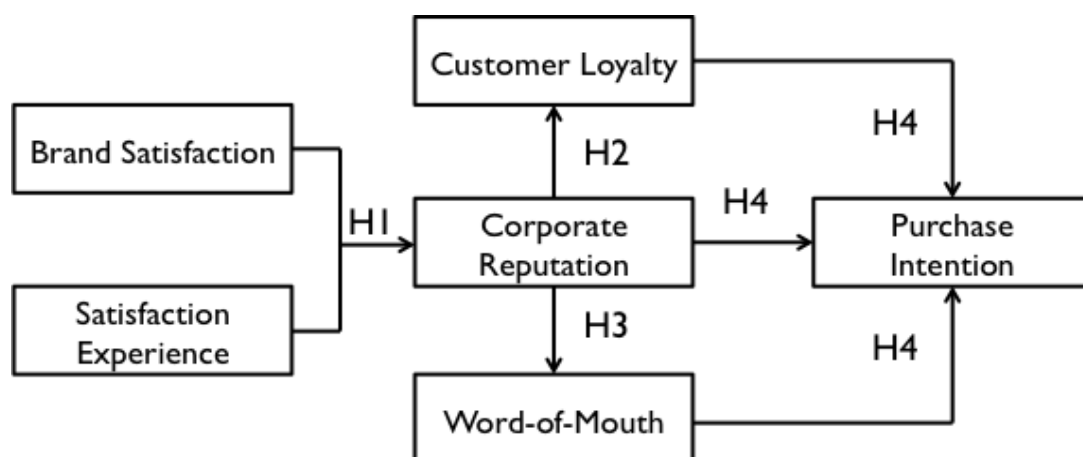


Figure 2. Conceptual Model I based on Walsh et al. (2009)

The following conceptual model was created according to the second research objective. It primarily comprises the differences that ought to be tested by providing a clear overview of the final hypotheses.

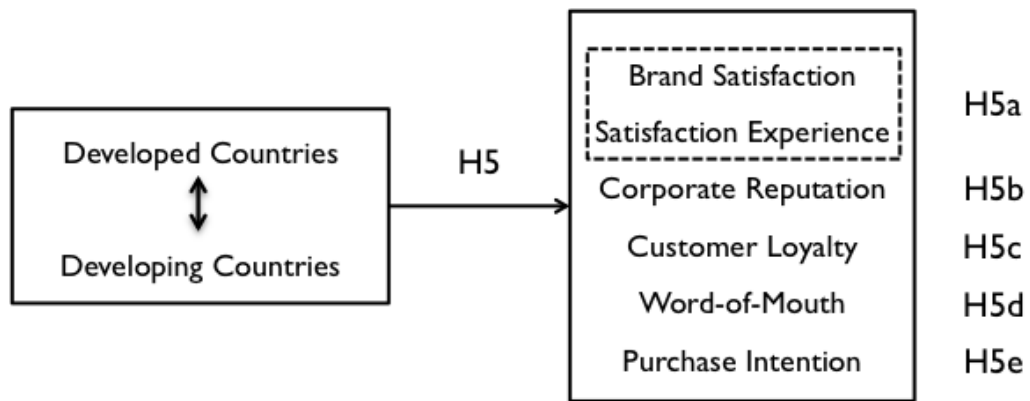


Figure 3. Conceptual Model II

6.3 Development of the Hypotheses

The first hypothesis is related to the relationship between *customer satisfaction* and customer-based corporate reputation. It has to be mentioned that generally, personal experience and the satisfaction with a certain product or service plays an important role for a consumer's future purchase decision. Moreover, this personal evaluation and the resulting perception may also transfer to the company that produces or supplies the product or service. Based on their findings, Davies et al. (2002) suggest that there is an association between *customer satisfaction* and *corporate reputation*. Additionally, Walsh, Dinnie and Wiedmann (2006) state that they achieved similar results when they tested the relationship in the utility service sector. Walsh et al. (2009) were the first to confirm a positive influence of *customer satisfaction* on *corporate reputation*.

Taking into consideration that Wan, Lo and Hui (2003) also showed a positive relationship in the banking sector, even though the dimension of *customer satisfaction* was measured using constructs like service quality and product quality, it can be concluded that a similar impact may also result in the fast-food service industry.

Therefore it can be hypothesized that:

Hypothesis 1: Customer satisfaction has a positive influence on the customer-based corporate reputation.

The next three hypotheses mainly analyze the consequences of corporate reputation on several dimensions. When looking at the first relation vis-à-vis *customer loyalty*, Walsh et al. (2009) suggest that different authors (i.e. Andreassen and Lindestad, 1998; Barich and Kotler, 1991) have succeeded to identify an indirect link between corporate based reputation and customer retention. They continue by implying that a company's reputation may provide a quality assurance for potential and existing customers and thus strengthen the bond between company and brand loyals. Moreover, by sharing similar views and visions with their consumers regarding future development, companies can benefit from growing reputation, which will ultimately lead to higher customer loyalty. According to Wernerfelt's (1988) research, even if the consumers don't happen to know a product, but they recognize the brand, the company reputation may be associated with the product. Due to the confirmation of the positive relationship between *corporate reputation* and *customer loyalty* by Walsh et al. (2009), it may be hypothesized that:

Hypothesis 2: Customer-based corporate reputation positively influences the customer loyalty.

For the development of the next hypothesis the dimension of consumers' *word of mouth* will be assessed in more detail. Due to the significant progress in the information and communication technology in recent years, consumers are able to search and receive information and news about companies faster than ever. This development might have in some cases a significant effect on a company's reputation. For example if a company's operation method has a negative influences on the environment (i.e. oil drillings, mining operations, illegal fishing), due to the faster means of communication consumers will receive the news in very little time. Negative news will definitely affect the corporate reputation and additionally it will engage customers in negative word of mouth. Walsh et al. (2009) suggest that companies that offer poor quality products 'will be penalized' by consumers with negative word of mouth. However, good corporate reputation would more easily lead to positive word of mouth (Fombrun and van Riel, 1997).

Sundaram, Mitra and Webster (1998) support the idea that good corporate reputation stimulates positive word of mouth and poor reputation stimulates negative word of mouth. Following the suggestions of the authors, it can be hypothesized that:

Hypothesis 3: Customer-based corporate reputation positively influences the customers' positive word of mouth.

As described in the beginning of this paper, the main goal of companies worldwide is to achieve sustainable growth. Customers are the most important group of stakeholders because they guarantee the financial revenues of a company. Simply put, companies have to keep their existing customers happy and satisfied and their potential customers interested and curious. Fombrun and Shanley (1990) found out that a good corporate reputation has a positive influence on the financial performance of a company. Similarly, the loyalty of the customers, primarily achieved by providing quality products or services, is heavily reflected in the financials of a company. It is easier to hold existing customers than to win new ones. The main reason is that gaining new customers usually involves spending sizeable amounts of money into advertising and sales promotions. However, the preferred way of acquiring new customers by companies is to benefit from positive word of mouth. Positive word of mouth usually involves trust between consumers and also between consumer and company. According to Walsh and Beatty (2007), trust is described as a correlate of customer-based reputation, which ultimately impacts the purchase decision of customers. Assuming these influences, it may be hypothesized that:

Hypothesis 4: Customer-based corporate reputation, customer loyalty and positive word of mouth positively influence purchase intention.

Concurring to Strizhakova, Coulter and Price (2008), the incidence of global brands and their increasing appeal to multinational companies is merely a consequence of globalization. They argue that this preference for global brands is most commonly based on the possibility of identifying and marketing similar consumer segments worldwide and thus eliminating the influence of national culture. Alden, Steenkamp and Batra (1999) confirm this development, showing that companies gradually adopt a global positioning strategy across both developed and developing countries. Strizhakova, Coulter and Price (2008, p, 59) argue that 'the belief in global citizenship – that is, the belief that global brands create an imagined global identity that a person shares with

like-minded people' positively influences consumers' purchase intent of global brands but also perceptions and views of multinational corporations. Based on their research results, Strizhakova, Coulter and Price (2008) showed that the dimension *belief in global citizenship* is positively influenced by the cultural openness of consumers, which actually refers to the acceptance of foreign cultures and traditions. Being deprived by foreign cultures due to totalitarian regimes and communist ideologies, consumers from developing and transition countries may be more prone to cultural openness than developed countries. As a result they might evaluate international companies and global brands more positively. Confirming this assumption is the *Weber Shandwick* study¹⁸, which shows that company reputation and in general corporate brands are more interesting to consumers in emerging than in developed countries. Moreover, consumers from emerging countries perceive corporate reputation more positively than consumers from developed countries. Consequently, it may be hypothesized that:

Hypothesis 5: There is a significant difference between developed and developing European countries regarding the dimensions of customer satisfaction (a), corporate reputation (b), brand loyalty (c), word-of-mouth (d) and purchase intention (e).

¹⁸ Source: The Company behind the Brand: In Reputation we trust (2011), Weber Shandwick & KRC Research. Retrieved on 25.06.2012.

7. International Franchising

According to Duniach-Smith (2003), franchising has become one of the fastest growing market entry modes used by firms and especially service firms to expand internationally. Fladmoe-Lindquist and Jacque (1995) suggest that even if manufacturing firms are the main contributor to the growing globalization and integration of the world economy, the international service sector has strongly developed in recent years increasing its global role.

The concept of international franchising is defined by Duniach-Smith (2003) according to Allix-Desfautaux (1994) as an extension of the local franchising operations outside the national borders by using external partners from foreign markets. This route of an international development is primarily a consequence of a successful franchising model in the domestic market, which naturally leads to the creation of a global expansion strategy (Huszagh et al., 1992). Even though there are several types of international franchising models based on the method of expansion (these were previously presented in Chapter 3) Shane (1996) and Allix-Desfautaux (1994) sustain that its relevance as a market entry mode is already established and thus it has to be considered accordingly. Moreover, franchising or international franchising grew more popular as a foreign market entry mode due to its simple and widely applicable business format, primarily used by U.S. franchising firms like McDonald's (Hoffmann & Preble, 1993).

For the purpose of this study, two very good examples of international franchising models from the fast food sector will be presented, namely McDonald's and Burger King, highlighting the significant advantages of using franchising as a foreign market entry mode.

7.1 McDonald's

As previously presented, the importance of the service sector, especially the restaurant and fast food sector has been the most linked with the franchising business format. There are several fast food franchise systems that proved internationally successful in the past decades, but none of them achieved the popularity and status of McDonald's.

Today, McDonald's is the leading international franchise system in the global foodservice with more than 33.500 restaurants, from which 80% are franchised, serving approximately 68 million people in 119 countries.¹⁹

The brilliant development of McDonald's can be attributed to Ray Kroc who in 1954 succeeded to purchase the exclusive rights to franchise McDonald's in the USA. The first franchise was awarded in 1955 and the first international franchise was awarded in Canada in 1967. At the base of the success of McDonald's is the franchising model, which enables the franchisees to 'translate' the foreign brands culture by 'local people in terms of both product and services' (Vignali 2001, p. 97).

According to Gerhardt, Dudley and Hazen (2011), there are two main types of franchising agreements that are used by McDonald's with its franchisees: the *conventional franchise* and the *business franchise lease* (BFL). Most of the McDonald's franchises are based on the conventional franchise agreement that is generally drafted for a period of 20 years, stipulating the initial and operating costs of each particular outlet. On the other hand, the BFL is a certain type of program that enables individuals to become franchisees even if they lack the necessary financial input, which is normally required. This program is usually addressed to remarkable McDonald's employees providing them the opportunity to become franchisees.

Following this impressive development, McDonald's is focusing its long-term expansion strategy on developing markets like China and Mexico and other international markets (Vignali, 2001), suggesting that even though their brand culture is contradictory with local cultures, applying the concept 'think global, act local' (Ohmae, 1989) has proved to be successful.

7.2 Burger King

Another important example of successful international franchising and also the main competitor of McDonald's is Burger King. With approximately 11 million guests visiting its outlets every day, Burger King is the second largest fast food restaurant chain in the world, with a total of 12.512 outlets, from which 90% are franchised, operating in 81 countries.²⁰

¹⁹ Source: McDonald's Company. Retrieved on 18.07.2012.

²⁰ Source: Burger King Company. Retrieved on 19.07.2012.

James McLamore and David Edgerton founded Burger King in 1954 when they opened the first restaurant in Miami, Florida. As of 1959, the Burger King Corporation starts to franchise its restaurant in the U.S. and in 1963 the first Burger King outlet is opened in Puerto Rico, making it the first outlet outside of the United States.²¹

The franchise agreements practiced by Burger King give franchisees the right use trademarks, other intellectual property and uniform operating procedures. Similar to McDonald's, Burger King requires an initial fee when entering into a franchising agreement and additionally, recurring fees in form of royalties based on a certain percentage of the gross sales.²²

In order to facilitate international expansion, Burger King often grants *master franchise agreements* or *development agreements* providing franchisee the opportunity to benefit from more expansion rights but on the other hand, franchisees have also more obligations.²³

The business strategy of Burger King is strongly linked to franchising and the ability of recruiting new franchisees or existing franchisees to continually expand and thus drive growth. Even though this business model has significant drawbacks and risks like the reduced level of control and the lack of ownership rights, Burger King has proved that franchising is a viable and successful foreign market entry mode.

²¹ Source: Burger King Company. Retrieved on 19.07.2012.

²² Source: Burger King Company, Annual Report 2011. Retrieved on 19.07.2012

²³ Source: Burger King Company, Annual Report 2011. Retrieved on 19.07.2012

8. Empirical Study

8.1 Methodology

The empirical data will be analyzed according to the following structure, which consists of three main stages:

- a. *initial stage* – comprises the sorting and cleansing of the data together with the reliability assessment of the constructs;
- b. *core stage* – focuses on examining the hypotheses based on the conceptual model;
- c. *final stage* – answers the research question addressed in this paper.

The initial stage involves the sorting and cleansing of the data. The main problems which researchers face when conducting quantitative research are the incomplete or biased questionnaires which provide little or even useless data. After all the missing or inconsistent data has been cleaned, the reliability of the constructs needs to be measured. Craig and Douglas (2005) suggest assessing the internal consistency of a scale by using Cronbach's Alpha. It is very important for a construct to have the minimum level of consistency in order to enable further analyses and to eliminate wrong results.

The core stage will focus on determining whether the previously presented hypotheses are confirmed or infirmed. These will be examined by using the first conceptual model that was specifically created for this. Based on the model, several regression analyses will be conducted. According to Field (2005), regression analyses determines the type of influence (i.e. negative/positive) that one variable (i.e. predictor) has on another variable (i.e. dependent variable), showing also the strength of the effect.

The final stage of the analysis will focus on determining whether there are differences between developed and developing countries regarding the customer-based reputation of international franchise systems. This analysis will be based on both conceptual models and will consist of regression analysis and independent sample t-tests.

Field (2005) indicates that the independent sample t-test is a method of comparing the means of two different groups in terms of a specific construct or dimension, showing whether there is a significant difference between the groups or not.

7.1.1 Sampling and Data Collection

Whenever an empirical research is conducted, a target population is defined. The scope of this population is to provide the relevant data that is required to examine the research questions. In most of the cases, the target population is vast and thus collecting all the data may require significant financial and human resources. One way of solving this problem is to take a sample from the population and then project the results to the entire population. An important drawback to this technique is that sampling always involves sampling error. According to Craig and Douglas (2005) sampling error is defined as the difference between the measured effect in the sample compared to the measured effect in the entire population.

There are two main types of sampling methods: probability and non-probability sampling. The main advantage of probability sampling is that the sample error can be calculated and thus the results can be undeniably generalized to the entire population. The main drawbacks of probability sampling methods are the high costs and the requirement of a sampling frame that often is unavailable. Non-probability sampling is a much cheaper method of sampling and it offers the researcher the possibility to choose the best suiting elements of the population, but it has the big disadvantage that the results cannot be generalized. Subsequently, they can only be synthesized as significant findings that need further testing before they can be projected to the entire population.

For the purpose of this study, the *convenience sampling* method has been used. Convenience sampling is a sort of non-probability sampling, which includes collecting data from elements of the population that are easily reachable and suitable (Craig and Douglas, 2005). Considering the nature of this study and its principal goals, obtaining insights and evaluating differences in consumers' perceptions, the sampling method that was used is suitable. Further, efforts were made to achieve a balanced sample implying a proper age and gender distribution.

The research data was collected between December 2011 and January 2012 across nine European countries: Austria, Germany, Switzerland, Poland, Slovakia, Hungary, Croatia, Romania, and Turkey.

Moreover, the data collection process was conducted using a paper and pencil questionnaire that was administered in face-to-face interviews. A total number of 500 respondents took part in the survey.

Country of data collection	Brand		Total
	McDonald's	Burger King	
Austria	30	30	60
Germany	30	30	60
Switzerland	30	30	60
Poland	30	30	60
Slovakia	30	30	60
Hungary	30	30	60
Turkey	40	39	79
Croatia	31	0	31
Romania	30	0	30
Total	281	219	500

Table 2. Sample overview

A sample overview is shown in Table 2 grouped by the key socio-demographic characteristics. Despite the use of a convenience sampling method, the general dispersal of the respondents according to the characteristics, shows a reasonably well-balanced sample. It can be highlighted that the respondents are 45% male and 55% female (Figure 4); the age category (Figure 5) with the highest number of respondents is between 18-29 years old (68% of the total respondents), followed by 30-39 years old (19% of the total respondents). Regarding the level of education, 58% of respondents possess a university degree, 27% have a high-school diploma while 6% have done an apprenticeship (Figure 6).

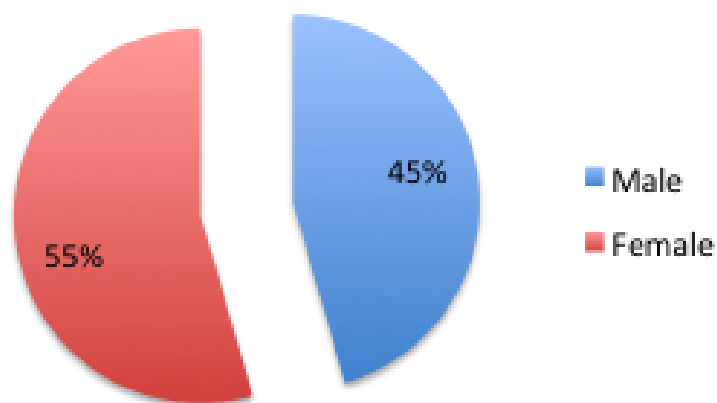


Figure 4. Gender Distribution of the Sample

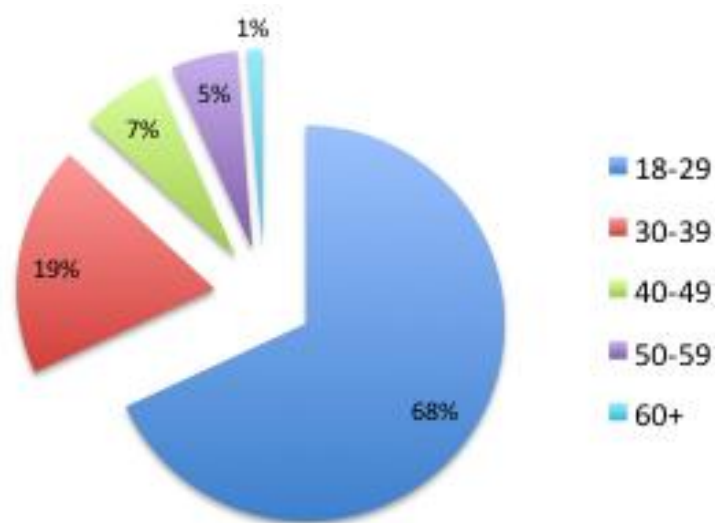


Figure 5. Age Distribution of the Sample

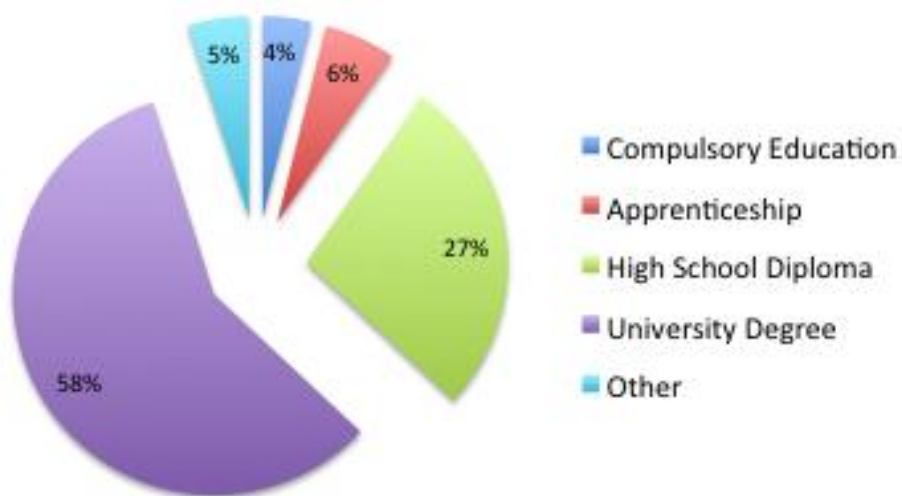


Figure 6. Education Distribution of the Sample

8.1.2 Questionnaire Design and Variables

The questionnaire that was used in the data collection process was actually developed for an international research project conducted by Dr. Rajiv P. Dant (Division Director & Michael F. Price Chair in Business, The University of Oklahoma) and the possibility to utilize it for this study represented a great opportunity. In order to fit this study's requirements, slight adaptations were made, such as introducing the two franchise brands: McDonald's and the second, Burger King. Despite of the different franchise systems, the structure and the dimensional constructs were identical for both variants. Regarding the structure, the questionnaire is divided into four distinct sections, each with a specific focus.

The first part seeks the respondents' general opinion about the franchise system. It contains the dimension of *corporate reputation*, aimed at measuring the general customer perceptions about a certain company and also its' position compared to its' competitors (Lai, Chui, Yang, & Pai, 2010).

The second and the third part contain four different dimensions that have the role to gain an understanding in the respondent's experience with the franchise restaurant. Among them is *customer satisfaction* (Walsh et al. 2009) including two construct *brand satisfaction* and *satisfaction experience* (Crosby, Evans, and Cowles 90; Gansen 1994), which can be described as the ability of the franchise restaurant to meet or even exceed the customers' expectations. Continuing, the dimensions of *positive word of mouth*, *customer loyalty* and *purchase intention* complete this section. Word of mouth is defined as the positive reference of a company and its products to another person by using verbal communication (Rossides, 2008). Customer loyalty is utilized to measure the relationship between a company and its' consumers regarding re-purchase of products or in the case of franchising systems, of service (Walsh et al. 2009). The purchase intention construct is widely used by researchers (Chang and Wildt 1994; Dodds, Monroe and Grewak 1991; Putreyu and Lord 1994), primarily because of its' high applicability. Its' role is to assesses the consumer's intention of purchasing a company's product or service.

The questions covered in the final section of the questionnaire have the purpose of enabling a specific classification of respondents, according to socio-demographic characteristics.

8.1.3 Reliability Analysis

As already mentioned, the assessment of the reliability of the constructs is generally the step between the cleansing of the data set and the examinations of the hypotheses. According to Craig and Douglas (2005), the reliability analysis is merely an indicator of the overall consistency of a specific construct, which is comprised of several items. A widely used measurement instrument of reliability is Cronbach's Alpha. Usually, a value of Cronbach's Alpha above .75 suggests a good level of consistency and thus enabling future statistical analyses. This measurement also offers the possibility of assessing the level of consistency if one of the items is deleted. In other words, if an item affects the overall level of consistency, Cronbach's Alpha shows the potentially improved value after deleting that item.

Based on the previously presented dimensional constructs, several reliability analyses were conducted using the entire sample. All the constructs' Cronbach's Alpha values (shown in Table 3) were above 0.75, suggesting a very good level of consistency across items.

Dimension	Cronbach's Alpha
<i>Corporate Reputation</i>	.858
<i>Satisfaction</i>	.935
<i>Positive Word-of-Mouth</i>	.788
<i>Customer Loyalty</i>	.903
<i>Satisfaction Experience</i>	.884

Table 3. Reliability Analysis of Constructs

8.2 Data Analysis and Findings

8.2.1 Descriptive Statistics

Descriptive statistics are analyses, which enable researchers to examine ordinal and nominal data using measures of central tendency (i.e. mean, mode, median) or measures of dispersion (i.e. range, interquartile range, standard deviation) (Field, 2005). Moreover, by conducting descriptive evaluations, the socio-demographic characteristics of a sample can also be evaluated. Subsequently, several analyses including Cross-Tabs and Frequencies were conducted in order to provide an overview of the general distribution of the respondents across the sample as previously presented in Table 2 and in Figures 4 to 6.

Additional to the sampling characteristics, descriptive analyses were also conducted in order to display how both brands, McDonald's and Burger King, scored on average across the key dimensions: corporate reputation, customer satisfaction, customer loyalty, positive word of mouth and purchase intention.

Dimension	McDonald's	Burger King
<i>Corporate Reputation</i>	5,38	4,81
<i>Customer Satisfaction</i>	4,86	4,92
<i>Customer Loyalty</i>	3,32	3,47
<i>Positive Word of Mouth</i>	3,88	3,89
<i>Purchase Intention</i>	5,35	5,28

Table 4. Descriptive Statistics – McDonald's & Burger King

8.2.2 Testing of Hypotheses

This part of the chapter includes the last two stages of the data analysis: the core and the final stage. In these stages, the focus will be set on the examination of hypotheses, the evaluation of the research objectives. The final part of Chapter 8 will then discuss the findings in terms of the research question of the study.

In order to test the first four hypotheses several regression analyses will be conducted based on the first conceptual model adapted from the one used by Walsh et al. (2009).

Moreover, the regressions will be run using data from the entire sample, including all 500 respondents from all nine countries and also both franchise systems: McDonald's and Burger King.

After the validation of the model in the core stage, the last hypothesis will be examined. While evaluating the cultural differences, the sample will be split according to developed and developing countries but also according to both franchise brands in order to identify all potential dissimilarity and further, to reduce the bias of the mutual cancelation of effects.

Hypothesis 1: Customer satisfaction has a positive influence on the customer-based corporate reputation.

In order to test the first hypothesis described above, a multiple regression was conducted as a result of the two constructs, *brand satisfaction* and *satisfaction experience*, which constitute the dimension of *customer satisfaction*. Prior to every multiple regression, the three assumptions of: non-multicollinearity (= predictors should not correlate too highly), homoscedasticity (refers to variance of individual predictors) and no-autocorrelation (= error terms of observations should not correlate) should be tested. All these assumptions were met for this regression analysis. According to Field (2005), the main role of a multiple regression is to examine the relationship between variables and more importantly, to determine the likely value of the dependent variable based on the values of two or more independent variables. Moreover, it also provides information about the strength of that relationship enabling a clear assessment of which variable has a stronger influence on the outcome variable. For this particular case, the dimension *customer satisfaction* was used as a predictor variable, and the two constructs *brand satisfaction* and *satisfaction experience*, as outcome variable. The results of the first regression are shown in Table 5:

$R^2 = .462$	Standardized Beta coefficient (β)	Significance level ($p < .05$)
Model		.000
Brand Satisfaction	.515	.000
Satisfaction Experience	.195	.000

Table 5. Regression: *customer satisfaction* on *corporate reputation*

When interpreting the results of a regression analysis, the first aspect that needs to be addressed is the R^2 . The value of the R^2 suggests how much of the variance is explained by the model. According to Table 5 where the R^2 equals .462, it can be stated that 46.2% of the corporate reputation variance is explained by brand satisfaction and satisfaction experience. Looking at the significance level of the model ($p = .00$), which below the significance threshold of .05, it can be affirmed that there is a significant influence of both brand satisfaction and satisfaction experience on corporate reputation. According to the standardized beta coefficient, which measures the strengths of the relationship, it can be said that brand satisfaction ($\beta = .515$) has a higher influence on corporate reputation than satisfaction experience ($\beta = .195$). Considering the results of this regression, it can be concluded that the first hypothesis is confirmed, customer satisfaction has a positive effect on corporate reputation, and thus an increase in customer satisfaction would result in higher corporate reputation.

Hypothesis 2: Customer-based corporate reputation positively influences the customer loyalty.

In order to test the second hypothesis, a simple regression was conducted. Field (2005) suggests that the role of a simple regression analysis is to identify the nature of relationship between two variables by using a linear equation. In this case, the dimension of *corporate reputation* was used as a predictor variable and *customer loyalty* as an outcome variable. The results of the second regression are shown in Table 6:

$R^2 = .191$	Standardized Beta coefficient (β)	Significance level ($p < .05$)
Model		.000
Corporate Reputation	.437	.000

Table 6. Regression: *corporate reputation* on *customer loyalty*

Considering the R^2 it can be stated that just 19.1% of the variance of customer loyalty is explained by corporate reputation. The high significance level ($p = .00$) suggests that there is a strong influence ($\beta = .437$) of corporate reputation on customer loyalty. Subsequently, the second hypothesis is also confirmed.

Hypothesis 3: Customer-based corporate reputation positively influences the customers' positive word of mouth.

For testing the third hypothesis, expressed above, another simple regression was conducted. Similar to the previous one, *corporate reputation* has been used as a predictor variable but the outcome variable has been changed to *positive word of mouth*. The results of the regression are presented in Table 7.

$R^2 = .219$	Standardized Beta coefficient (β)	Significance level ($p < .05$)
Model		.000
Corporate Reputation	.468	.000

Table 7. Regression: *corporate reputation* on *positive word of mouth*

Again, the regression showed a significant influence ($p = .00$; $\beta = .437$) of corporate reputation on positive word of mouth. The variance of the latter dimension can be to 21.9% explained by the predictor. Based on the results, the third hypothesis is confirmed.

Hypothesis 4: Customer-based corporate reputation, customer loyalty and positive word of mouth positively influence purchase intention.

The final hypothesis of the first conceptual model was tested using a multiple regression. Again the three assumptions of: non-multicollinearity (= predictors should not correlate too highly), homoscedasticity (refers to variance of individual predictors) and no-autocorrelation (= error terms of observations should not correlate) were previously tested and all were met. The analysis consisted of the following predictor variables *corporate reputation*, *customer loyalty* and *positive word of mouth* and the outcome variable *purchase intention*. The results of the multiple regression are shown in Table 8.

$R^2 = .418$	Standardized Beta coefficient (β)	Significance level ($p < .05$)
Model		.000
Corporate Reputation	.587	.000
Customer Loyalty	.175	.000
Word of Mouth	.120	.009

Table 8. Regression: *corporate reputation, customer loyalty, positive word of mouth on purchase intention*

According to the results of the regression, the three predictors explain 41.8% of the variance of the dependent variable, purchase intention. Additionally, the model shows a significant influence ($p < .01$) of all three independent variables. When comparing the standardized beta coefficients, the dimension of corporate reputation shows the strongest influence ($\beta = .587$) on the outcome variable. Considering these results, the fourth hypothesis is also confirmed.

Hypothesis 5: There is a significant difference between developed and developing European countries regarding the dimensions of customer satisfaction (a), corporate reputation (b), brand loyalty (c), word-of-mouth (d) and purchase intention (e).

For the confirmation/information of the final hypothesis, presented above, a more complex approach was used. The first step was to divide the sample according to developed (i.e. Austria, Germany, Switzerland) and developing countries (i.e. Croatia, Hungary, Poland, Romania, Slovakia, Turkey). Secondly, the two distinct samples were again divided according to the two franchise systems: McDonald's and Burger King. The reason for distinguishing between the two brands was to provide a more detailed insight vis-à-vis the examined influences.

Based on the first conceptual model, the previous regressions related to the first four hypotheses were conducted again separately for developed and developing countries and also distinctively for the franchising system McDonald's respectively Burger King. Table 9 shows the results of the regressions.

	Developed Countries (Austria, Germany, Switzerland)		Developing Countries (Poland, Slovakia, Hungary, Croatia, Romania, Turkey)	
	McDonald's	Burger King	McDonald's	Burger King*
H1	X	X	✓	✓
H2	✓	✓	✓	✓
H3	✓	✓	✓	✓
H4	X	X	✓	X

*No data for Romania & Croatia

Table 9. Regression Overview (Hypothesis 5)

When evaluating the results of the regression, two important differences between developed and developing countries can be noticed. The first dissimilarity concerns the initial hypothesis stating that *customer satisfaction* influences *corporate reputation*. This affirmation is confirmed for developing countries (for both brands) but rejected for developed countries. Additionally, the fourth hypothesis, where the influences of *corporate reputation*, *customer loyalty* and *positive word of mouth* on *purchase intention* were examined, is fully rejected (for both brands) in the developed countries and partly rejected (only in the case of Burger King) in the developing countries. Regarding hypothesis two and three, these were confirmed in both cases.

In order to test the final hypothesis, further analyses were conducted based on the second conceptual model. In order to assess the differences between developed and developing countries concerning the key dimensions presented in this study (*customer satisfaction*, *corporate reputation*, *customer loyalty*, *positive word of mouth* and *purchase intention*) several independent sample t-tests were conducted. According to Field (2005), the t-test is primarily used when two separate sets of independent samples are being compared. This statistical analysis requires the prior testing of the following two assumptions: a normal distribution of population data and the homogeneity of variances across the samples. Both of these assumptions were met for all conducted t-tests. Table 10 shows the results of the t-tests analyzing the differences between developed and developing countries using the brand McDonald's.

	Developed Countries (Austria, Germany, Switzerland)	Developing Countries (Poland, Slovakia, Hungary, Turkey)	Significance Level
	Mean (Std. Dev.)	Mean (Std. Dev.)	(p < .05)
H5a	4.89 (1.38)	4.85 (1.37)	.810
	4.44 (1.48)	4.55 (1.39)	.568
H5b	5.65 (0.84)	5.25 (1.21)	.005
H5c	3.04 (1.76)	3.45 (1.35)	.015
H5d	3.24 (1.22)	4.18 (1.30)	.000
H5e	5.67 (1.54)	5.19 (1.73)	.022

Table 10. T-Test Comparison (McDonald's)

According to the results regarding the brand McDonald's, there are significant differences between developed and developing countries concerning the dimensions of *corporate reputation*, *customer loyalty* and *positive word of mouth* and also *purchase intention*. Consequently, the hypothesis 5b, 5c, 5d and 5e are all confirmed.

Next, the same sub-hypotheses were analyzed using independent sample t-tests but based on the Burger King data. The results are presented in Table 11.

	Developed Countries (Austria, Germany, Switzerland)	Developing Countries (Poland, Slovakia, Hungary, Turkey)	Significance Level
	Mean (Std. Dev.)	Mean (Std. Dev.)	(p < .05)
H5a	4.86 (1.26)	4.96 (1.20)	.557
	4.28 (1.34)	4.83 (1.18)	.002
H5b	4.71 (1.19)	4.88 (1.04)	.273
H5c	2.99 (1.24)	3.81 (1.20)	.000
H5d	3.39 (1.34)	4.24 (1.12)	.000
H5e	5.39 (1.57)	5.21 (1.52)	.402

Table 11. T-Test Comparison (Burger King)

The results of the brand Burger King show that the only significant differences between developed and developing countries are regarding the two dimensions of *customer loyalty* and *positive word of mouth*. Consequently, the hypothesis 5c and 5d are confirmed.

	Developed Countries (Austria, Germany, Switzerland)	Developing Countries (Poland, Slovakia, Hungary, Turkey)
	McDonald's	Burger King*
H5a	X	X
H5b	✓	X
H5c	✓	✓
H5d	✓	✓
H5e	✓	X

*No data for Romania & Croatia

Table 12. T-Test Overview (Hypothesis 5)

Summarizing the examination results (displayed in Table 12), the only significant differences between developed and developing countries that were consistent for both franchise brands, McDonald's and Burger King, were vis-à-vis the dimensions of *customer loyalty* and *positive word of mouth*. Regardless of the confirmation of both H5c and H5d, the fifth and final hypothesis of this study has to be rejected.

8.2.3 Discussion

The main research question of this thesis was to investigate the potential cultural differences between developed and developing countries concerning the reputation of international franchise systems perceived by the viewpoint of its customers. Based on the first part of the paper where the relevant literature was reviewed, five distinct hypotheses were developed and tested. In order to test these hypotheses a quantitative survey across nine Eastern and Western European countries was conducted, whereby a total of 500 questionnaires were completed. The first four hypotheses were tested using the entire sample and based on a conceptual model adapted from the study of Walsh et al. (2009) which was extended according to the requirements of this research. For the testing of the fifth and final hypothesis, the sample was split according to developed/developing countries and also distinctively for McDonald's/Burger King. Moreover, both conceptual models were used in order to identify potential differences and thus to confirm/reject the fifth hypothesis.

The first hypothesis, which was tested based on the first conceptual model, was confirmed. This result was expected taking in consideration that Walsh et al. (2009) were the first to confirm a positive influence of *customer satisfaction* on *corporate*

reputation. Additionally, Davies et al. (2002) suggested that there is an association between *customer satisfaction* and corporate reputation; additionally Walsh, Dinnie and Wiedmann (2006) also achieved similar results when they tested this relationship in the utility service sector.

The second hypothesis was also supported by the data confirming the positive relationship between *corporate reputation* and *customer loyalty*, which was also statistically proven by Walsh et al. (2009).

The third hypothesis of this study was also confirmed, as expected, supporting the affirmation of Fombrun and van Riel (1997) that good corporate reputation would more easily lead to positive word of mouth. Sundaram, Mitra and Webster (1998) extended this statement by suggesting that poor corporate reputation stimulates consumers' negative word of mouth.

The fourth hypothesis extended on the model of Walsh et al. (2009), confirmed the positive influence of *corporate reputation*, *customer loyalty* and *positive word of mouth* on the customer's purchase intention. These results are also in concordance with Fombrun and Shanley (1990) who found that a good corporate reputation has a positive influence on the financial performance of a company. Nevertheless, the customers are the most important stakeholder group of a company, due to their strong impact on the company's revenues.

When evaluating hypothesis five, namely the differences between developed and developing countries, the results of the analysis don't really provide a consistent answer. The most evident difference based on the first conceptual model is regarding the first hypothesis, which confirmed that *customer satisfaction* influences the customer-based *corporate reputation* only in developing countries. Hypothesis two and three were confirmed in both developed and developing countries and hypothesis four was confirmed only for developing countries and only in relation to McDonald's.

Considering the second conceptual model, significant differences between developed and developing countries are only shown regarding the dimensions of *customer loyalty* and customers' *positive word of mouth*. There is no significant difference between developed/developing countries apropos to *customer satisfaction* for neither brand but *corporate reputation* and *purchase intention* differ significantly only in relation to McDonald's. Based on this the sub-hypotheses 5a, 5b and 5e are rejected; sub-hypotheses 5b and 5c are confirmed.

These final findings confirm the suggestion of Alden, Steenkamp and Batra (1999) that companies gradually adopt a global positioning strategy across both developed and developing countries. Moreover, Strizhakova, Coulter and Price (2008) state that the incidence of global brands and their increasing appeal to multinational companies and to the consumers is a consequence of globalization. This globalization trend leads to the emergence of global consumer segments characterized by a common lifestyle, tastes and perspectives, thus eliminating the influence of national culture.

9. Conclusions

The purpose of this paper was to provide a deeper understanding on the importance and the effects of customer-based corporate reputation on the different consumer dimensions. Moreover, this study also examined the differences in the perception of corporate reputation, between developed and developing European countries based on two international franchise systems: McDonald's and Burger King.

In order to achieve these goals, two distinct research objectives have been set. The first objective was to examine the way in which the dimension *customer-based reputation* is influenced by *customer satisfaction* and hence its effect on the dimensions: *customer loyalty*, *word-of-mouth* and *purchase intention*. The second objective was to analyze the differences between developed and developing countries using the two conceptual models described in this paper. According to these two models, five main hypotheses were developed which were then tested using data from an empirical survey conducted in nine European countries.

Considering the results of the statistical analyses, the first four hypotheses based on the positive influences established by Walsh et al. (2009) and also tested in this paper: *customer satisfaction* influences *corporate reputation*, *corporate reputation* positively impacts *customer loyalty* and *positive word of mouth*, were all confirmed.

As a first conclusion it can be stated that the model adapted from Walsh et al. (2009) is, according to this study, validated. Additionally, as an extension to the work of Walsh et al. (2009), this research showed that the dimensions of that corporate reputation, customer loyalty and positive word of mouth significantly influence the customers' purchase intention. Interestingly, this latter influence shows that companies have to focus their efforts on maintaining a strong bond to their customers in order to ensure continuous and favorable sales.

Regarding the fifth hypothesis, it was assumed that consumers tend to have a strong preference for foreign-based franchise systems as opposed to their local counterparts. They assimilate the consumption of these international services with higher social standing and status (Teegan, 2000). This is especially the case in developing countries and countries from the former Soviet Union. Due to restrictive market policies, consumers were confronted with local products and service that weren't adapted to their needs, offering poor quality standards.

With the liberalization of markets, international manufacturing and service companies were able to win consumers by providing quality products and services capable of satisfying consumer's needs (Tomzack, 1995).

The research findings showed that there are significant differences between developed and developing countries but not to the extent to which it was expected. The only significant differences between developed and developing countries that were consistent for both franchise brands were regarding the dimensions of *customer loyalty* and *positive word of mouth* (Table 12).

Considering just the partial confirmation of the final hypothesis, the second conclusion that can be drawn is that there is no real difference between the perception of international franchise systems between developed and developing countries. Moreover, the 'glocal' franchising strategy, which both McDonald's and Burger King use, enabled them to create a clear and consistent positioning in the consumers' minds reducing the influence of their national culture.

Consequently, the lack of significant differences between developed and developing countries may also be the result of the increasing globalization. Consumers worldwide, more and more abandon cultural values, beliefs and other individualities by adopting a global consumer culture that suggests a certain lifestyle advertised by multinational companies through their global brands, perpetuating this development.

9.1 Limitations

This study provides only an initial framework when investigating reputational differences based on distinctive cultural backgrounds. In order to fully cover this subject, further research needs to be conducted. The previously presented hypothesis and conceptual models should be retested and also extended in order to enable a generalization of the results.

The first limitation of this study concerns the sampling method. As mentioned earlier in the paper, convenience sampling enables the researcher to choose the most suitable respondents to take part in the survey but this advantage strongly reduces the possibility of generalizing the results. Thus, further research should be conducted using a probability or at least a quota sampling method.

Another limitation regards the relatively small sample size (30 respondents per brand in each country), which if increased, could enhance the detection of small cultural differences. Additionally, research could also be extended into different service sectors in order to enable a deeper examination of existing cultural effects.

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APPENDIX

1. ABSTRACT (ENGLISH)

This paper addresses the cultural effects on the reputation of international franchise systems by seeking to provide an answer to the question: Is the reputation of international franchise systems perceived differently across developed and developing countries?

Based on similar researches and using established literature, the main research objectives were developed and then tested, using survey data from nine Western and Eastern European countries, based on two global franchising brands: McDonald's and Burger King.

The first part of the paper presents the theoretical background in which key concepts, relevant viewpoints and similar works are presented for a better understanding of the study. The second part consists of the empirical part, where the development and examination of the hypothesis are presented together with the research findings.

According to the results, there is no clear difference between developed and developing countries regarding the perception of international franchise systems, only two (the dimensions of *customer loyalty* and *positive word of mouth*) from five evaluations showed a significant difference.

It can be concluded that consumers increasingly abandon values, beliefs and other individualities of national cultures by adopting a global consumer culture that suggests a certain lifestyle, advertised by multinational companies through their global brands, and thus perpetuating globalization.

Keywords: culture, reputation, franchising systems, global branding, developed and developing countries, McDonald's, Burger King

2. ABSTRACT (GERMAN)

Diese Arbeit hat als Ziel die kulturellen Effekte und Einflüsse auf den Ruf von internationalen Franchise-Systemen zu analysieren, um eine Antwort auf folgende Frage zu finden: Wird der Ruf von internationalen Franchise-Systemen unterschiedlich von Konsumenten aus Industrie- bzw. Entwicklungsländern wahrgenommen?

Basierend auf ähnlichen Untersuchungen und unter Verwendung etablierter Literatur wurden die Hauptforschungsziele entwickelt. Mit Hilfe von Daten aus neun west- und osteuropäischen Ländern anhand einer Umfrage zu zwei internationalen Franchise Marken: McDonalds und Burger King wurden diese getestet und auf Unterschiede überprüft.

Der erste Teil der Arbeit stellt den theoretischen Hintergrund dar, in dem Schlüsselbegriffe, relevante Aspekte und ähnliche Arbeiten für ein besseres Verständnis der Studie präsentiert werden. Der zweite Teil besteht aus dem empirischen Teil, wo die Entwicklung und Prüfung der Hypothesen sowie die Forschungsergebnisse vorgestellt werden.

Anhand den Ergebnissen dieser Studie gibt es keinen klaren Unterschied zwischen Industrie- bzw. Entwicklungsländern in Bezug auf die Wahrnehmung der internationalen Franchise-Systemen, nur zwei (die Dimensionen der *Kundenbindung* und *positive Mundpropaganda*) aus fünf Auswertungen zeigten einen signifikanten Unterschied.

Es kann abgeleitet werden dass die Verbraucher zunehmend Werte, Überzeugungen und andere Individualitäten der nationalen Kulturen aufgeben um die einer globalen Konsumkultur anzunehmen. Grund dafür ist der moderne Lebensstil, der von multinationalen Unternehmen durch ihre internationalen Marken beworben wird, um weiterhin diesen Trend der Globalisierung fortzusetzen.

Schlüsselwörter: Kultur, Reputation, Franchising-Systeme, globale Markenbildung, Industrie- und Entwicklungsländer, McDonalds, Burger King

3. QUESTIONNAIRE (GERMAN)



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Sehr geehrter Franchise-Kunde,
sehr geehrte Franchise-Kundin,

vielen Dank, dass Sie an dieser wichtigen Befragung zu Ihren Erfahrungen mit diesem Franchise-Restaurant teilnehmen. Seien Sie versichert, dass im Rahmen der Auswertung dieser Befragung keinerlei Rückschlüsse auf Ihre individuellen Antworten gezogen werden. Die erhobenen Daten dienen ausschließlich wissenschaftlichen Zwecken. Bitte geben Sie bei der Beantwortung der Fragen Ihre ehrliche Meinung an.

Die Beantwortung dieses Fragebogens wird ungefähr 10 Minuten in Anspruch nehmen.

Nochmals **vielen Dank** im Voraus für Ihre Unterstützung.

Teil 1: In diesem Abschnitt möchten wir Sie fragen, wie Sie über **McDonalds/Burger King** Franchise-Fastfood-Restaurantkette allgemein denken. Bitte schauen Sie sich die folgenden Aussagen an und kreuzen Sie jeweils das Kästchen an, das Ihre Meinung am besten wiedergibt.

	Stimme überhaupt nicht zu	Stimme nicht zu	Stimme eher nicht zu	Neutral	Stimme eher zu	Stimme zu	Stimme voll- kommen zu
Mein Gesamteindruck, im Hinblick auf alle meine Erfahrungen mit diesem Franchisesystem, ist sehr gut.	☐	☐	☐	☐	☐	☐	☐
Mein Gesamteindruck bezüglich dieses Franchisesystems, im Vergleich zu seinen Konkurrenten, ist sehr gut.	☐	☐	☐	☐	☐	☐	☐
Ich glaube an eine gute langfristige Zukunft für dieses Franchisesystem.	☐	☐	☐	☐	☐	☐	☐
Ich glaube, dass die Marktposition dieses Franchisesystems gut ist.	☐	☐	☐	☐	☐	☐	☐
Die Wahrnehmbarkeit dieses Franchisesystems am Markt ist hoch.	☐	☐	☐	☐	☐	☐	☐

Teil 2: In diesem Abschnitt wird nach Ihrer Meinung zu Ihren Erfahrungen mit **McDonalds/Burger King** Franchise-Fastfood-Restaurant als Marke gefragt. Betrachten Sie bitte die folgenden Aussagen und kreuzen Sie jeweils das Kästchen an, das Ihre Meinung am besten wiedergibt.

	Stimme überhaupt nicht zu	Stimme nicht zu	Stimme eher nicht zu	Neutral	Stimme eher zu	Stimme zu	Stimme voll- kommen zu
Ich bin mit diesem Franchise-Fastfood-Restaurant zufrieden.	☐	☐	☐	☐	☐	☐	☐
Dieses Franchise-Fastfood-Restaurant gefällt mir.	☐	☐	☐	☐	☐	☐	☐
Ich stehe diesem Franchise-Fastfood-Restaurant positiv gegenüber.	☐	☐	☐	☐	☐	☐	☐
Meine Erfahrungen mit dieser Marke waren positiv.	☐	☐	☐	☐	☐	☐	☐
Alles in allem ist es sehr wahrscheinlich, dass ich bei dieser Fastfood-Restaurant-Marke tatsächlich wieder essen werde.	☐	☐	☐	☐	☐	☐	☐

Beabsichtigen Sie, in naher Zukunft wieder bei **McDonalds/Burger King** Fastfood-Restaurant-Marke zu essen?

Ja ☐ Nein ☐

	Stimme überhaupt nicht zu	Stimme nicht zu	Stimme eher nicht zu	Neutral	Stimme eher zu	Stimme zu	Stimme voll- kommen zu
Ich würde anderen Leuten empfehlen, bei dieser Fastfood-Restaurant-Marke zu essen.	☐	☐	☐	☐	☐	☐	☐
Ich würde dieses Franchisesystem anderen Leuten empfehlen, die daran interessiert sind, auswärts zu essen.	☐	☐	☐	☐	☐	☐	☐
Ich würde gern mit anderen Leuten über meine Erfahrungen mit dieser Restaurant-Marke reden.	☐	☐	☐	☐	☐	☐	☐
Ich würde gerne andere Franchise-Fastfood-Restaurants ausfindig machen, bei denen ich Kunde werden könnte.	☐	☐	☐	☐	☐	☐	☐
Ich hänge daran, bei dieser Franchisemarke Kunde zu sein.	☐	☐	☐	☐	☐	☐	☐
Ich wäre bereit, einen höheren Preis zu zahlen, um bei dieser Franchisemarke zu essen, als bei anderen Marken.	☐	☐	☐	☐	☐	☐	☐

	Stimme überhaupt nicht zu	Stimme nicht zu	Stimme eher nicht zu	Neutral	Stimme eher zu	Stimme zu	Stimme voll- kommen zu
Ich werde bei dieser Marke kaufen, wenn ich das nächste Mal auswärts esse.....	☐	☐	☐	☐	☐	☐	☐
Ich beabsichtige, weiterhin bei dieser Marke zu kaufen.	☐	☐	☐	☐	☐	☐	☐
Ich fühle, dass die Werte dieses Franchisesystems meinen eigenen Werten entsprechen.....	☐	☐	☐	☐	☐	☐	☐
Diese Marke und ich scheinen ähnliche Werte zu teilen.....	☐	☐	☐	☐	☐	☐	☐

TEIL 3: In diesem Abschnitt möchten wir Ihre Meinung zu Ihren Marken-Erfahrungen in **McDonalds/Burger King speziellen Restaurant** (unter all den Standorten dieser Franchise-Restaurantkette) erfahren. Bitte prüfen Sie die folgenden Aussagen und geben Sie Ihre Antworten, indem Sie das jeweils am besten passende Kästchen ankreuzen.

Zufriedenheit mit **McDonalds/Burger King** Restaurant dieser Franchisekette:

	Stimme überhaupt nicht zu	Stimme nicht zu	Stimme eher nicht zu	Neutral	Stimme eher zu	Stimme zu	Stimme voll- kommen zu
Ich bin mit meinen bisherigen Erfahrungen, wenn ich in diesem Restaurant gegessen habe, zufrieden.	☐	☐	☐	☐	☐	☐	☐
Meine Erfahrungen mit diesem Restaurant gefallen mir gut.	☐	☐	☐	☐	☐	☐	☐
Meine Erfahrungen in diesem Restaurant haben bei mir eine positive Grundhaltung gegenüber dieser Marke entstehen lassen.	☐	☐	☐	☐	☐	☐	☐
Meine Erfahrungen mit diesem Restaurant sind hervorragend.	☐	☐	☐	☐	☐	☐	☐
Ich fühle mich zufrieden mit den Erfahrungen, die ich in diesem Restaurant gemacht habe.....	☐	☐	☐	☐	☐	☐	☐

TEIL 4: Fragen zur Einordnung:

Dieser letzte Abschnitt dient dazu, dass wir Ihre Antworten und die Antworten anderer Befragter in Bezug setzen können. Die Fragen sind nicht dazu gedacht, Sie in irgendeiner Hinsicht identifizieren zu können. Wir versichern ausdrücklich, dass Ihre persönliche Identität niemals offengelegt werden wird.

Ihr Geschlecht? ☐ Männlich ☐ Weiblich Ihr ungefähres Alter? _____ Jahre

Was ist Ihr höchster bisheriger Abschluss (Grund-/Hauptschulabschluss/Mittlere Reife/Abitur/abgeschlossene Ausbildung/Fachhochschulabschluss/Hochschulabschluss/Promotion)? _____

Marke dieser Franchise-Restaurantkette _____

Standort dieses Restaurants _____

Wie häufig essen Sie bei **McDonalds/Burger King** Franchise-Restaurantkette? _____

Wie oft essen Sie pro Woche auswärts? _____

Was sind Ihre drei Lieblingsartikel auf der Speisekarte dieser Franchise-Restaurantkette?

[1] _____ [2] _____ [3] _____

Haben Sie Anmerkungen für das Forschungsteam?

Vielen Dank für Ihre Teilnahme an dieser Umfrage!

4. RELIABILITY ANALYSIS

Scale	Cronbach's Alpha
Corporate Reputation	.858
<i>Items</i>	<i>Cronbach's Alpha if Item is Deleted</i>
Overall perception of all experiences	.846
Perception compared to other franchise restaurants	.834
Good long-term future	.813
Good market standing	.805
High visibility	.842
Satisfaction	.935
<i>Items</i>	<i>Cronbach's Alpha if Item is Deleted</i>
Satisfaction with restaurant	.910
Pleasure with restaurant	.906
Favorably disposed towards restaurant	.917
Brand experience positive	.928
Positive Word-of-Mouth	.788
<i>Items</i>	<i>Cronbach's Alpha if Item is Deleted</i>
Recommend to dine at franchised restaurant	.705
Recommend to dine out	.664
Gladly talk about experiences	.730
Seek other franchised restaurants to patronize	.826
Customer Loyalty	.903
<i>Items</i>	<i>Cronbach's Alpha if Item is Deleted</i>
Commit to patronize	.883
Willing to pay higher price	.900
Buy brand next time dining out	.878
Intention to keep purchasing brand	.896
Values of system match my own	.875
Brand and I appear to share similar values	.879
Satisfaction Experience	.884
<i>Items</i>	<i>Cronbach's Alpha if Item is Deleted</i>
Satisfaction with dining experience at this restaurant	.840
Pleased with dining experience at this restaurant	.839
Experience created favorable feeling towards brand	.839
Experience excellent at this restaurant	.849
Content with experience at this restaurant	.931

5. CURRICULUM VITAE

Curriculum Vitae



Personal information

First name / Surname	Raul Dragotoni
Address	Frederik Sanderlaan 3/2 Bus 3, 8200 Sint Andries – Bruges, Belgium
Mobile	+43 (0) 699 181 177 13
E-mail	Dragotoni.Raul@gmail.com
Nationality	Romanian & Hungarian
Date of birth	29.10.1987
Gender	Male

Work experience

Occupation or position held	Assistant Product Manager, May 2012 - July 2012
	- Project management including development of product strategies and promotional planning - Research of products, markets, and competitors as well as keeping track of competing products and monitoring marketing and production efforts - Development and implementation of product plans; carrying out pricing and profitability analyses
Name and address of employer	SCA Hygiene Products GmbH, Storchengasse 1, 1150 Vienna, Austria
Occupation or position held	Internship – Brand Management & Marketing, October 2011 - March 2012
	- Operational assistance in the daily business of the Zewa Wisch&Weg and Plenty product managers, for the markets: Germany, Austria and Switzerland - Development and implementation of the marketing plan as well as planning and completion of product-launch and promotional activities including performance reviews - Independent elaboration of market and competitor analyses; identification of causes and providing of adequate measures of response - Managing project budgets
Name and address of employer	SCA Hygiene Products Vertriebs GmbH, Sandhofer Straße 176, 68305 Mannheim, Germany

Occupation or position held	Junior Consultant, October 2006 – July 2009
	- Business correspondence with clients from Germany, Holland and Romania - Development of foreign business operations as well as expansion strategies - Operational assistance in the daily business
Name and address of employer	S.C. RomInvest Consulting S.R.L., Str.Sighisoara Nr. 21, Satu Mare, Romania
Education and training	
Dates	October 2009 – July 2012
Title of qualification awarded	Master of Science in International Business Administration; Specialization: International Management and International Marketing
Name and type of organization providing education and training	University of Vienna - Faculty of Business, Economics and Statistics
Level in national or international classification	ISCED 5a – 2. Qualification
Dates	October 2006 – July 2009
Title of qualification awarded	Bachelor of Science in International Business Administration; Specialization: International Business Relations
Name and type of organisation providing education and training	Babes-Bolyai University of Cluj Napoca, Romania - Faculty of Economics and Business Administration (German line of study)
Level in national or international classification	ISCED 5a – 1. Qualification
Personal skills and competences	
Mother tongue	Romanian
Other languages	English – advanced level (Cambridge First Certificate in English (FCE)) German – advanced level (Das Deutsche Sprach Diplom, Stufe II (DSD II)) Italian – good, average knowledge Hungarian – good, average knowledge
Computer skills and competences	Skilled in Microsoft Office programs (Excel, Word, PowerPoint and Publisher), AC Nielsen, SAP BW, PASW (SPSS) and some experience with HTML, Pascal and Fox Pro.
Other skills and competences	Analytical thinking, good team worker, advanced communication skills, organized, punctual, ambitious, meticulous. Experienced in market research, data processing and data interpretation.
Driving license	A-, B- categories