

# Understanding the Influences of Franchising Structures on Firm's Product and Customer Orientation Strategies: A Conceptual Analysis

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## Abstract

*This paper delves into the intricate interplay between franchising models and Osborne's market orientation theory, emphasising product and customer orientation. Although market orientation has long been recognised as a cornerstone of successful business strategies, the influence of franchising structures on firms' market-focused approaches remains underexplored. Drawing upon a synthesis of the literature on franchising dynamics and Osborne's conceptualisation of market orientation, this paper seeks to illuminate the mechanisms through which franchising impacts firms' product and customer-focus strategies. Through a conceptual analysis approach that involves analysis of the market orientation of franchisor-franchisee relationships and franchising structure, this study aims to provide nuanced insights into how franchising shapes market orientation strategies. By uncovering the nuances of franchising's impact on product and customer orientations, this paper contributes to a deeper understanding of the complexities inherent in managing market-focused strategies within franchising systems. The findings offer theoretical advances and practical implications for businesses operating within franchising environments, informing strategic decision-making, and enhancing market performance.*

**Keywords:** *product & customer orientations, franchising, osborne's effects, and franchisor-franchisee relationships.*

## ARTICLE INFORMATION

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## INTRODUCTION

Market orientation and franchising play crucial roles in business strategy. Market orientation refers to focussing on customers' needs and preferences to develop products and services that meet their demands. This customer-centric approach helps businesses stay competitive and adapt to changing market conditions (Costa et al., 2023; Rokkan, 2023). On the other hand, franchising involves granting the right to operate a business under a well-established brand and business model, leveraging the resources and expertise of franchisees (Soliman, 2022). By combining market orientation and franchising, businesses can effectively align their strategies with customer needs, while the convergence of market orientation and franchising in business strategy is a dynamic and intricate relationship with significant implications for organisations. As a core principle, market orientation underscores the importance of aligning strategies with market demand and customer preferences. Franchising models are a unique form of business organisation where both brand and operational methods are simultaneously delegated to independent entities (Chou et al., 2023; Md Hassan & Mohd Rom, 2019).

Comprehending the importance of market orientation within the franchising framework is crucial for businesses that aim for sustained success. Market orientation functions as a guiding principle, highlighting a proactive approach to fulfilling customer needs and adapting to market dynamics. This compass guides businesses toward a customer-centric approach and the capacity to adapt to evolving market conditions (Chou et al., 2023; Rokkan, 2023). Franchising introduces a unique structural element to a company's strategy. It involves conveying the brand's identity and operational methods to franchisees while also creating a decentralised network of partially autonomous entities. The relationship

between the franchisor and the franchisee is crucial, as it establishes the boundaries within which market orientation strategies must function (Alon & Kruesi, 2020; Serra et al., 2022).

### **The Gap in Franchising Influences Market Orientation (Product and Customer Orientation)**

There is a significant lack of knowledge on the impact of franchising on product and customer orientations, which calls for further investigation. This article aims to address this deficiency by examining the intricate mechanisms at play and employing a research methodology that integrates qualitative and quantitative approaches to reveal the intricacies of how franchising structures impact market-orientated strategies (Crick & Crick, 2022; von Koch et al., 2020). Furthermore, the purpose of the paper is to examine the theoretical consequences of franchising on market orientation. The stated objectives are as follows: Examine the impact of franchising on the focus and approach towards product development. Analyse the influence of franchising on customer orientation. Offer theoretical progressions in the field of franchising and market orientation, along with practical observations for businesses operating within franchised settings. Lack of understanding of the impact of franchising on product and customer orientations within the framework of market orientation. This will have a positive impact on both the advancement of academic studies and the profitability of businesses that operate within franchise systems (Adeiza, 2019; Hien & Jambulingam, 2022).

The organisational framework of franchising exerts a substantial influence on the marketing strategies used by businesses within the franchise network to promote their products. It influences the development, customisation, and standardisation of products across multiple franchisee units. The dynamics of franchising encompass various mechanisms that exert a substantial influence on how businesses formulate and oversee their product strategies within this distinctive organisational framework (Akter et al., 2023; Zhang et al., 2023).

Franchisors often create centralised product development guidelines that outline the standards and specifications that franchisees are required to adhere to. The centralised approach guarantees consistency and synchronisation with the overall brand identity (Leckie et al., 2023). Franchisors often aid in the transfer of product innovation and knowledge to franchisees. This can be achieved by implementing training programmes, maintaining regular communication, and introducing new products. The objective is to ensure that the product portfolio remains aligned with prevailing market trends and evolving consumer preferences (Aziz et al., 2023; Khongmalai & Distanont, 2022).

Franchising enables the adaptation of products to meet the distinct requirements and preferences of diverse local markets. Franchisees in different geographic regions possess the ability to modify specific elements of products to establish stronger connections with local customers. Standardisation is essential to maintain brand consistency throughout the franchise network. Franchisees can enforce standardised components in product offerings to ensure that customers have a uniform brand experience regardless of the franchise location they visit (Iyer, 2018; zsommer et al., 2023). Comprehending these mechanisms is crucial for businesses that operate within a franchise network, as they need to find a careful balance between preserving a uniform brand identity and adapting to evolving market demands. This statement highlights the intricate way franchising structures impact product orientation strategies, ultimately influencing the overall success and market performance of the franchise system (Md Hassan & Mohd Rom, 2019; von Koch et al., 2020). Conceptual and applied viewpoints and theoretical implications of franchising for market orientation arise from the intricate interplay between the decentralised nature of franchising structures and the principles of market-focused strategies (Serra et al., 2022).

The conflict between standardisation and customisation, upholding a consistent market approach throughout the franchise network and permitting adaptability, carries theoretical implications. Establishing a unified brand image while satisfying diverse customer requirements becomes crucial (Chen et al., 2022; Zulu-Chisanga et al., 2023). The conflict between standardisation and customisation of products and services within a franchise system contributes to theoretical discussions regarding market orientation. The task at hand is to maintain uniformity in market-driven approaches while also accommodating variations across different regions. The dynamics of the franchisor-franchisee relationship is a theoretical framework that examines how this relationship influences market orientation. The degree of control, collaboration, and communication between the two organisations directly influences the formulation and execution of market-orientated strategies (Annan-Prah et al., 2023; Aziz et al., 2023; Khongmalai & Distanont, 2022).

Effects of strategies focused on customer-centricity. The emphasis is on the impact of franchising on strategies that prioritise customer satisfaction. Theoretical analyses examine the impact of franchising structures on the growth of customer-focused enterprises, considering variables such as service uniformity and customer satisfaction (Abdul Latif et al., 2023; von Koch et al., 2020). Enhancing economic and operational efficiencies through theoretical considerations involves recognising the significance of franchising in attaining these efficiencies. However, franchising models allow businesses to take advantage of economies of scale and scope, which, in turn, influence the creation of market-orientated strategies to enhance overall performance (Aziz et al., 2023; Mohammadi, 2023). The ability of franchising systems to adapt to changing market conditions is also applicable to adjusting to market fluctuations through theoretical implications. An essential theoretical aspect involves analysing the speed and effectiveness with which franchisors and franchisees adjust their market-orientated strategies in response to changing consumer trends (Aslan & Kumar, 2021).

Additionally, the process of knowledge transfer and learning in franchising involves the transfer of knowledge from franchisors to franchisees. The theoretical framework examines the effects of transferring market knowledge on learning processes within the franchise network, which subsequently affects the development of market-focused strategies (Koi-Akrofi, 2023; Priporas & Vellore-Nagarajan, 2023). Theoretical discussions on the effect of franchising's distinctive characteristics on a company's competitive advantage. Assessing market responsiveness, innovation, and customer satisfaction are crucial elements for maintaining a dominant market position (Macha-Huamán et al., 2023).

Acquiring a comprehensive understanding of these theoretical consequences empowers scholars and practitioners to effectively navigate the intricacies of integrating market orientation principles into franchising structures. Encourage the development of theoretical frameworks that effectively capture the intricacies of market-orientated strategies in the constantly evolving franchising industry (Grünhagen et al., 2020). However, the impact of franchising on product orientation examines the influence of franchising on customer orientation. Assess consistency and coherence in market orientation across franchise networks (Schweitzer et al., 2020). Provide theoretical advances in franchising and market orientation and provide practical insights for businesses operating in franchising environments. Researchers collectively aim to address the identified gap in understanding the influence of franchising on product and customer orientations within the broader context of market orientation, fostering both academic advancements and practical implications for businesses operating in franchising systems (Faroque et al., 2022; Fluhrer & Brahm, 2023).

### **The Significance of Market Orientation and Franchising in Business Strategy.**

The relationship between market orientation and franchising is intricate and has multiple aspects. The franchise business model has the potential to facilitate or impede market-focused strategies. Meanwhile, the decentralised nature of franchising enables localised adaptation, thus enhancing alignment with diverse market demands. However, it presents difficulties in upholding a uniform market orientation within a heterogeneous group of franchisees (Hien & Jambulingam, 2022; Oliva et al., 2003).

It is crucial to comprehend the influence of franchising on product and customer orientations in the intricate dynamics of business operations. Scholarly insights and practical implications for businesses operating in franchising environments, helping them make strategic decisions and ultimately enhancing market performance. This research on the correlation between market orientation and franchising enhances our understanding of how businesses can effectively navigate and capitalise on these dynamics to shape their strategic environment. Empirically, two Emphasise the lack of understanding regarding the impact of franchising on market orientation, specifically in terms of product and customer orientation (Achmadi et al., 2023; Li et al., 2023).

The existing body of research on market orientation recognises its pivotal role in achieving business success. However, a more comprehensive understanding of the intricate mechanisms by which franchising structures impact particular facets of the product and customer orientations is required (von Koch et al., 2020). Although market orientation has been extensively examined in conventional business settings, the distinct intricacies and possibilities offered by franchising models have led to a lack of understanding regarding how these structures impact companies' product development and customer engagement strategies (Altahrawi et al., 2023; Jrgensen & Danieli, 2024).

As a decentralised business model, franchising involves intricacies that extend beyond the conventional organisational framework. The dynamic between franchisors and franchisees, who possess differing levels of autonomy, prompts inquiries regarding the coherence and rationality of market-orientated strategies throughout the franchise network. Enhanced comprehension is especially apparent when analysing the influence of franchising on product offerings and customer-centric initiatives of individual units (B et al., 2022; Md Hassan & Mohd Rom, 2019).

## LITERATURE REVIEW

### Osborne's theory (phenomenon) of market orientation

The Osborne effect occurs when premature product, service, or technological innovation announcements hurt existing product/ service sales. The term comes from early 1980s Osborne Computer Corporation experiences. Due to financial issues, the pioneering personal computer manufacturer Osborne Computer Corporation pre-announced its next-generation computer before it shipped. As customers waited for the better model, the sales of their existing products plummeted. The company's demise was caused by the product's delay and sales decline (Aggarwal et al., 2023; Bergin, 2006; Bresnahan & Malerba, 2012).

The Osborne effect refers to the premature announcement of a product, service, or innovation before it is available for purchase. This pre-release is meant to excite consumers. Sadly, premature announcement reduces product /service sales. In anticipation of the superior version, consumers may delay or forgo current purchases (Bergin, 2006; Bresnahan & Malerba, 2012). In financially struggling companies, the Osborne effect occurs when a premature announcement is made to generate interest and future sales but hurts immediate revenue. The balance between creating anticipation for future offerings and maintaining current sales is crucial for businesses when managing product announcements. Timing and communication reduce the Osborne effect (Eslami et al., 2023).

According to the phenomenon of the Osborne effect, product launches require strategic planning and communication. Companies must carefully manage the information flow to avoid revenue losses. Businesses must balance promoting future innovations with maintaining the sales momentum of existing products, considering customer behaviour and financial health (Kohli, 1999; Sahil Makkar, 2012). With intensive reviews of the literature, there is no widely recognised 'Osborne's theory of market orientation'.

### Market Orientation (Product and Customer Orientations) and its components.

Market orientation is a business philosophy that prioritises customers as the focal point of strategic decision-making. Market intelligence is collected, shared, and used to effectively understand and fulfil customer requirements. A market-orientated company prioritises both customer needs and overall market conditions, adjusting its strategies according to market intelligence (Dutta et al., 2021; Morgan & Anokhin, 2023). Customer orientation involves a deep understanding of customer needs, preferences, and behaviours. Tirtayasa & Rahmadana (2023) emphasise creating value for customers through product and service offerings that align with their expectations. Product orientation centres on the quality and features of a company's products or services. Bodlaj & Čater, (2022); Özgül et al., (2023) both involve a focus on continuous improvement, innovation, and differentiation to gain a competitive edge in the market.

The interplay between product and customer orientations involves harmonising product attributes and advancements with discerned customer requirements and preferences. Effective market-driven companies align their product and customer strategies to provide offerings that meet high-quality standards and strongly appeal to the intended target market (Dutta et al., 2021; Ma et al., 2021). Furthermore, customer feedback is essential to improve and improve product offerings to meet changing market demands. Thus, examining the impact of franchising structures on these orientations is crucial in comprehending the intricacies of upholding a market-orientated approach within a franchising system (Alon et al., 2021; Oliva et al., 2003).

## **Conceptual Framework Integrating Franchising Models with Osborne's Theory (Phenomenon)**

Orgoná (2020) expressed that franchising, as a business model, has become a dominant force in a variety of industries, providing a structured framework for growth and market penetration. However, the dynamic interaction between franchising models and market orientation raises serious concerns about how businesses can effectively align their strategies with market demands. Researchers investigate the complex relationship between franchising models and market orientation, incorporating key elements of Osborne's theory where appropriate (Shirmohammadi et al., 2023; Sun et al., 2021).

The franchising models exhibit a wide range of structural characteristics, including centralised control, decentralised autonomy, standardisation, and adaptation (Lernia & Terry, 2019). These characteristics have a significant impact on the strategies used by businesses within the franchise network. For example, the level of standardisation can influence the uniformity of market-oriented approaches, whereas the degree of decentralisation can affect strategies' adaptability to local market conditions (Hien & Jambulingam, 2022; von Koch et al., 2020). Although Osborne's phenomenon is traditionally associated with premature product/service announcements, its application to franchising requires considering product and technology dynamics within the network (Rao & Turut, 2019). The introduction of new products or technologies by the franchisor can result in a complex environment in which market-orientated strategies must evolve dynamically throughout the franchise network (Eslami et al., 2023; Mishra et al., 2020).

The complex relationship between franchising models and market orientation requires a thorough understanding of structural characteristics, communication dynamics, and strategic considerations within the franchise network (Neopulo & Yudenkova, 2022). As businesses navigate this complex interplay, incorporating key elements of Osborne's phenomenon broadens our view of product and technology dynamics, fostering a more nuanced understanding of how market-oriented strategies evolve in the franchising context (Alon et al., 2021; Schweitzer et al., 2020). This research contributes to both theoretical advances and practical insights, guiding businesses toward more effective decision-making and improved market performance in the franchising industry. Meanwhile, more research was required to reconcile the conflict between the principles of uniformity, adaptability and the Osborne phenomenon within the franchise business model (Alon & Kruesi, 2020; Md Hassan & Mohd Rom, 2019).

## **Conceptual Framework Integrating Market Orientation with Franchising**

The dynamics of franchising can substantially impact market orientation, determining how businesses adopt market-focused strategies. Franchising has various mechanisms that demonstrate its influence on market orientation. However, franchising frequently requires finding a middle ground between standardisation and adaptation. The degree to which franchisors enforce standardised practices or allow adaptation by franchisees affects the consistency of market orientation strategies throughout the network (Aziz et al., 2023; Ranka & Vasudevan, 2022; Salmen, 2021).

The nature of the relationship between franchisors and franchisees is crucial. Effective communication and collaboration between the two parties enable the sharing of market insights, which in turn impact the creation and execution of market-focused strategies. Franchisors can offer centralised direction for conducting market research. This helps to ensure that franchisees have the essential resources to understand local market demands, thus aligning product and service offerings with customer preferences. Franchisors can establish training programmes that facilitate the transfer of market knowledge and orientation strategies to franchisees. The educational component is crucial to upholding a unified market-oriented strategy across various franchise units (Alon & Kruesi, 2020; Aziz et al., 2023; Liczmańska-Kopcewicz & Zastempowski, 2020; Von Koch et al., 2020).

From the lens of other scholars, leveraging their understanding of local markets, franchisees can execute customised marketing initiatives. Customising this adjustment to suit specific regional requirements can improve customer focus and agility, thus improving the overall effectiveness of market orientation (Ngo, 2023). Franchising can facilitate cost savings through increased efficiency in purchasing and managing the supply chain (Marzi, Giacomo et al., 2020). This can affect products and prices, which in turn influences the strategies used to target the market and gain a competitive edge (Hien & Jambulingam, 2022).

However, creating feedback loops between franchisors and franchisees promotes ongoing improvement. Integrating feedback from various market segments improves the adaptability of market-focused strategies. Ensuring uniformity in brand communication throughout franchise units is essential for a cohesive market focus (Alon & Kruesi, 2020; Gul et al., 2021). Franchisors must ensure that the brand promise is consistently communicated in a way that is in line with customer expectations. Franchise models differ in the degree to which they allow franchisees to be flexible in their ability to innovate with products and services. Therefore, market orientation strategies are influenced by the need to find a balance between providing a standardised core and allowing local adaptations (Khan et al., 2023; von Koch et al., 2020).

The downside according to some scholars is that franchisees within a network may encounter differing degrees of competition among themselves. The competitive landscape can impact the market orientation strategies adopted by franchisees as they strive to differentiate themselves within the network. Comprehending these mechanisms is crucial for businesses operating in franchising environments (Dabić et al., 2023; Schulze et al., 2022). This sheds light on the challenges of maintaining a unified market orientation strategy while using the flexibility and variety inherent in the franchising model. Furthermore, it highlights the importance of competent communication, cooperation and strategic alignment between franchisors and franchisees to improve overall market performance (Ganz et al., 2023).

## METHODOLOGY

This approach covers the methodical procedure used to review and assemble the corpus of earlier research, which ultimately contributed to the development of a unique conceptual framework that clarifies the relationship between market orientation and franchises (Alon et al., 2021; Melén Hånell et al., 2017; Yan & Zhiping, 2023).

A thorough study of academic journals, books, and industry reports was done to discover relevant studies on franchising models, market orientation, and the relationship between these ideas. Databases such as Google Scholar, JSTOR, and ScienceDirect were searched using terms such as "franchising models," "market orientation," "product orientation," "customer orientation," and "Osborne effects." (Cheong et al., 2023)

The literature was chosen based on its relevance to the research topic, theoretical contributions, and timeliness. Priority was given to peer-reviewed journal publications published within the recent decades, but foundational research was also included to provide a historical perspective (Errami et al., 2008).

The selected literature was examined using a thematic analysis approach to find major themes and patterns in the current body of knowledge. The study aimed to explore the mechanisms by which franchising models influence market orientation, specifically product and customer orientation (Grünhagen et al., 2020). The findings from the literature were combined to form a new conceptual framework that combines franchising dynamics with market orientation principles in subsequent chapters (Cheong et al., 2023).

Based on the thematic analysis, a conceptual framework was created to demonstrate the potential paths by which franchising models influence market direction (Hien & Jambulingam, 2022). This paradigm brings together previous ideas and notions, including Osborne's effects, to offer fresh theoretical insights into how franchising impacts market strategies (Salmen, 2021).

## CONCEPTUAL ANALYSIS

Franchising structures significantly influence firms' product and customer-focus strategies due to their unique organisational framework and dynamics (Sun & Lee, 2019). Centralisation of product development guidelines by franchisors ensures consistency and synchronisation with the overall brand identity, while franchisors provide training programmes and support to franchisees to transfer product innovation and knowledge (Moon et al., 2021). Franchising allows for an adaptation of products to local market demands, enabling franchisees to customise specific elements to establish stronger customer connections (Maalouf, et al., 2020). However, maintaining standardisation is essential to

maintain brand consistency. The degree of control, collaboration, and communication between franchisors and franchisees influences the formulation and execution of market-oriented product strategies (Fernández-Monroy et al., 2020). Effective communication facilitates the sharing of market insights and ensures consistency in product offerings throughout the franchise network (Klaysung et al., 2022). Franchising structures influence strategies prioritising customer satisfaction by affecting service uniformity and customer focus (Meiseberg & Perrigot, 2020).

Franchisees can execute customised marketing initiatives to meet specific regional requirements, improving customer focus and agility (Hagen et al., 2019). Franchising facilitates cost savings through increased efficiency in purchasing and managing the supply chain, influencing product offerings and pricing strategies to effectively target markets and gain a competitive edge (Zhang et al., 2019). Carless (2018) reiterated that the creation of feedback loops between franchisors and franchisees promotes an ongoing enhancement of customer-focused strategies, ensuring consistency in brand communication and customer experience. Maintaining a unified customer orientation strategy while utilising the flexibility inherent in franchising models poses challenges, but emphasises the importance of communication, cooperation, and strategic alignment (Matthes, et al., 2021). Theoretical frameworks integrating franchising models with market orientation principles and phenomena such as the Osborne effect provide insights into reconciling the conflict between uniformity, adaptability, and the Osborne effect within the franchise business model (Croonen et al., 2019). Sun & Lee, (2019) opined that exploring the potential factors influencing market orientation within franchising systems, such as franchisor-franchisee relationships and operational constraints.

### **The implications of franchising on firms' ability to adapt market-oriented approaches and respond to market changes.**

Chien (2022) affirmed that the relationship between market orientation and franchising lies in highlighting the importance of aligning business strategies with customer needs and market dynamics. Franchising grants the right to operate a business under an established brand, allowing for the decentralisation of operational methods (Prysvitla, 2021). Combining market orientation and franchising can effectively align strategies with customer needs, but maintaining uniformity across a heterogeneous group of franchisees can be challenging (Adams, et al., 2019). There is a significant gap in understanding the impact of franchising on product and customer orientations within market orientation frameworks. Addressing this gap requires comprehensive research methodologies that integrate qualitative and quantitative approaches (Aydin, 2020). Market orientation involves understanding and satisfying customer needs while adapting strategies according to market intelligence. Customer orientation focuses on creating value through customised products and services, while product orientation emphasises product quality, innovation, and differentiation (Morgan et al., 2019). The interplay between product and customer orientations involves aligning product attributes and advancements with customer preferences. Franchising models influence market-orientated strategies through factors such as standardisation, adaptation, communication dynamics, and strategic considerations (Shuxi, 2023). Effective communication and collaboration between franchisors and franchisees are crucial to sharing market insights and ensuring consistency in product offerings (Fernández-Monroy (Fernández-Monroy, et al., 2018). Balancing uniformity and adaptability pose challenges but emphasises the importance of communication and cooperation between franchisors and franchisees (Sun & Lee, 2021).

To visually represent the conceptual analysis detailed in the provided text, we have created an infographic diagram below that illustrates the interplay between franchising structures, market-orientated approaches, and customer-focused strategies. The infographic diagram implies that franchising structures foster standardised product offerings and service quality while allowing for localised marketing initiatives by franchisees. Efficiency in purchasing and supply chains leads to cost savings, both for franchisors and franchisees. Close collaboration and feedback loops between franchisors and franchisees improve adaptability and innovation, driving continuous improvement in customer focus and overall system performance. The interrelationship within franchising structures encompasses several key elements. Centralisation of product development guidelines ensures consistency in offerings across franchise locations, aligning with the overarching brand strategy. Training programmes and ongoing support for franchisees improve their ability to deliver standardised products and services while adapting to local market demands. Effective collaboration and

communication between franchisors and franchisees facilitate the exchange of information and feedback, enabling mutual adaptation and refinement of product strategies to meet evolving market needs. The degree of control exerted by franchisors influences the balance between uniformity and flexibility in product offerings, ultimately shaping the market-orientated approach adopted by the franchise system.

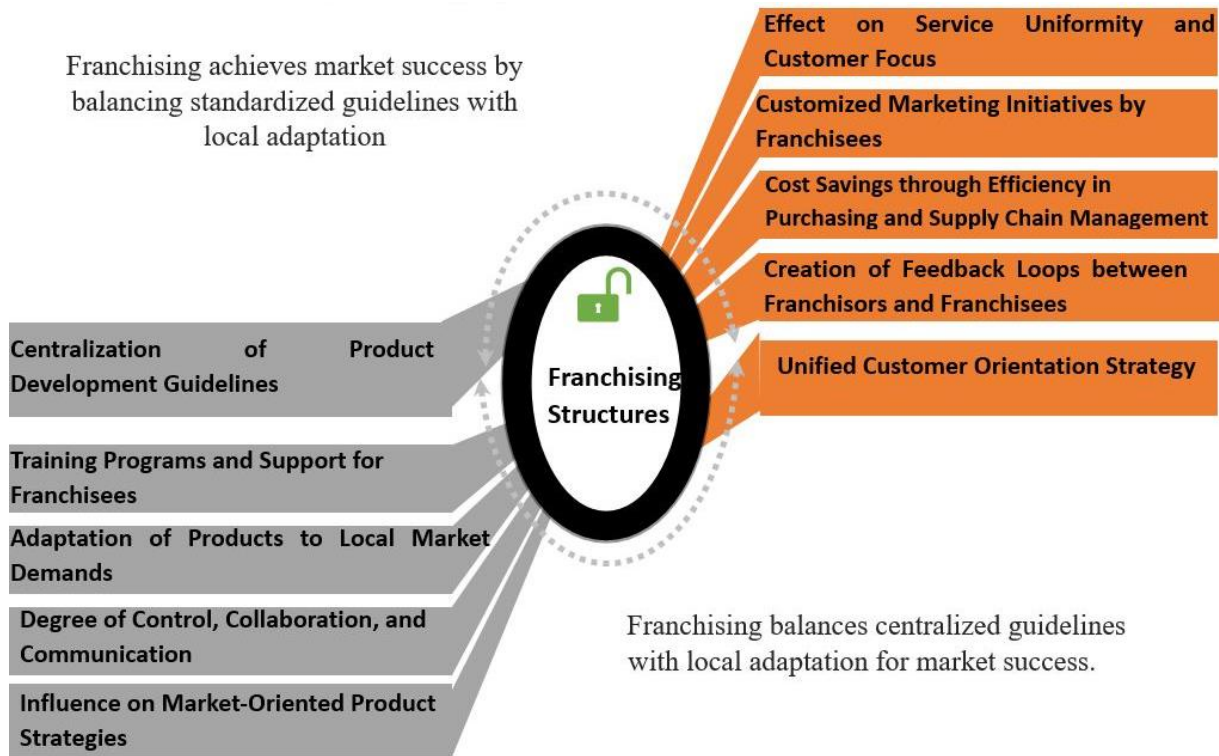


Figure 1: Infographic drawing of the conceptual analysis, illustrating, outlining the key elements and relationship that interplay within the franchising structures

**Interconnectivity explanation of the above virtual diagram.**

Franchising structures are crucial for guiding business operations and ensuring consistency in product development guidelines and training programs. They also allow franchisees to adapt products to local market demands, fostering customisation and customer relationships. The degree of control, collaboration, and communication between franchisors and franchisees impacts market-orientated product strategies. Franchising influences service uniformity and customer focus, balancing standardisation with customisation. Franchisees can execute customised marketing initiatives and leverage cost savings through efficient purchasing and supply chain management. Feedback loops between franchisors and franchisees enhance customer-focused strategies, promoting a unified customer orientation. Aligning business strategies with market dynamics is challenging, but maintaining uniformity between franchisees is essential. Understanding the impact of franchising on product and customer orientation requires comprehensive research methodologies that integrate qualitative and quantitative approaches. The interplay between market, customer, and product orientations is essential for businesses to navigate the complexities of franchising structures, market-oriented approaches, and customer-focused strategies to achieve strategic alignment and competitive advantage. Figure 2 visually represents the relationships and implications discussed in the text, highlighting the influence of franchising structures on firms' ability to adapt market-orientated approaches and respond to market changes, as well as the interplay between product and customer orientations within the context of franchising.



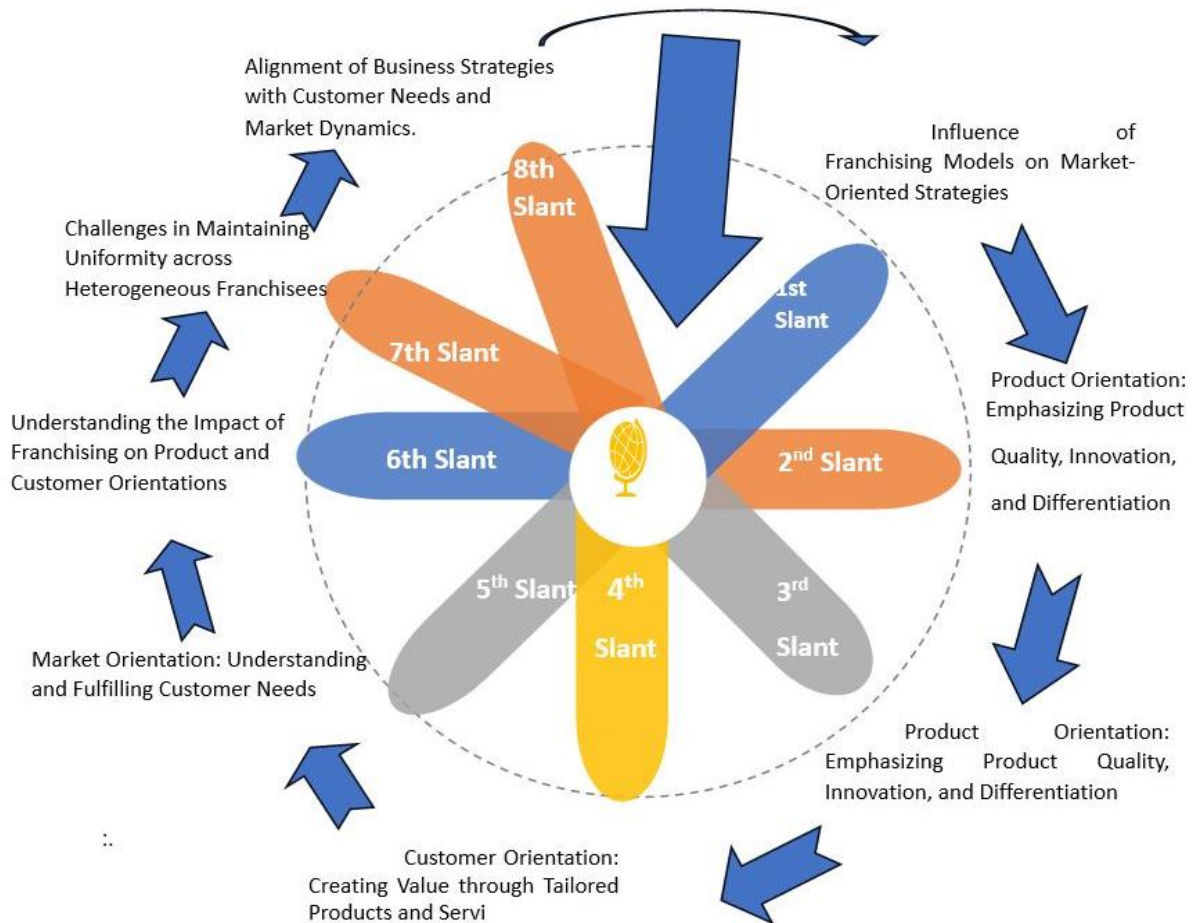


Figure 2: Implications of Franchising on Market-Oriented Approaches

## RESULTS & DISCUSSIONS

The conceptual analysis explores the relationship between market orientation and franchising, highlighting their interplay within business strategy. Market orientation focusses on satisfying customer needs and adapting to market dynamics, while franchising grants rights to operate under a brand, creating a decentralised network of entities (Weaven, 2018). Combining these concepts can align business strategies with customer needs but presents challenges in maintaining uniformity across franchisees. The relationship between market orientation and franchising is complex and multifaceted, with franchising either facilitating or impeding market-focused strategies (Asgharian, et al., 2021). Understanding the impact of franchising on product and customer orientation within a market orientation framework is crucial for sustained success (Ranjan & Nayak, 2023).

Market orientation prioritises customers in strategic decision making, focussing on creating value through tailored offerings, while product orientation emphasises quality and innovation (Aydin, 2020). The interplay between product and customer orientations involves aligning product attributes with customer preferences. Franchising dynamics, including standardisation, adaptation, and communication dynamics, influence market-orientated strategies (Adams, et al., 2019). Effective communication and collaboration between franchisors and franchisees are crucial to consistency in product offerings. Balancing uniformity and adaptability poses challenges, but emphasises the importance of communication and cooperation (Matthes et al., 2021).

However, understanding the complex interplay between market orientation and franchising is crucial to shape business strategy and provide insights into theoretical frameworks to guide effective decision making in the franchising industry (Panda et al., 2019). The theoretical implications of franchising on market orientation, potential challenges, and

opportunities. The challenge of maintaining uniformity across franchise units can be challenging to align with market-orientated strategies. In addition, the challenge of effective communication and collaboration between franchisors and franchisees, which are essential for sharing market insights and ensuring consistency in product offerings (Orgonáš & Rehak, 2020). However, differing levels of autonomy and communication barriers can hinder the dissemination of market intelligence and the execution of coherent market-orientated strategies (Bellis & Johar, 2020). Again, competitive dynamics, where franchisees within a network may encounter varying degrees of competition, leading to differences in market orientation strategies (Monferrer et al., 2021) can complicate efforts to maintain a unified market orientation strategy and may lead to inconsistencies in customer experience. Also, localised adaptation, where franchisees can tailor products and services to specific regional preferences (Dabrowski, et al., 2019; Sampaio et al., 2020)

This flexibility enables franchise systems to better meet diverse customer needs and enhance market responsiveness (Lernia & Terry, 2019). Franchising can also facilitate cost savings and efficiency through increased efficiency in purchasing and supply chain management (Hajdini, et al. 2017). The challenge of knowledge transfer and learning, as franchisors and franchisees transfer knowledge, fosters learning processes within the franchise network (Iddy, 2020). This knowledge transfer can improve franchisees' understanding of local market dynamics and facilitate the development of market-orientated strategies tailored to specific market segments (Siachou et al., 2021). Theoretical implications of franchising in market orientation emphasise the importance of strategic alignment between franchisors and franchisees in the execution of market-orientated strategies (Nadant et al., 2019). Theoretical frameworks should consider the adaptability and flexibility inherent in franchising models when examining market orientation (Maalouf et al., 2020). Communication dynamics between franchisors and franchisees should also be addressed to provide comprehensive insights into the complexities of market-oriented strategies within franchise systems (Robson, et al., 2018).

The broader implications of the conceptual findings for theory and practice in the field of franchising and market orientation. Franchising models face various challenges and opportunities due to their unique organisational structure and dynamics (Panda et al., 2022). These challenges include maintaining uniformity vs. adaptation, effective communication and collaboration between franchisors and franchisees, competitive dynamics, and localised adaptation (Sayl, 2022). Balancing these factors can pose challenges in aligning market-orientated strategies throughout the franchise network. Effective communication and collaboration between franchisors and franchisees are essential to share market insights and ensure consistency in product offerings (Du & Kim, 2021). However, the differing levels of autonomy and communication barriers between franchisors and franchisees can hinder the dissemination of market intelligence and the execution of coherent market-orientated strategies.

Competitive dynamics within a network may lead to differences in market orientation strategies as franchisees strive to distinguish themselves. This competitive landscape can complicate efforts to maintain a unified market orientation strategy throughout the franchise network and may lead to inconsistencies in customer experience (Monferrer et al., 2021). Franchising opportunities include localised adaptation, cost savings and efficiency, knowledge transfer and learning, and brand consistency (Rosado-Serrano et al., 2018). Franchising models typically emphasize brand consistency and recognition across franchise units, which can enhance customer trust and loyalty, contributing to a more cohesive market orientation strategy and overall market success (Šerić et al., 2020)

Theoretical implications of franchising on market orientation highlight the importance of strategic alignment between franchisors and franchisees in executing market-orientated strategies ((Weaven, 2018). Effective coordination and collaboration are essential to ensure coherence and consistency in market orientation throughout the franchise network. Theoretical frameworks must consider the adaptability and flexibility inherent in franchising models when examining market orientation (Mathafena & Msimango-Galawe, 2022). Communication dynamics between franchisors and franchisees should also be addressed to provide comprehensive insight into the complexities of market-orientated strategies within franchise systems (Yakimova et al., 2021). Theoretical implications of the conceptual findings for theory and practice in the field of franchising and market orientation include the advancement of theoretical frameworks that integrate market orientation principles with franchising dynamics, the integration of phenomena such as the Osborne effect, identification of key factors influencing market orientation, guidance for strategic decision-making, enhanced operational efficiency, improved franchisor-franchisee relationships, and strategic adaptation to market changes (Quach et al., 2020).

## CONCLUSIONS

This paper explores the relationship between franchising and market orientation, providing insight into how businesses navigate market dynamics within franchise systems. It highlights the importance of franchising structures in shaping product and customer focus strategies, ensuring consistency with the overall brand identity and allowing franchisees flexibility to adapt to local market demands. Effective communication and collaboration between franchisors and franchisees are crucial to sharing market insights and ensuring consistency in product offerings. Balancing uniformity and adaptability presents challenges, emphasising the need for communication and cooperation.

Theoretical frameworks integrating franchising models with market orientation principles and phenomena such as the Osborne effect provide insights into reconciling the conflict between uniformity, adaptability, and market dynamics within the franchise business model. This paper contributes significantly to understanding the relationship between franchising and market orientation, enhancing our theoretical understanding of how businesses operate within franchise systems. Future research directions include investigating the role of franchisor-franchisee relationships in shaping market orientation strategies, exploring the influence of operational constraints and resource availability on market orientation strategies, and examining the effectiveness of different market orientation strategies in driving franchise performance and competitiveness.

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