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The determinants of franchise brand loyalty in B2B markets: An emerging market perspective

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ABSTRACT

Brand loyalty remains a salient measure of brand success in business-to-business (B2B) markets, yet the drivers of B2B brand loyalty vary from one context to another. While global franchising is accepted as a major entry mode into emerging markets, limited research has focused on the drivers of franchise brand loyalty in emerging markets. This study advances a nomological network model of the determinants of franchise brand loyalty in an emerging market. The hypotheses were tested from the franchisees' perspective using survey data from Indian franchises. The respondents were selected using stratified random sampling based on geographic location and industry type. The findings indicated that perceived franchisor competence and the level of information sharing play key roles in influencing franchisees' emotional brand attachment and perceived relationship value, which in turn enhance brand loyalty. Theoretical and practical implications as well as future research directions are discussed.

1. Introduction

The combined gross domestic product (GDP) of the eight largest emerging economies is projected to equal or surpass that of the eight largest advanced economies by 2025 (World Bank, 2011). Emerging markets are among the fastest growing in the world, attracting more than half (56%) of global foreign direct investment (FDI) (UNCTAD, 2015). The saturation of retail markets in most developed markets such as the USA, Canada and parts of Europe is driving global brands to seek growth in emerging markets such as India (Welsh, Alon, & Falbe, 2006). In fact, India is expected to become the world's third largest consumer market by 2020 (Boumphrey, 2010), making it one of the most preferred destinations for FDI. The Indian franchising sector in particular is thriving and contributes approximately 4% to the GDP, and it is estimated that this will increase to 30% by the end of 2017 (FAI, 2016).

The liberalization and deregulation of most emerging markets such as India has also intensified competition levels, thus signaling the need for firms to search for new sources of competitive advantage (Kumaraswamy, Mudambi, Saranga, & Tripathy, 2012). In franchising, for instance, given that the brand is central to the franchise relationship, understanding what engenders franchisees' brand resonance and patronage is crucial in enhancing brand value (Badrinarayanan, Suh, & Kim, 2016). However, despite the recognized importance of franchising in emerging markets (Xiao, Neill, & Wang, 2008) there is limited empirical research that examines the salient drivers of brand loyalty in business-to-business (B2B) markets. Also, there is limited research that captures the perspective of emerging market customers in India (Jaikumar & Sarin, 2015; Singh, Bakshi, & Mishra, 2015), especially in B2B branding (Sheth & Sinha, 2015).

Extensive research, mostly from developed countries, highlights the importance of brand loyalty in B2B markets (e.g., Nyadzayo, Matanda, & Ewing, 2016; Pedeliento, Andreini, Bergamaschi, & Salo, 2016; Rauyruen & Miller, 2007). Brand loyalty is an important measure of firm performance, especially in emerging markets where firms operate in highly vulnerable and locally sensitive markets (Nguyen, Barrett, & Miller, 2011; Sheth, 2011). Extant research suggests that strong brands and effective B2B relationships are the key drivers of firm competitiveness (Webster, 2000), brand equity (Wong & Wickham, 2015) and brand loyalty (Nguyen et al., 2011) in emerging markets. However, the current knowledge of marketing and brand management is mostly grounded in Western countries' perspectives (Sheth, 2011), and there is limited research on B2B branding in emerging markets (Biggemann & Fam, 2011; Gupta, Balmer, & Low, 2015; Sheth & Sinha, 2015). Moreover, Badrinarayanan et al. (2016, p. 3943) stated that "… very little is known about the cultivation of brand-centric relationships among franchisees…" in emerging markets. There have also been

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further calls to explore franchise brand relationships in emerging markets (Gupta et al., 2015; Nyadzayo et al., 2016).

Firms that adopt a franchising business model generally generate higher revenues and profits than non-franchised businesses (Young, 2010). However, the unique characteristics of emerging markets present some challenges, which include (i) faith-based socio-political institutions that are strongly driven by public policy, (ii) a lack of infrastructure and chronic shortages of resources, and (iii) intense competition from unbranded products/services (Sheth, 2011). Moreover, the motives of franchisees could be opportunistic, thereby exposing the franchise brand to unforeseeable risks (Gassenheimer, Baucus, & Baucus, 1996). This is plausible in emerging markets where franchisees might focus on acquiring short-term profits in the quest for mere survival. Thus, many principles that are central to marketing (such as market orientation, brand relationships, brand equity and brand loyalty) may be at odds with the realities of such markets (Sheth, 2011). However, limited research explains how mutually beneficial B2B relationships and firm resources contribute to branding outcomes such as brand equity (Gupta et al., 2015) and brand loyalty (Heinberg, Ozkaya, & Taube, 2016).

Therefore, the main purpose of this study is to advance a nomological network model of the key determinants of brand loyalty in a franchisor-franchisee relationship in emerging markets. More specifically, this study examines the transaction-specific perceptions of franchisor competence and the franchisor's level of information sharing as key factors that influence attitudinal outcomes such as franchisee's emotional brand attachment and perceived relationship value that in turn drive brand loyalty. This study contributes to the literature on franchising, B2B and, in particular, emerging markets, in three specific ways. First, this study responds to the calls for more research to enhance the understanding of the role of brand-centric relationships in B2B franchising (Badrinarayanan et al., 2016; Nyadzayo et al., 2016; Singh & Venugopal, 2015). Second, most of the prior research has examined the franchisor-franchisee relationship from the franchisor's perspective (Dant, 2008). This study addresses this gap by considering the drivers of brand loyalty from a franchisee's perspective as little is known about franchisees' interpretations of the franchise relationship or their perspective on franchises brands. Finally, Western-based theories have dominated the marketing literature in general and more specifically in the areas of B2B branding (Dant, Grünhagen, & Windsperger, 2011) and franchising (Grünhagen & Dorsch, 2003; Weaven, Grace, Frazer, & Giddings, 2014). Therefore, research on franchise branding in emerging markets such as India can contribute to theory development and managerial practice by providing context-specific and germane theoretical frameworks that can help inform both franchisors and franchisees on how to leverage brand relationships to enhance brand loyalty.

2. Research background

2.1. B2B branding in emerging markets

The fast growth of the GDP in emerging economies has provided opportunities for global brands and a favorable atmosphere in which to operate (Keller & Moorthi, 2003). However, given the diversity in culture, physical infrastructure, political and socio-economic environment, each emerging market poses context-specific challenges to the global brands operating in those markets (Sheth & Sinha, 2015). Managing a B2B brand is particularly difficult in emerging markets as operating a business in socio-economically and ecologically vulnerable areas is challenging (Sheth, 2011; Sheth & Sinha, 2015). Additionally, B2B firms face brand development challenges as a result of the regulations and restrictions imposed by federal and local governments as well as community perception (Beverland, Napoli, & Lindgreen, 2007). Dawar and Chattopadhyay (2002) suggest that low income, income disparities, and cheap labor have a significant impact on a firm's marketing mix and require close scrutiny when operating in emerging markets. Major brands such as McDonalds and KFC have at times faced issues of overpricing in emerging markets, which influences their products' affordability for local consumers (Keller & Moorthi, 2003). The complexity of such a business environment is further exacerbated by the fact that most businesses pay limited attention to branding due to the belief that industrial buyers are not affected by emotional, brand-related values (Leek & Christodoulides, 2011). As a result, there is an apparent need for empirical research focusing on B2B branding in emerging markets (Sheth & Sinha, 2015).

2.2. Franchising in India

India's open foreign investment policy and the rise of a large upper middle-class have resulted in the creation of new markets for branded products and services (Sheth, 2011). Consequently, India has become one of the most preferred destinations for foreign investors, particularly for franchising, which is the second fastest growing industry in the country and contributes approximately 4% of GDP and expected to employ approximately 11 million people by 2017 (FAI, 2016). India's growing population, lower operating expenses, the expanding upper middle-class market and less complex business laws provide a viable market for franchise businesses (Michaelidou, Siamagka, & Christodoulides, 2011). For these reasons, franchising is rapidly growing in India and attracting both domestic and international brands. Approximately 3200 businesses in India operating in the food, beverage, retail, oil, automotive, health and wellbeing, and consumer service sectors, among others, have adopted the franchising business model (FAI, 2016). However, franchising is a nascent trend in India that is still growing, and most of the investments are targeted at recruitment and sales, unlike Western countries where the focus is mainly on the franchisee role in increasing profitability and brand loyalty (FII, 2016). Thus, India presents an appropriate context for more empirical work that can help to shed light on how to enhance franchise brand loyalty.

3. Literature review and hypothesis development

3.1. Perceived franchisor competence

Franchisor competence is at the core of franchising success as it improves franchisors' ability to provide necessary support and guidance to franchisees (Lim & Frazer, 2000). Prior research has found that positive franchisee behavioral outcomes are a result of the continual competence-based support provided by franchisors through training, operational, knowledge, and marketing support (Morrison, 1996). Communication skills, people- and conflict-handling skills, a strong work ethic and a strong commitment to the business are the key competences that franchisors need to be able to provide the support required by franchisees (Lim & Frazer, 2000). In addition, Wong and Wickham (2015) identified financial capital, relationships, operation management, brand reputation and human capital as key competences that facilitate the establishment of brands and brand equity in emerging markets.

Generally, perceived franchisor competence can promote positive attitudinal and behavioral outcomes in franchisees. While franchisees' behavioral outcomes are reflected through the repeated purchase of a brand (Assael, 1998; Chaudhuri & Holbrook, 2001), attitudinal outcomes lead to brand attachment and commitment (Tuškej, Golob, & Podnar, 2013). Competence-based franchisor support contributes to the development of a franchise relationship (Grace, Frazer, Weaven, & Dant, 2016) and franchisees' attachment to the franchise brand (Doherty, Chen, & Alexander, 2014). Moreover, Roh and Yoon (2009) emphasized the need for franchisors to provide adequate support to franchisees, as continuing support leads to franchisee commitment and a sustainable franchise relationship.

3.2. Level of information sharing

Information sharing is the degree to which franchisees perceive that the information disseminated by the franchisor is important, satisfactory and relevant to the franchise relationship (Weaven et al., 2014). According to Li, Ragu-Nathan, Ragu-Nathan, and Rao (2006), the level of information sharing refers to the extent to which critical and proprietary information is communicated to another exchange partner. In the B2B marketing literature, information and knowledge sharing has been found to play a key role in enhancing exchange partners' competitive advantage (Chiou, Hsieh, & Yang, 2004; Mohr & Spekman, 1994). Further, Gorovaia and Windsperger (2010) stated that the success of franchise systems is highly dependent on franchisors' efforts to disseminate knowledge and information to franchisees. The influence of franchisors' and franchisees' sharing of accurate information on pricing and inventory has been found to be positively associated with franchise profitability (Yan & Wang, 2012).

One main responsibility of franchisors is to develop and share sufficient and accurate information with stakeholders in the franchise system (Roh & Yoon, 2009). However, franchisees are obliged to keep franchisors updated with data and information about their everyday performance. Prior research indicates that the exchange of timely, up-to-date and accurate information helps B2B partners to collaborate and develop long-term relationships (Iyer, Singh, & Salam, 2005; Weaven et al., 2014). Prior research also suggests that the level of information sharing is crucial in facilitating buyer-seller relationships (Weaven et al., 2014) and coordination between business partners (Samaddar, Nargundkar, & Daley, 2006; Yan & Wang, 2012). Additionally, effective information sharing supports the development of emotional attachment and attitudinal commitment (Esch, Langner, Schmitt, & Geus, 2006; Hur, Ahn, & Kim, 2011; Louis & Lombart, 2010), thereby enhancing brand loyalty in both business-to-consumer (B2C) and B2B relationships (Paulssen, 2009; So, Parsons, & Yap, 2013).

3.3. Emotional brand attachment

Attachment theory was originally developed in psychology to understand the deep and enduring emotional connection between one person and another or between a person to an object across time and space (Ainsworth, 1973; Bowlby, 1969). Although attachment is considered to be an interpersonal phenomenon, the extant research suggests that consumers can also develop attachment to objects such as brands (Keller, 2003; Schouten & McAlexander, 1995). Brand attachment is an emotional connection between a consumer and the brand (Louis & Lombart, 2010; So et al., 2013). Further, Park et al. (2010, p. 2) define brand attachment as "…the strength of the bond connecting the brand with the self." Because consumers often establish cues that connect them with a brand (Assiouras, Liapati, Kouletsis, & Koniordos, 2015; Thomson, MacInnis, & Park, 2005), they can build and maintain emotionally charged relationships with brands (Malär, Krohmer, Hoyer, & Nyffenegger, 2011). Therefore, emotional brand attachment reflects the bond that connects a consumer with a focal brand and involves feelings towards the brand (Malär et al., 2011).

Emotions are usually evoked when attachment is strong, as emotions are inherent to the brand-self connection (Park et al., 2010). Hence, this study agrees that a customer's emotional brand attachment is based on three factors, specifically, the customer's self-connection with the brand, a feeling of warmth towards the brand, and an intense liking for the brand (Thomson et al., 2005). However, despite the prevalent application of the attachment construct in consumer research, the application of brand attachment as a precursor of brand loyalty in the B2B domain is very limited (Pedeliento et al., 2016). This lack of research is attributed to the notion that industrial brands are not affected by emotional considerations (Veloutsou & Taylor, 2012) and the assumption that there is no attachment between the buyer of an industrial product and the product itself (Gilliland & Johnston, 1997). Nevertheless, this idea has since been challenged, as research shows that emotions play a key role in B2B decision making (see Lynch & De Chernatony, 2004). Given that individuals can nurture attachment feelings towards objects such as brands (Belk, 1988) and that emotions play a role in organizational purchasing decisions, then there is no reason to ignore the impact of attachment on industrial brands (Pedeliento et al., 2016).

Applying attachment theory in the B2B relationship context, Paulssen (2009) revealed the role of attachment in business relationships in positively predicting behavior outcomes such as loyalty. In a B2B context, the development of attachment between business partners can be influenced by the partnering organization's competencies and capabilities. According to Aldlaigan and Buttle (2005), organizational competence and social bonds are key facilitators of positive attachment between customers and organizations. Such brand attachment is arguably a critical factor in the franchising context, as it influences the behavior that fosters customer loyalty (Levy & Hino, 2016; Thomson et al., 2005). Franchisees are more likely to have strong brand attachment when there is strong franchisor support (Nyadzayo, Matanda, & Ewing, 2011). In general, franchisees develop personal relationships with and attachment to brands when the franchisor is highly competent and provides adequate support to the franchisee (Lim & Frazer, 2000; Nyadzayo, Matanda, & Ewing, 2015) through consistent and complete sharing of information (Chiou et al., 2004; Weaven et al., 2014; Yan & Wang, 2012). Additionally, in support of the link between competence and attachment, Aldlaigan and Buttle (2005) found that the competence of organizations such as banks tends to influence consumers' attachment to a brand. Thus, this study hypothesized that:

H1. Perceived franchisor competence positively influences franchisees' emotional brand attachment.

According to Akremi, Mignonac, and Perrigot (2011), information sharing, experience, and socializing allow franchisees to develop an individual and collective perception of cohesion. Effective information sharing supports the development of emotional attachment and attitudinal commitment (Esch et al., 2006; Hur et al., 2011; Louis & Lombart, 2010). Moreover, franchisors' willingness to share confidential and strategic information with franchisees can help to build relationships (Altinay & Brookes, 2012), which eventually contributes to the development of strong franchisee attachment to a franchise brand (Hur et al., 2010; Louis & Lombart, 2010). The consistent and complete sharing of information by the franchisor helps to build relationships and franchisor-franchisee attachment (Chiou et al., 2004; Weaven et al., 2014; Yan & Wang, 2012). Thus, this study hypothesized that:

H2. The level of franchisors' information sharing positively influences franchisees' emotional brand attachment.

3.4. Perceived relationship value

Relationship value is an affective behavior resulting from channel members' reaction to a variety of interactions with each other (Geyskens, Steenkamp, & Kumar, 1999). Specifically, franchisee-perceived relationship value is "the trade-off between the perceived net worth of the tangible and intangible benefits and costs to be derived over the lifetime of the franchisor-franchisee relationship, as perceived by the franchisee, taking into consideration the available alternative franchise relationships" (Harmon & Griffiths, 2008, p. 257). Relationship value is more associated with the franchisor-franchisee relationship, which specifically focuses on the long-term costs and benefits of the relationship (Harmon & Griffiths, 2008). The outcome of relationship value depends on one party's (franchisees) cumulative assessment of its counterpart's (franchisor) efforts to maintain the relationship (Frazier, 1983). As the behavioral outcomes derived from the franchise system depend on perceived relationship value (Harmon & Griffiths, 2008), franchisors are required to evaluate and address the factors that enhance franchisees' perception of the brand value. Thus, understanding the factors that contribute to the creation and maintenance of the franchisor-franchisee relationship value is crucial.

Franchisor competence-based support enhances the franchisee's comparative market position, thereby contributing to the realization of relationship value and a long-term franchisor-franchisee relationship (Lim & Frazer, 2000). The literature suggests that the development of B2B brand relationships in emerging markets is influenced by the strength of the brand community and organizational competence (Gupta et al., 2015). In addition, Lim and Frazer (2000) found franchisor competence-based support to significantly influence franchisees' attitude towards and relationship with the franchise brand. Moreover, the degree to which the franchisor can competently support franchisees enhances the perceived relationship value (Nyadzayo et al., 2015; Roh & Yoon, 2009). Hence, it is reasonable to posit that perceived franchisor competence influences franchisees' attachment to the perceived relationship value of the franchise brand. Overall, one can infer that the franchisee's evaluation of the franchisor's competence can create positive perceptions of relationship value. Thus, this study hypothesized that:

H3. Perceived franchisor competence positively influences perceived relationship value.

The efficacy of information exchange has been found to positively influence buyer-seller relationships (Anderson & Narus, 1990). Some researchers have suggested that the exchange of real-time information between business partners facilitates the development of sustainable collaborative relationships (Iyer et al., 2005) and loyalty (Harmon & Griffiths, 2008). The franchisor's ability to share adequate and consistent information with franchisees engenders cooperation (Dant & Nasr, 1998; Nyadzayo et al., 2016), which results in positive perceptions of relationship value (Weaven et al., 2014). Thus, this study hypothesized that:

H4. The level of franchisors' information sharing positively influences franchisees' perceived relationship value.

3.5. B2B brand loyalty

Extensive prior research has focused on brand loyalty in both B2B and B2C contexts (Esmaeilpour, 2015; Liu, Li, Mizerski, & Soh, 2012; Tranberg & Hansen, 1986). Consumer beliefs, attitudes, commitment and repurchase intention for a focal brand can explain brand loyalty in both B2B and B2C markets (Lee, Back, & Kim, 2009; Rauyruen & Miller, 2007). Oliver (1997, p. 392) defines loyalty as "[…] a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences."

Brand loyalty has been conceptualized as a multidimensional construct comprising attitudinal, affective, and behavioral components (Dick & Basu, 1994; Liu et al., 2012; Oliver, 1997). The behavioral dimension of brand loyalty is not adequate in explaining consumers' attitudes towards brands across various B2B buying situations, suggesting the importance of the attitudinal and affective loyalty dimensions in assessing brand loyalty (Esmaeilpour, 2015). Thus, the attitudinal and affective dimensions play a crucial role in understanding business consumers' intentions, effort and commitment based on the unique values of the brand (Esmaeilpour, 2015; Yang & Peterson, 2004). Affective and attitudinal loyalty explain the customer's favorable attitude, satisfaction and commitment to the patronage of the product or brand in the long-term (Fock, Woo, & Hui, 2005; Yuksel, Yuksel, & Bilim, 2010). Extant literature indicates that the development of a positive relationship (Chen, 2001; Harmon & Griffiths, 2008; Zhang, Li, Wang, & Wang, 2016) and attitudes (Dick & Basu, 1994; Jambulingam & Nevin, 1999) can result in loyalty in B2B markets (Pedeliento et al., 2016; Rauyruen & Miller, 2007). Therefore, franchisees' emotional attachment to the brand and the relationship value perceived between franchisor and franchisee can contribute to brand loyalty.

Brand-loyal consumers can be emotionally connected to a brand, and this is influenced by their attachment to the brand and perceived relationship value (Thomson et al., 2005). According to the theory of reasoned action, such attitude towards certain behavior is a function of the belief that a particular behavior will lead to specific outcomes as well as the evaluation of such outcomes (Ajzen & Fishbein, 1975). In this study, it is therefore suggested that the belief that the franchisor is competent and effectively shares information can develop positive franchisee attitudes (i.e., brand attachment and perceived relationship value), which in turn promotes brand loyalty. Franchisees with a strong attachment to a brand are often willing to make additional investments and exhibit extra-role behavior, which can enhance brand success (Thomson et al., 2005). Emotional brand attachment is, therefore, a good predictor of consumer attitude and loyalty (Levy & Hino, 2016; Park et al., 2010; So et al., 2013). Thus, this study hypothesized that:

H5. Franchisees' emotional brand attachment positively influences franchise brand loyalty.

While customer satisfaction plays a key role in enhancing brand loyalty in B2C contexts, relationship value achieved through commitment contributes to the attainment of loyalty in B2B markets (Athanasopoulou, 2009; Rauyruen & Miller, 2007), particularly in franchising (Nyadzayo et al., 2016). Franchisees' loyalty towards the franchisor and the franchise brand can be developed through sustainable franchise networks and franchise relationships (Gauzente, 2003). This perceived relationship value between B2B partners (e.g., franchisors and franchisees) can contribute to loyalty (Chen, 2001; Harmon & Griffiths, 2008; Zhang et al., 2016). The effect of relationship value on customer loyalty can be direct (see Harmon & Griffiths, 2008) and indirect through relationship satisfaction (see Chen & Myagmarsuren, 2011). Thus, this study hypothesized that:

H6. Perceived relationship value positively influences franchise brand loyalty.

Fig. 1 presents the study's conceptual model, which proposes perceived franchisor competence and level of information sharing as drivers that can influence brand attachment and perceived relationship value, thereby enhancing franchise brand loyalty.

4. Research methodology

4.1. Data collection and sample

To test the hypothesized relationships, survey data were collected from franchisees operating business format franchises in India. Generally, franchising involves a number of sample elements such as franchisors (regional or master), headquarters staff, casual staff, franchise managers/supervisors and franchise owners (franchisees). In this study, franchisees were chosen as key-informants to capture the concept of franchise brand loyalty in emerging markets. Key informants are a rich source of information because of their personal skills and areas of specialization within the organization, industry or society, which enable them to provide more information and rich insights into various processes within the organization (Marshall, 1996). Prior research in franchising has utilized the single key informant approach focusing on one side of the dyad (i.e., franchisees) (see Bordonaba-Juste & Polo-Redondo, 2008; Grace & Weaven, 2011; Harmon & Griffiths, 2008). In addition, Blut et al. (2011) supported the use of the franchisees' perspective in examining franchise relationships as they have direct contact with the end customers.

Data were collected from three major cities in India (Hyderabad, Bangalore and Mumbai), as these cities are among India's fast growing

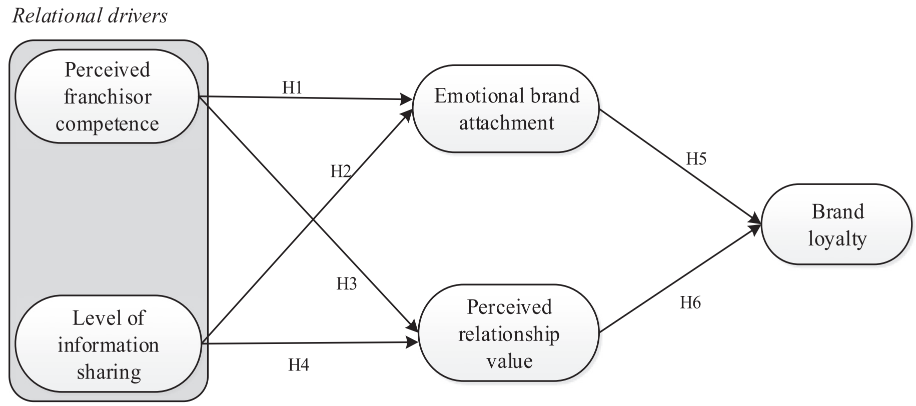

Fig. 1. Conceptual model.

economic hubs and the most populated cities in the country (Silicon India, 2016). The key informants were selected using a stratified random sampling technique based on geographic location and industry type. The questionnaire was written in English, and the personal (face-to-face) survey method was deemed the most appropriate way to collect data as this approach is effective in eliciting useful information from franchisees in emerging markets (see Badrinarayanan et al., 2016). The data collection was undertaken by local research assistants to effectively address missing data problems, ensure increased response rate, and enhance the data quality (Li, 2008).

In total, 323 complete responses were collected and used for the subsequent analyses. The majority of respondents who participated in the study were from retail (15.8%), automotive (13.3%) and coffee (12.1%) franchises. Most (97%) respondents had a tertiary education; 53% had between one and five years of experience in franchising and most (80.2%) were male. The smaller female representation reflects the proportion of female entrepreneurs in India. According to the sixth economic census conducted by the Indian government, 13.8% of the businesses were owned or managed by female entrepreneurs (Census of India, 2011). This could be attributed to the male-dominant social behavior, the skepticism of financial institutions towards female entrepreneurs, and family obligations that impede women's efforts to start businesses (Singh & Raina, 2013). Table 1 summarizes the respondents' characteristics.

Table 1
Characteristics of respondents.

Variable	Frequency	Percentage
Gender		
Male	259	80.2
Female	64	19.8
Location		
Hyderabad	140	43.3
Bangalore	112	34.7
Mumbai	71	22.0
Age (years)		
18–25	32	9.9
26–35	154	47.7
36–45	105	32.5
46–55	27	8.4
56 and above	5	1.5
Years of experience		
1–4 years	170	52.6
6–10 years	132	40.9
Over 10 years	21	6.5
Educational level		
Post-graduate	56	17.3
Bachelor	124	38.4
Diploma	80	24.8
Certificate	26	8.0
Graduate certificate	27	8.4
High school & below	10	3.1
Type of franchise system		
Retail	51	15.8
Automotive	43	13.3
Coffee	39	12.1
Fast-food	28	8.7
Food & beverage	24	7.4
Business services	30	9.3
Computer & internet	19	5.9
Financial	23	7.1
Health care & fitness	17	5.3
Education	23	7.1
Travel	23	7.1
Others	3	0.9

4.2. Measures

All the measures were adopted from the literature and modified to suit the study's context, as shown in Table 2. Multi-item measures, using a seven-point scale that is anchored on '1 = extremely disagree' to '7 = extremely agree' were used. To measure perceived franchisor competence, this study used items from Dickey, McKnight, and George (2008), which sought franchisees' perceptions of their franchisors' ability to perform duties well. Information sharing was measured using items adapted from Li et al. (2006), which focused on the level of the information exchanged. Given that various factors reveal the existence of a strong emotional attachment as well as the lack of an established measure of brand attachment in B2B settings, this study adapted Thomson et al.'s (2005) measurement items to assess individuals' level of emotional attachment to brands based on the extent of their affection for, connection with and passion for the brand (see Pedeliento et al., 2016 and So et al., 2013 for a similar approach). Perceived relationship value was assessed from the franchisees' perspective using items from Nyadzayo et al. (2016), which assessed both tangible and intangible economic benefits of the franchise relationship. Finally, franchise brand loyalty was measured using items from Nyadzayo et al. (2016).

Content or face validity is a conceptual test and can be assessed by a subjective agreement among experts that a scale logically appears to accurately reflect what it purports to measure (Malhotra, Hall, Shaw, & Oppenheim, 2008). This is based on the review of compelling literature and researchers' and experts' judgement of the representativeness of the content of scales (McDaniel & Gates, 2013). First, to enhance content validity, this study adopted measurement items from prior research as recommended by Churchill and Iacobucci (2002). Then, a panel of experts was used to assess how well the measurement items captured the constructs under study. These experts included academics, franchise experts and managers who possessed sufficient experience in B2B branding and franchising. Additionally, the questionnaire was pretested in the field, and the necessary changes were made to the measurement items and the questionnaire. The objective

Table 2
Standardized factor loadings, Cronbach's alphas, and R^2 values.

Measures	Factor loadings	Cronbach's alpha	R^2
Perceived franchisor competence		0.548	–
My franchisor shows high levels of expertise in his/her work.	0.504		
My franchisor has the required business skills necessary to run a successful franchise network.	0.857		
Overall, my franchisor is capable and proficient.	0.870		
Overall, my franchisor is competent technically[a]	–		
Level of information sharing		0.812	–
My franchisor shares critical information with me.	0.797		
My franchisor keeps me fully informed about issues that affect my business.	0.833		
My franchisor shares knowledge of core business processes with me.	0.808		
Emotional brand attachment		0.635	0.237
I'm very attached to this brand.	0.726		
This brand makes me very happy.	0.723		
I am passionate about this brand.	0.686		
Perceived relationship value		0.744	0.369
Compared to alternative franchisors, I gain more in my relationship with my franchisor.	0.779		
Compared to alternative franchisors, my relationship with my franchisor is more valuable.	0.755		
The benefits I receive from my relationship with my franchisor far outweigh the royalties/costs I incur.	0.660		
Compared to alternative franchisors, I am confident my franchisor will better help me reach my goals.	0.658		
Overall, I receive high value from my relationship with the franchisor.[a]	–		
Brand loyalty		0.578	0.262
My relationship with this brand is something I would do almost anything to keep.	0.807		
My relationship with this brand is one I intend to maintain indefinitely.	0.666		
My relationship with this brand deserves my maximum effort to maintain.	0.646		
My relationship with this brand is one I care a great deal about long-term.[a]	–		
Overall, I am loyal to this brand.[a]	–		

[a] Items were dropped during exploratory factor analysis due to poor factor loading.

was to ensure that the selected measures not only went beyond empirical issues but also captured theoretical and practical implications (Churchill, 1979).

4.3. Preliminary analysis, measurement model and common method bias

Preliminary checks such as tests for normality and outliers were conducted, and no significant issues were identified, thus indicating data validity. Next, unidimensionality was assessed through exploratory factor analysis (EFA) to identify factor loadings, and only those measurement items with loadings above 0.4 were retained (Hair, Black, Babin, & Anderson, 2010). According to Pallant (2005), EFA is a multivariate analysis technique used to either reduce the number of variables in a model or to identify how well measurement items load on a certain variable. As a result, based on this recommendation, four items were dropped in the subsequent analysis (see Table 2). The standardized factor loadings (SFLs) for each item and the Cronbach's alpha scores are shown in Table 2. The SFLs of the retained measures are all above the 0.5 cut-off point, which suggests adequate item reliability. The Cronbach's alpha scores ranged between 0.548 and 0.812, indicating adequate convergence (Hair et al., 2010).

Two measures were used to assess the internal consistency of the constructs, namely, (i) the composite reliability (CR), and (ii) the average variance extracted (AVE), which estimates the amount of variance captured by a construct's measure relative to measurement error (Fornell & Larcker, 1981). In this study, CR was estimated using the procedures outlined by Fornell and Larcker (1981), which includes the examination of the parameter estimates, their associated t-values, and assessing the AVE for each construct. CR estimates > 0.7 and AVE values > 0.5 are considered to support internal consistency (Bagozzi & Yi, 1988; Hair et al., 2010). As shown in Table 3, all estimates are greater than these stipulated criteria, thus providing evidence for internal consistency.

Next, a measurement model was developed using confirmatory factor analysis, and the model showed acceptable fit ($\chi^2_{89} = 125.481$, $\chi^2/\text{df} = 1.410$, $p < 0.01$, tucker-lewis index (TLI) = 0.942, confirmatory fit index (CFI) = 0.962, root mean square error of approximation (RMSEA) = 0.036). Despite the chi-square being significant, which is usually sensitive to sample sizes above 200 (Bagozzi & Yi, 2012; Hair et al., 2010), all other statistics were within acceptable ranges. Discriminant validity was assessed using two different approaches. First, as shown in Table 3, all inter-construct correlations are significantly less than one at the $p = 0.001$ level, providing evidence for discriminant validity (Bagozzi & Yi, 1988). Second, discriminant validity was assessed by comparing the AVE and each calculated pairwise shared variance between the constructs (Fornell & Larcker, 1981). As shown in Table 3, the square roots of the AVE values for each construct along the diagonal exceed the correlation coefficients for all the other constructs, thereby supporting adequate discriminant validity.

Given that our analysis used data collected from the same respondents via a self-administered survey, it was also necessary to assess the extent of common method variance (CMV) in the study's findings (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To minimize CMV, measurement items were systematically examined to reduce ambiguity and vagueness, and questions were randomized during the questionnaire design (Malhotra, Kim, & Patil, 2006; Podsakoff et al., 2003). Finally, CMV was assessed using a theoretically unrelated single-item marker variable (i.e., total number of part-time employees). As shown in Table 3, the two lowest correlations (in absolute terms) with the marker variable ($r = 0.020$ and $r = 0.062$) are well below the 0.20 threshold for problematic method bias (Malhotra et al., 2006). Using the more conservative bias estimate ($r = 0.062$), this study compared the CMV-adjusted correlations to the unadjusted matrix as suggested by Lindell and Whitney (2001), and the significant correlations remained the same after adjusting for CMV, suggesting that CMV is not a concern in this study.

4.4. Data analysis and results

To examine the effect of perceived franchisor competence and the level of information sharing on brand attachment and perceived relationship value, and their impact on franchise brand loyalty, a path analysis approach in structural equation modeling (SEM) in AMOS version 24 was employed. The SEM approach was chosen as it reduces standard errors due to its ability to simultaneously estimate all parameters in a single model (Iacobucci, Saldanha, & Deng, 2007). The

Table 3
Interconstruct correlations and discriminant analysis.

Variable	Mean	SD	CR	1	2	3	4	5	6
1. Perceived franchisor competence	5.712	0.570	0.798	**.762**[a]					
2. Level of information sharing	4.073	1.277	0.854	− 0.111*	**0.813**				
3. Emotional brand attachment	5.843	0.609	0.755	0.087	0.159**	**0.712**			
4. Perceived relationship value	5.475	0.768	0.806	− 0.068	0.393**	0.085	**0.715**		
5. Brand loyalty	5.862	0.623	0.751	0.134*	0.006	0.191**	0.297**	**0.710**	
6. Marker variable	3.61	3.232	n/a	0.099	− 0.199**	0.020	− 0.208**	− 0.062	**n/a**

Significant at $^{**}p < 0.01$, $^{*}p < 0.05$ (2-tailed); the remaining are not significant ($p > 0.05$), n = 323.
Note: SD = standard deviation; CR = composite reliability; n/a = not applicable.
[a] The square roots of the average variance extracted (AVE) for each construct are presented in **bold** on the diagonal of the correlation matrix.

Table 4
Path estimates.

Hypothesized relationships	*b*	S.E.	*t*-Value	Result
H1: Perceived franchisor competence → emotional brand attachment	0.414	0.196	2.113**	Supported
H2: Level of information sharing → emotional brand attachment	0.050	0.024	2.057**	Supported
H3: Perceived franchisor competence → perceived relationship value	0.030	0.058	.511[ns]	Not supported
H4: Level of information sharing → perceived relationship value	0.128	0.028	4.575***	Supported
H5: Emotional brand attachment → brand loyalty	0.377	0.130	2.896**	Supported
H6: Perceived relationship value → brand loyalty	0.583	0.158	3.693***	Supported

Significant at $^{***}p < 0.001$, $^{**}p < 0.01$ (2-tailed test), ns = not significant; H = hypothesis.
Note: *b* = unstandardized path coefficients; S.E. = standard error.

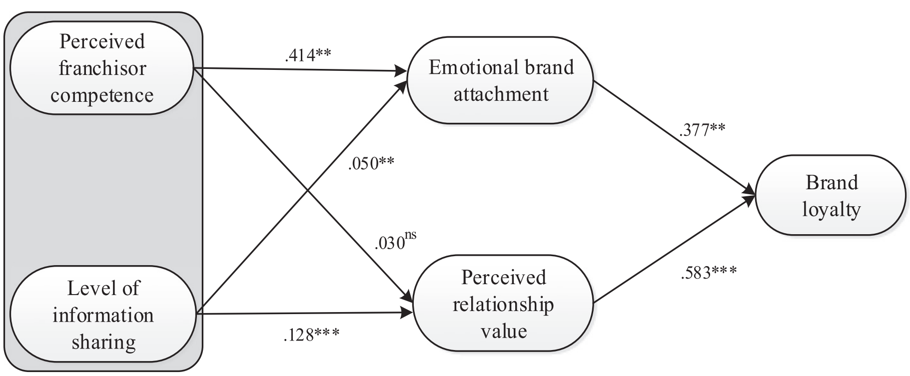

Fig. 2. Structural model results.

structural model revealed acceptable model fit ($\chi^2_{110} = 183.976$, $\chi^2/df = 1.673$, $p < 0.001$, TLI = 0.90, CFI = 0.925, RMSEA = 0.046). The variance explained (R^2) in the endogenous latent variables indicated the explanatory power of the model (see Table 2). The R^2 values ranged from 0.237 to 0.369, suggesting acceptable model fit (Hair, Hult, Ringle, & Sarstedt, 2014). The results of the structural model are shown in Table 4 and illustrated in Fig. 2.

The results supported H1, indicating that perceived franchisor competence is positively related to franchisees' emotional brand attachment ($\beta = 0.414$, $t = 2.113$, $p < 0.01$). A positive relationship also emerged between level of information sharing and emotional brand attachment ($\beta = 0.050$, $t = 2.057$, $p < 0.01$), in support of H2. However, the results failed to support H3, which suggested a positive association between perceived franchisor competence and perceived relationship value ($\beta = 0.030$, $t = 0.511$, $p > 0.05$). In support of H4, the link between level of information sharing and perceived relationship value was found to be positive and statistically significant ($\beta = 0.128$, $t = 4.575$, $p < 0.001$). In turn, emotional brand attachment was found to be positively related to franchise brand loyalty ($\beta = 0.377$, $t = 2.896$, $p < 0.01$), which supports H5. Finally, a positive link between perceived relationship value and brand loyalty (H6) was confirmed ($\beta = 0.583$, $t = 3.693$, $p < 0.001$).

4.4.1. Post hoc mediation analysis

Finally, post hoc analysis was conducted to test for the mediating effects of emotional brand attachment and perceived relationship value on the links between the antecedents (perceived franchisor competence and information sharing) and franchise brand loyalty. The PROCESS macro in SPSS v.24 was used to test mediation. Using the bootstrapping regression method, 5000 sample iterations were specified to estimate both direct and indirect effects (Hayes, 2013). The use of bootstrapped bias-corrected confidence intervals (CIs) helps to circumvent statistical power problems caused by asymmetric and other non-normal indirect effect sampling distributions (Cheung & Lau, 2008; Hayes, 2013). The results are shown in Table 5.

The results indicated that the mediated effect of perceived franchisor competence on franchise brand loyalty via brand attachment was significantly different from zero at the 0.001 level ($\beta = 0.052$, CIs = 0.007 to 0.121), as none of the CIs of the coefficient values included a zero. However, partial mediation was established on these relationships as the direct effect was statistically significant ($\beta = 0.188$, $t = 3.049$, $p < 0.01$). The indirect effect of perceived franchisor competence on franchise brand loyalty via perceived relationship value was not significantly different from zero at the 0.001 level ($\beta = 0.0001$, CI = − 0.041 to 0.051). Additionally, emotional brand attachment did not emerge as a mediator of the link between level of information sharing and franchise brand loyalty ($\beta = 0.023$, CI = − 0.002 to

Table 5
Post hoc mediation results.

Mediated relationships	Effect	Boot SE	LLCI	ULCI
Perceived franchisor competence → emotional brand attachment → brand loyalty	0.052	0.028	0.007	0.121
Perceived franchisor competence → perceived relationship value → brand loyalty	0.000	0.023	− 0.041	0.051
Level of information sharing → emotional brand attachment → brand loyalty	0.023	0.019	− 0.002	0.076
Level of information sharing → perceived relationship value → brand loyalty	0.113	0.026	0.169	0.173

Note: LLCI – lower limit confidence interval, ULCI – upper limit confidence interval, all bootstrapped at 95%. Number of bootstrap samples for bias-corrected bootstrap confidence intervals = 5000.

0.076). Perceived information sharing was found to indirectly influence franchise brand loyalty via perceived relationship value, as none of the CIs included a zero ($\beta = 0.113$, CI = 0.169 to 0.173). However, partial mediation was established for this link, as the direct effect was statistically significant ($\beta = 0.113$, $t = 2.42$, $p < 0.05$).

5. Discussion and implications

This study identified the perceived franchisor competence and the level of information sharing to be key determinants of a franchisee's emotional brand attachment and perceived relationship value, which in turn were positive predictors of franchise brand loyalty. These findings reinforce the extant literature, which emphasizes the need to ensure that the individuals or franchise brand representatives must be sufficiently competent not only in passing on the franchise system's procedures and operational system but also in effectively communicating the franchise brand values (Watson, Stanworth, Healeas, Purdy, & Stanworth, 2005). This study suggests that perceived franchisor competence drives functional brand behavior, which in turn influences franchisee-perceived brand loyalty. The positive link that emerged between a franchisee's emotional brand attachment and loyalty is consistent with the prior research on B2B, which shows the critical role played by attachment as a driver of industrial brand loyalty (Pedeliento et al., 2016). Given that most of the tangible assets in the franchise system belong to franchisees, the franchise brand and system know-how are the most important assets that the franchisor has to manage (Watson et al., 2005). This is also in line with research that shows that building strong brands in emerging markets is fundamental to gaining competitive advantage and increasing market presence (Gupta et al., 2015).

As the franchise brand value is a major determinant of the level of initial cost and the ongoing royalties paid by franchisees (Sashi & Karuppur, 2002), enhancing franchisees' emotional brand attachment and loyalty should also be a major focus for franchisors. The results of this study concur with those of Badrinarayanan et al. (2016) and Watson et al. (2005) who found knowledge specificity and exchange of information to be important determinants of franchising success. This is particularly crucial in franchise systems where knowledge management has been cited as a major challenge for franchise development (Floyd & Fenwick, 1999). The diversity in culture, physical infrastructure, and political and socio-economic environment in emerging markets (Sheth & Sinha, 2015) makes knowledge sharing and managing franchisees' expectations rather complex issues for franchisors.

The positive relationship that emerged between the level of information sharing and emotional brand attachment supports the prior literature that points to the need for more frequent and regular information exchange between franchisees and franchisors (Nyadzayo et al., 2016; Perry, Cavaye, & Coote, 2002). To succeed in emerging markets, franchisors must leverage franchisees' knowledge of the local market and business environment to update the franchise system procedures, pricing and product strategies. The findings also emphasize the need for franchisors to exchange information with franchisees to enable them to effectively articulate franchise brand values to customers in emerging markets. Thus, franchisors should endeavor to have a comprehensive understanding of the factors that enhance franchisees' attachment to the brand as this is crucial for brand loyalty in emerging markets. This is more important for global franchising brands such as McDonalds, KFC and Subway, which are perceived as foreign brands in emerging markets. The positive link between perceived relationship value and brand loyalty points to the need to invest in franchise relationships in emerging markets. Franchisors' comprehensive understanding of the specific drivers of B2B relationships in specific emerging markets is crucial for the success of the franchise system. Surprisingly, contrary to the prior research (e.g., Altinay, Brookes, Yeung, & Aktas, 2014; Flint-Hartle & De Bruin, 2011; Monroy & Alzola, 2005), in this study, no significant effects emerged with regard to perceived franchisor competence and franchisee-perceived relationship value.

The post hoc results confirmed that emotional brand attachment mediates the relationship between perceived franchisor competence and brand loyalty. Consistent with prior research, competent leaders (e.g., franchisors) can be a vital source of positive outcomes that enhance relationship performance (Dickey et al., 2008). Further, when the franchisor exhibits competence, there is a likelihood that skills and expertise will be transferable to franchisees, and both parties are more likely to take advantage of the learning domains in which one is highly competent, thereby reinforcing the franchise relationship.

However, perceived relationship value did not mediate the link between perceived franchisor competence and brand loyalty. These results suggest the importance of emotional brand attachment and the need for franchisors to work on facilitating brand relationship management initiatives that can potentially engender stronger franchisee attachment to the franchise brand. Perceived relationship value was found to mediate the link between level of information sharing and brand loyalty. This suggests that franchisees should view the success of the franchise relationship as valuable in facilitating bilateral information exchange, which is necessary for enhancing franchise brand loyalty.

5.1. Theoretical implications

This study contributes to existing theory in various ways. First, there is a growing body of literature seeking to understand the role of brand-centric relationships in B2B contexts, specifically in franchising (Badrinarayanan et al., 2016; Nguyen et al., 2011; Nyadzayo et al., 2016; Singh & Venugopal, 2015). Second, the findings of this study also provide empirical validation of the links between perceived franchisor competence, level of information sharing, and emotional brand attachment and perceived relationship value, which in turn engender franchise B2B brand loyalty in emerging markets. This study broadens our theoretical understanding of the B2B brand loyalty drivers in emerging markets that have been advocated by previous scholars (Badrinarayanan et al., 2016; Nyadzayo et al., 2016).

Third, this study provides evidence that the drivers of emotional brand attachment, perceived relationship value and franchise brand loyalty may differ in different contexts. While perceived franchisor competence has been identified as a crucial determinant of relationship value in developed markets (Nyadzayo et al., 2016), this was not the case in this study. Hence, there is the need for more empirical work to examine other factors that may mediate or moderate this link in emerging markets. In addition, since attachment to a brand can also differ on the basis of social identity, it is plausible that the class system in India and other emerging markets can lead consumers to becoming attached to specific brands that they believe will positively reflect their social identity (Jin, Line, & Merkebu, 2016). Finally, this study is in line with prior research that shows that building strong brands is vital in enhancing competitive advantage and increasing market presence in emerging markets (Gupta et al., 2015). By focusing on an emerging market such as India, this study helped to provide more context-specific and germane theoretical frameworks indicating how franchisors can leverage brand relationships to promote brand-loyal franchisees.

5.2. Managerial implications

Franchising managers in emerging markets can benefit from this study in various ways. First, for franchisors, the development of appropriate brand management strategies is important for the success and survival of the franchise system. The results of this study suggest that it is important for franchisors to ensure that they exhibit competence in the franchise system's operations and procedures during their communication with franchisees to enhance franchisees' brand attachment and brand loyalty. Franchisors are advised to develop effective communication channels and transfer such competencies to franchisees, as this could help to cultivate behavioral outcomes that can minimize opportunism and free riding.

Second, given that the success of the franchise system depends on information exchange between franchisees and franchisors, franchisors should search for ways to establish and facilitate the exchange of appropriate, relevant and useful information. Specifically, franchisors can support franchisee learning through constant information sharing by means of written communication (Altinay & Brookes, 2012). Iyer et al. (2005) suggest that businesses should invest in knowledge management systems to help facilitate information sharing among business partners. B2B partners (e.g., franchisor-franchisee relationships in our case) can share their needs and capabilities with each other, and integrate systems and services using information technology to facilitate transparent information flows about their product and service offerings (Iyer et al., 2005). Additionally, frequent, quality, informal and face-to-face information sharing between franchisor and franchisees influences franchisees' affective commitment and the propensity for both partners to remain in the relationship (Meek, Davis-Sramek, Baucus, & Germain, 2011). This perceived emotional attachment could be fundamental to the development of any long-term relationship between franchisors and franchisees.

Third, due to the diversity and complexity of the business environment in emerging markets, there is a need for global franchise brands to clearly understand the specific contextual factors that drive perceived relationship value, emotional brand attachment and franchise brand loyalty in the specific markets in which they operate. Finally, this research adopted a franchisee perspective to understand the drivers of franchise brand loyalty as most current discussions on franchise relationships have focused on the franchisors. Thus, since franchisees are the key brand touch points to consumers, understanding how franchisees relate to the franchise brand can help franchisors to make informed decisions regarding relationship-building activities and brand management strategies. Hence, it is anticipated that this study will provide franchise practitioners with more relevant knowledge regarding the salient factors that are instrumental in developing brand attachment, which can lead to franchise brand loyalty. Similarly, the findings also underscore the importance of relational factors and how they can promote brand loyal franchisees.

5.3. Limitations and future research directions

This study has some limitations that present opportunities for future research. First, this study was conducted in the Indian franchise context and used survey data collected from three major cities of India. Hence, the data does not capture the emerging market of India in its entirety. Additionally, the diversity of India's cultural, geographical and economic factors must be taken into account when interpreting these results. Future research could validate the proposed model in other emerging markets with different economic, legal norms and conditions such as Brazil, China and South Africa to allow for comparative analysis, as well as to ensure that the results are generalizable to emerging markets.

Second, the low factor loading for the item "My franchisor shows high levels of expertise in his/her work" suggests that the franchisees might lack insight into their franchisors' levels of expertise. Thus, the freedom-constrained nature of franchise alliances may jeopardize the validity of the franchisor competence construct. Future studies could potentially test this study's proposed conceptual model in other non-franchised alliances such as manufacturer-retailer relationships to ensure generalizability.

Third, the study only examined the determinants of franchise brand loyalty from the franchisee's perspective. Although franchisees are regarded as key informants in franchising (see Badrinarayanan et al., 2016), future research could also tap into other levels of analysis, such as franchisors, employees, master franchisees, franchise managers, casual staff (who run the day-to-day activities of the franchise business) and customers, to provide a complete picture of the factors that influence franchise brand loyalty in emerging markets.

Finally, this study examined specific relational variables as key antecedents of brand loyalty. Hence, there are opportunities for future research to investigate other variables that could potentially influence franchise brand loyalty in emerging markets. For instance, it is plausible to consider external factors such as economic, socio-cultural, institutional, political and legal, as well as behavioral variables such as brand engagement and brand citizenship behavior. Future research could also look into potential boundary conditions such as competitive intensity, market turbulence and socio-demographics as well as the impact of country-of-origin on B2B branding and franchise brand management in emerging markets.

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