DIPLOMARBEIT

Titel der Diplomarbeit

Differences in Corporate Reputation of Franchise Systems in the Fast-Food Industry:
Exemplary analysis of McDonald's and Burger King in Hungary and Austria

Verfasserin

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1. Introduction

We live in a world where geographical borders sometimes appear to be less and less important, not only in economics but especially regarding communication. People seem to be separated rather by their religious beliefs and culture, than their nationality. In the world of economics, globalization has become a fact and many times unavoidable for companies in order to stay competitive. Increasing competition in this globalized economy also promotes the identification of drivers of sustainable competitive advantages. These are no longer restricted to tangible assets but in fact, intangible assets, such as brand value/ equity or corporate equity which are both determined by corporate reputation. Corporate reputation therefore has gained momentum in the economy and will become more and more important since communication is getting faster every minute and any bad publicity or press is broadcasted worldwide within a matter of minutes.

In the course of this ongoing globalization of markets another concept has become more attractive, namely franchising. Franchising has existed for a long time in a slightly different context, but as a channel of distribution it has become well known mostly through one of its most popular and successful examples: McDonald's. Part of its success may be the fact that it distributes not only services and products but also whole company cultures. In fact, our world is dominated by multinational companies. One could think, it has never been easier to transfer a brand and its associated culture globally, as a result of an apparently "smaller' world. Global communication, such as boundary-free and live media coverage, TV broadcasting and above all the World Wide Web has brought consumers and companies closer and easier to reach.

However, globalization and worldwide live communication has not only brought advantages for companies. There has never been a faster stream of information and news available for the consumer whose quality and source cannot always be controlled by companies.

Corporate reputation has become extremely important for there is a growing individualism within consumers as well as the fact that ethics and moral codes applied to companies are getting stricter.

In this context McDonald's, as one of the forerunners in establishing a franchise network has become a main example of the "Americanization" of the world in terms of food, taste, products, and company culture but also in general for the success of franchising, not only in the US but all over the world. Throughout the years, all kinds of food cultures followed this successful path and therefore companies luckily caught up, avoiding a total "Americanization" in favor of true globalization. Still, there is no doubt about the role model; McDonald's has always been in the context of franchising as a business model until today.

Hence the main focus of this thesis lies on the corporate reputation of two major and very successful franchise companies: Burger King and McDonald's in Austria and Hungary, since these two countries have a long and vibrant history and these two companies are direct competitors in terms of their products and services. However similar these two companies seem from the outside, they do have different success stories overall and also in Austria and Hungary. I will also cover how these two fast food companies deal with the challenges of corporate reputation these days and how their efforts are reflected in two historically tied but yet culturally different countries.

Beginning with the introduction in the landscape of definitions on corporate reputation and its possible management and more important measurement in chapter 2, chapter 3 will give an overview and the history of franchising as a possible strategy in the process of the internationalization of a company. I will further explain the evolution, development and regulation of franchising in Austria and Hungary in chapters 4 and 5, as well as a brief overview of the history of both companies, Burger King and McDonald's in general and also the development of their specific franchise networks in Austria and Hungary.

Chapter 6 will briefly explain the purpose of the study, followed by Chapter 7 that will cover the main focus of the thesis which is the analysis and findings of the reputation study done amongst customers of both companies in Austria and Hungary. Based on the study data, I will analyze the findings for relevant variables which determine the reputation such as country culture, age, gender and family status and draw conclusions from it. It will be interesting to find out if the reputation of these companies is influenced more by country culture rather than company culture or respectively different franchise strategies and how it differs amongst age, gender and family status.

At the end of my thesis, in chapter 8 the results will be discussed and conclusions drawn. The main points of interest will be the summary of the results, the actual reputation of Burger King and McDonald's in Austria and Hungary as well as the reputation depending compared between the two countries and companies.

2. Definition of Reputation

"Organizations can try to gain the reputation they want but whatever they do, they will end up with the reputation they deserve"[1]

The concept of corporate reputation has actually been acknowledged in economics for a long time although one could think otherwise given the lack of scientific literature and fuzzy landscape of definitions. Until now there is not a commonly agreed definition provided by scholars. Definitions are numerous and although there are underlying similarities in most of them, the term is used in different contexts. While in the last years the topic gained momentum and continuous importance, finding a precise and commonly agreed upon definition is still not easy.

With regards to measurement, we face a similar problem as with definitions. Its state of the art can be pointy described by stating Sobol et al.: *"there is no general agreement on how to measure it, but there is a general agreement that it is important".[2]*

Overall it is to say that corporate reputation has become one of those intangible assets that is extremely hard to imitate[3], turning it into a valuable source of competitive advantage.

2.1 Landscape of Definitions

It is surprising what can be found in research - meaning not only numerous unique definitions but also broad differences in meaning between and amongst them.

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[1] Haywood, R., Managing Your Reputation (1994), p. 1

[2] Sobol M./ Farelly G./ Taper J., Shaping the Corporate Image – An Analytical Guide for Executive Decision Makers (1992), p.19

[3] Mahon, J., Corporate Reputation: A Research Agenda Using Strategy and Stakeholder Literature (2002)**,** p. 423; Hunt, Sh. / Morgan, R.: The comparative advantage theory of competition (1995), pp. 12 f.

There have been calls to clarify the definition of reputation in 2002 (e.g., Mahon, 2002; Wartick, 2002), although so far it seems no single definition is commonly accepted and Wartick's assessment of the state of the art when it comes to defining and theorizing reputation is perhaps the most comprehensive:

"…definitions and data are found to be lacking, and … many deficiencies in definition and data can be attributed to the fact that theory development related to corporate reputation has been insufficient." [4]

However, all these definitions do share underlying similarities and overall, three distinct clusters of meaning in the definitional statements have been identified in an article on the definitional landscape of reputation: reputation as a state of *awareness*, reputation as an *assessment*, and reputation as an *asset*[5].

2.1.1 *Awareness*

In this first cluster, definitions refer to a term or use language that indicates that though the observer or stakeholder is generally aware of a firm but no judgments are made about it. The single most commonly used term in this cluster was perception and the definitions found stated corporate reputations as an aggregation of perceptions: latent perception, net perceptions, global perceptions, perceptual representations, and collective representations.

Additionally, corporate reputations have been referred to as representations of knowledge or emotions since these indicate an awareness of the firm.

2.1.2 *Assessment*

Reputation as assessment is the second cluster, which is modal in this sample. Definitions that refer to a term or use language indicating observers or

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[4] Wartick, St., Measuring Corporate Reputation: Definition and Data (2002), p. 371 – 393;

[5] Barnett, M./ Jermier, J./ Lafferty, B., Corporate Reputation: The Definitional Landscape (2005)

stakeholders were involved in an assessment of the status of the corporation. References to corporate reputation as a judgment, a gauge, an evaluation, or an estimate – all four terms used synonymous in meaning – are included. Cluster two also encompasses references to esteem, in regard to how attractive the firm is and in which esteem the firm is held. In this context the terms 'opinions' and 'beliefs' fit in this cluster as well given the judgmental nature of their definitions.

2.1.3 *Asset*

The third cluster incorporates those definitions that refer to reputation as something of value and significant to the firm, hence the label asset. Within this group of definitions, references to the term as a resource or as an intangible, financial or economic asset are included. The previous definitions that frame reputation as awareness or assessment do not capture the concept of a firm's reputation having a real value. The question might occur whether these references are defining the idea of consequences of reputation rather than the reputation itself.

In these three clusters, Barnett, Jermier and Lafferty summarize a range of definitions of corporate reputation. There might be some overlap in the clusters although they are relatively distinct in its nature of meaning. Awareness does not imply an assessment; assessment does not imply transformation into an asset.[6]

One fundamental issue around the definition of reputation is that there is often confusion among concepts of corporate identity, image and corporate reputation. In existing literature there are different views on these concepts and their relation. Fombrun and van Riel[7] sought to subsume image and identity within reputation. From their perspective, image and identity are the basic components of reputation.

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[6] Barnett, M./ Jermier, J./ Lafferty, B., Corporate Reputation: The Definitional Landscape (2005)

[7] Fombrun, Ch. / van Riel C., The Reputational Landscape (1998)

Their integrative concept states image as the perception external observers have of the firm, whereas the perception of employees and management inside the firm presents the firm's identity.

The corporate reputation is therefore the net result of the aggregation of these perceptions: "*A corporate reputation is a collective representation . . . It gauges a firm's relative standing both internally with employees and externally with its stakeholders . . .*"[8]

Fombrun and Riel's approach is widely accepted though reputation, identity and image are still often used synonymously in publications.

Towards the end of the article of Barnett, Jermier and Lafferty they summarize definitions of 49 unique sources under their own definition which I would like to cite and follow in this thesis:

Corporate Reputation: Observers' collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time.[9]

Figure 1: Disaggregating Corporate Reputation
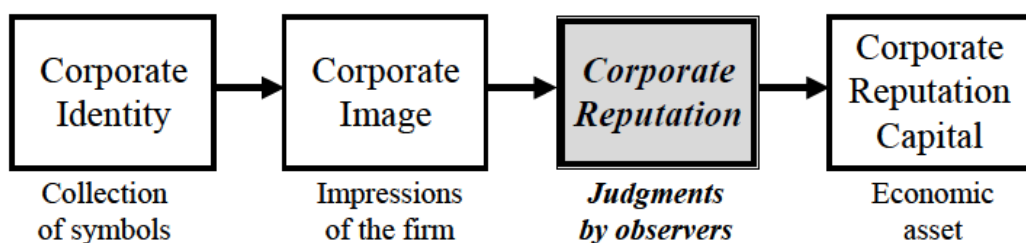
Source: Barnett, M./ Jermier, J./ Lafferty, B., Corporate Reputation: The Definitional Landscape (2005)

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[8] Ibid.

[9] Barnett, M./ Jermier, J./ Lafferty, B., Corporate Reputation: The Definitional Landscape (2005)

They provide two main justifications for their definition, which is first the definition of reputation found in the dictionary: *"the general estimation in which a person or a thing is held by the public"[10]*. This definition uses the term estimation which implies judgment or assessment.

Secondly, they have found that the frequency for unique definitional statements of assessment is greater than the frequencies for unique definitional statements for either awareness or assets amongst 49 separate sources of scholars who assigned themselves the task of defining corporate reputation precisely.

Their definition also goes along with the concept of corporate reputation being two dimensional which includes cognitive and affective components rather than the one dimensional concept that is proposing either a cognitive or affective component.

Hall[11] also combines cognitive and affective components by formulating that *"a company's reputation consists of knowledge and the emotions held by individuals."*

In general, the provided definitions in actual literature can be quite confusing and are very often overlapping in meaning. Thus, there is still a need for a precise definition of corporate reputation and a clear separation from the term corporate image and identity as shown in Figure1 as well as an agreement on reputation being a solely one dimensional concept of either an affective or cognitive component in contrary to the two dimensional concept of aggregating these two components, which I personally favor and follow in this thesis.

2.2 The Importance of Managing and Measuring Corporate Reputation

The lack of a commonly used definition has however not affected the concept of corporate reputation which is continuously growing in importance over the last years in terms of measurement and management. Companies have to worry about

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[10] The American Heritage Dictionary of the English Language (1971)

[11] Hall, R.,The Strategic Analysis of Intangible Resources (1992)

their reputation and therefore their corporate behavior given growing individualism within a globalized economy of markets, consumers and employees on the one hand and the consequences of globalized communication meaning worldwide live broadcasting through the web on the other hand. Their need, not only to take care of, but actively manage their reputation is not only valuable in terms of customers and clients but also as an employer who needs to be attractive for employees as well as for other stakeholders (e.g. investors).

Nevertheless, in the last years it has also been shown that a good reputation, if the right questions have been asked and consequences have been drawn in the circumstance of an unpleasant incidence, can be saved throughout a crisis. Two famous examples I want to state here are the product problems of Coca Cola (over the Low Countries contamination incident, plus the backfire of the expensive launch of its tweaked tap water Dasani); as well as the very bad media attention that McDonald's got over health aspects of its products, plus the drama of the Super-Size Me movie.[12]

Both these companies have taken their reputation crisis seriously and therefore not only worked on solving these specific issues but ever since have been very proactive in maintaining their reputation through positive actions. These two incidents also foster the following idea which states: corporate reputation is based on perception far more than on real knowledge, managing corporate reputation is not only, but primarily, a task of corporate communications.

Current research is consequently faced with measuring concepts of corporate reputation and its implications (e.g. *Fortune Magazine's* "Most Admired Companies"[13] (AMAC and GMAC), the *Reputation Institute's* "Reputation

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[12] Haywood, R., Corporate Reputation, the Brand & the Bottom Line: Powerful Proven Communication Strategies for Maximizing Value (2005)

[13] Hutton, C., America's Most Admired Corporations (2002), pp. 16-22

Quotient"[14] or a large number of European magazines' indices like Germany's
"*Manager Magazin* Imageprofile").[15]

To some extent, all of these mentioned above have been criticized. Schwaiger[16]
modeled reputation using a cognitive as well as an affective component, grounding
on a definition of reputation being an attitude related construct – which is as
mentioned above consistent with other definitions. Although satisfactory research
into organizational consequences has not been accomplished as with other
reputation indices, it has proven to be reliable and valid in explaining drivers for
reputation[17]

The model of Schwaiger[18] examines the effects of corporate reputation and how to
measure it. For the cognitive component, it refers to indicators that describe
rational outcomes of reputation. Such outcomes are for example: performance,
global reach and the perception as one of the top competitors. They summarize
these outcomes under the name "competence". The affective component is
referred to as all items that identify the assessment of emotions and image
towards a company or brand.

In my empirical analysis, I will try to cluster the questions also under similar
components which are useful in the context of this analysis.

2.3 The Benefits of Corporate Reputation

There are several benefits to be expected from a "good" reputation with different
stakeholders: higher customer retention[19], thus increasing repurchases and higher

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[14] Gardberg, N./ Fombrun, Ch., The Global Reputation Quotient Project: First Steps towards a
Cross-Nationally Valid Measure of Corporate Reputation (2002),pp. 305 f.

[15] For an overview of different measurement concepts see also Eidson/Master (2000), p. 18 or
Schwaiger (2004)

[16] Schwaiger, M., Components and Parameters of Corporate Reputation – an Empirical Study
(2004)

[17] ibid.

[18] Ibid,

[19] Caminiti, S., The Payoff from a Good Reputation (1992), p.88

product prices[20] lead to higher income on one hand, while on the other, lower costs are to be realized via a decrease in capital costs[21] and personnel costs via decreasing fluctuation[22]. In sum, this would lead to higher profitability for the "well reputed" firm which makes the whole concept of corporate reputation a sustainable intangible asset for the firm. And although the cited authors agree in the fact that reputation is a source of competitive advantage, and corresponding surveys show that US executives share this opinion of corporate reputation being one of the most substantial drivers of success[23], the empirical evidence on the consequences of a "good" reputation[24] is unfortunately weak.

As already mentioned and according to Caminiti, Dowling, Eidson/ Master, Preece et al. and Nakra as well as Stigler, Fombrun/ van Riel, Goldberg/ Hartwick, Lafferty/ Goldsmith, Klein/ Leffler, Milgrom/ Roberts, Beatty/ Ritter and Schwalbach, strong corporate reputation has the following positive effects:

- Strengthens position in war for talents and fosters employee retention[25]
- Decrease of production cost per unit[26]

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[20] Shapiro, C., Premiums for High Quality Products as Returns to Reputations (1983), p. 678.

[21] Beatty, R./ Ritter, J.R., Investment Banking, Reputation and Underpricing of Initial Public Offerings (1986), pp. 216f.

[22] Caminiti, S., The Payoff from a Good Reputation (1992) p. 49; Dowling, G. R., Managing Your Corporate Images (1986), p. 112; Eidson, C./ Master, M., Top Ten … Most Admired … Most Respected: Who Makes the Call? (2000), p. 17; Preece, St./ Fleisher, C./ Toccacelli, J., Building a Reputation Along the Value Chain at Levi Strauss (2005), p. 88; Nakra, P., Corporate Reputation Management: "CRM" with a Strategic Twist (2000), p. 35.

[23] Dunbar, R. L. M / Schwalbach, J., Corporate Reputation and Performance in Germany (2001); Hall, R.,The Strategic Analysis of Intangible Resources (1992)

[24] Roberts, P. W. / Dowling, Grahame R.: Corporate Reputation and Sustained Superior Financial Performance (2002), p. 1077.

[25] Caminiti, S., The Payoff from a Good Reputation (1992) p. 49; Dowling, G. R., Managing Your Corporate Images (1986), p. 112; Eidson, C/ Master, M., Top Ten … Most Admired … Most Respected: Who Makes the Call? (2000), p. 17; Preece, St./ Fleisher, C./ Toccacelli, J., Building a Reputation Along the Value Chain at Levi Strauss (2005), p. 88; Nakra, P., Corporate Reputation Management: "CRM" with a Strategic Twist (2000), p. 35.

- Increases customer confidence in products and services as well as confidence in advertising claims and buying decisions[27]
- Better customer retention[28] leads to price premiums and higher purchase rates[29]
- Better access to capital markets -> decreases capital costs[30] and lower procurement rates[31]

Hence it is actually obvious that all these effects aggregated – again lead to an increase a company's profitability if its reputation is growing.

Literature provides additional - more general - positive effects of a strong reputation such as advantages in negotiations with stakeholders or strengthening the company's strategic position in a competitive environment. In several studies[32] we can find a significant correlation between a manager's compensation and corporate reputation which is also backed by Ballen's[33] study which shows that management quality is a main driver of reputation.

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[26] Stigler, G., Information in the Labor Market (1962), p. 49- 73.

[27] Fombrun, Ch. / van Riel C., The Reputational Landscape (1998), p.6; Goldberg, M./ Hartwick J., The Effects of Advertiser Reputation and Extremity of Advertising Claim on Advertising Effectiveness (1990); Lafferty, B. / Goldsmith, R., Corporate Credibility's Role in Consumers' Attitudes and Purchase Intensions When a High versus a Low Credibility Endorser is Used in the Ad (1999);

[28] Caminiti, S., The Payoff from a Good Reputation (1992) p. 49; Preece, St./ Fleisher, C./ Toccacelli, J., Building a Reputation Along the Value Chain at Levi Strauss (2005), p. 88

[29] Klein, B./ Leffler K., The Role of the Market Forces in Assuring Contractual Performance (1981); Milgrom, P./ Roberts, J., Price and Advertising Signals of Product Quality (1986);

[30] Beatty, R./ Ritter, J.R., Investment Banking, Reputation and Underpricing of Initial Public Offerings (1986);

[31] Schwalbach, J., Image, Reputation und Unternehmenswert (2000)

[32] Winfrey, F./ Logan, J., Are Reputation and Power Compensation Differentials in CEO Compensation? (1998)

[33] Ballen, K., Americas Most Admired Companies (1992)

3. Definition, Development and the History of Franchising

3.1 General History of Franchising and Overall Perception

"The conventional wisdom that prevails in the West is that franchising provides a net benefit to the host market. In addition to the obvious economic benefits of employment, output, and tax, franchising development injects expertise and training in various industries and increases the entrepreneurial and managerial capabilities and skills of the labor force. The unique nature of international franchising may, however, create social pressures, cultural clashes, and perceived challenges to national cultures"[34]

Today franchising is a very common term – not only people with a background in business or economics but apparently every student in school might be able to explain the basic idea of franchising. No doubt McDonald's, being one of the first companies using this form of distribution and being most successful with it, is one valid reason for the global understanding of this term and its implications.
In this chapter I want to give an overview of the definition of franchising, the evolution and historical development as well as the different kinds of franchising systems that exist. Furthermore the history of franchising and it's regulation including a short history on the economy in both countries, Austria and Hungary are outlined.

In etymology the word franchise is derived from the French word "affranchir" which translates to affranchise/ enfranchise someone, meaning to exempt or disburden someone from taxes, dues or services to the lord in a feudal system.
The word roots in its stem "franc" which has several translations among two of them being "free" and "forthright".

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[34] Alon, I., Global Franchising and Development in Emerging and Transitioning Markets (2004), p. 156-167;

Historically, in the 12th century, therefore the term "franchising" appears in the context of a king or higher authority granting rights to do commerce or to develop or colonize a territory which belongs to the State.[35] Furthermore, it could mean granting liberty or immunity of an obligation meaning for instance being granted exemption from a restraint.

In the 17th and 18th century first in France, followed later by Great Britain and the USA, franchising already implicated a privilege which was granted to trustworthy individuals by the state or a king, to solely produce or trade certain goods which had been of special interest to the state or monarch in exchange of a fixed amount of money.

As a channel of distribution, franchising took its roots in the early 1800's in Germany in a brewery named Hans Best Munich Ale.
In the US, Isaac Merrit created one of the first franchise networks at Singer Sewing Machine in 1863. The first machines had over 800 moving parts and Singer needed a vehicle for warranty work, so they established a network of franchisees to repair and also sell the sewing machines[36].

However, modern franchising as we know it has successfully been implemented by Ray Kroc, founder of McDonald's Inc. in 1955. Since then, the term franchising has mostly been used in a business context, indicating the distribution of a brand name and a product/service through a network. Although successfully followed by many brands and companies, Ray Kroc's name and therefore also McDonald's, still remain inseparably tied to the term franchising until today.[37]

Modern franchising has many different forms and goes beyond its initial idea of providing property and selling rights of a brand/product or service as well as the associated knowledge.

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[35] http://www.eff-franchise.com/spip.php?rubrique6 [11.06.2012]

[36] Skaupy, W.: Begriffsbestimmungen, in Praxishandbuch Franchising (2003), § 2, Rn. 8 ff.

[37] http://www.foerderland.de/775.0.html#c5734 [11.06.2012]

3.2 Definition of Franchising

There are several definitions to be found in literature. In fact the term "franchising" has no copyright which means it can be used for various forms of cooperation without implicating the integration of the applied terms and rights which are mentioned in the definitions below.

The International Franchise Association provides the following definition on the term franchising:

A franchise is the agreement or license between two legally independent parties which gives:

- a person or group of people (franchisee) the right to market a product or service using the trademark or trade name of another business (franchisor)
- the franchisee the right to market a product or service using the operating methods of the franchisor
- the franchisee the obligation to pay the franchisor fees for these rights
- the franchisor the obligation to provide rights and support to franchisees[38]

Another definition can be found in the European Code of Ethics for Franchising by the European Franchising Federation (EFF) on the website of the British Franchise Association:

Franchising is a system of marketing goods and/or services and/or technology, which is based upon a close and ongoing collaboration between legally, and financially separate and independent undertakings, the franchisor and its individual franchisees. The franchisor grants its individual franchisees the right, and imposes

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[38] http://franchise.org/franchiseesecondary.aspx?id=52625 [12.06.2012]

the obligation, to conduct a business in accordance with the franchisor's concept. The right entitles and compels the individual franchisee, in exchange for a direct or indirect financial consideration, to use the franchisor's trade name, and/or trade mark and/or service mark, know-how(*), business and technical methods, procedural system, and other industrial and/or intellectual property rights. This is supported by the continuing provision of commercial and technical assistance, within the framework and for the term of a written franchise agreement, concluded between parties for this purpose.[39]

(*)"Know-how" means a body of non-patented practical information, resulting from experience and testing by the franchisor, which is secret, substantial and identified;

"Secret" means that the know-how, as a body or in the precise configuration and assembly of its components, is not generally known or easily accessible; it is not limited in the narrow sense that each individual component of the know how should be totally unknown or unobtainable outside the franchisors business;

"Substantial" means that the know-how includes information which is of importance for the sale of goods or the provision of services to end users, and in particular for the presentation of goods for sale, the processing of goods in connection with the provision of services, methods of dealing with customers, and administration and financial management; the know-how must be useful for the Franchisee by being capable, at the date of conclusion of the agreement, of improving the competitive position of the franchisee – in particular by improving the Franchisee's performance or helping it to enter a new market.

"Identified" means that the know-how must be described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfills the criteria of secrecy and substantiality; the description of the know-how can either be set out

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[39] http://www.thebfa.org/about-bfa/code-of-ethics [11.06.2012]

in the franchise agreement or in a separate document or recorded in any other appropriate form.

Hence, the term most commonly used to refer to this type of commercial relationship is "business format franchising".
The franchisor's "business format franchise" necessarily comprises the following 5 essential elements[40]:

1. A brand name (registered as a brand name and/or a trademark, etc.) which serves as the umbrella sign for network, and a rallying sign for the consumer and public),

2. a license to the use the brand, granted to the franchisee by the franchisor,

3. a business system – a business concept formatted into a duplicable value "package" founded on the franchisor's tested know-how and his continued assistance during the term of the agreement),

4. payment by the franchisee of a financial consideration, either in a direct form, such as an entrance fee and/or continuing fee ("royalty"), and/or an indirect form such as a mark-up on supplied goods,

5. the investment in, and ownership of, the assets of the franchised business by the franchisee

Overall the franchisor/ mother company chooses to operate its network entirely as a franchise, or combine franchising with company-owned outlets and has a variation of approaches to do so.

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[40] Mendelsohn, M., Franchising Law, Kluwer (2004)

3.3   **Different Variations of Franchising:**

Depending on contextual focus and different characteristics, franchising can be divided into various types. Most common is to differentiate the type of franchising according to the nature of its business[41]. We can identify three different options for this which are the production of single or multiple products, the distribution of single of multiple products and the provision of a service.

Based on these differentiations, three main types of franchising can be classified:

1. manufacturing franchise
2. product franchise
3. business format franchising

3.3.1 *Manufacturing Franchise*

These types of franchises, which are also called industrial franchise[42], provide an organization with the right to manufacture a product and sell it to the public, using the franchisor's name and trademark. This type of franchise is found most often in the food and beverage industry, but can be applied to other industries. The advantage is the possible proximity of production to sales outlets which makes it so popular in the above mentioned industries. Examples of Manufacturing Franchises include: Coca-Cola and Pepsi Cola.

3.3.2 *Product Franchise*

Manufacturers use the product franchise to govern how a retailer distributes their product. The manufacturer grants a franchisee the authority to distribute goods by

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[41] Skaupy, W., Franchising (1995), p. 30

[42] Skaupy, W., Franchising (1995), S. 32 f

the manufacturer and allows the owner to use the name and trademark owned by the manufacturer. In return, the franchisee must pay a fee or purchase a minimum inventory of stock for these rights. Examples of Product Franchises include: Goodyear, Jaques's Weindepot, and Ford Motor Company.[43]

3.3.3 *Business Format Franchise*

This is the most popular franchise systems where the company/ franchisor provides its business partner with a proven method and marketing concept for operating the business under the brand and trademark of the franchisor. In general a significant amount of knowledge and support is granted to the franchisee in order to operate and manage the business successfully. Again a fee has to be paid in return for this assistance and provision of rights.
The business format franchise is also the most common kind of franchising with very popular examples like McDonald's, Burger King, Taco Bell, Vapiano and many more.

3.3.4 *Mixed Forms*

In reality the aforementioned formats may appear in a mixed form such as in a business format franchise, the franchisee can be legally bound to purchase certain products or components directly from the mother company and can be obliged to promote these products specially in order to push their sale. Given the main focus of the franchise, classification can be done by using the main business as the relevant characterization. For example, in the aforementioned scenario, provision of service is the main business of the franchise next to selling certain products with highlighted focus. This means the franchise can be mainly classified as business format franchise although it has characteristics of a product franchise as well.

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[43] http://www.franchiseperfection.com/about-franchise-types.htm [12.06.2012]

The below overview shows the constellations which are possible in general[44]:

Table 1: General overview of popular franchise constellations

Franchisor	Franchisee	Type of franchise
manufacturer	retailer	product franchise
manufacturer	wholesaler	product franchise
wholesaler	retailer	product franchise
service center	individual service retailer	business format franchise
wholesaler	manufacturer & retailer	manufacturing franchise

Source: own illustration

3.4 Differentiation Characteristics from Related Forms of Organizations

Franchising is separated from related models of distributions by five elementary characteristics:[45]

1. decentralized ownership and financing
2. compensation structure with high profit and loss participation of the franchisee
3. responsibilities
4. adoption of a comprehensive brand
5. transfer of non-patent know-how

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[44] Schallmo, D., Grundzüge des Franchising und Umsetzungsbeispiele (2003), S. 6

[45] Kubitschek, C., Die Erfolgsfaktoren des Franchising (2001), S. 672 f.

According to these characteristics there are two related forms of organizations evolving besides franchising: branch network and contracted dealership.

3.4.1 *Branch Network (Company Owned Outlets)*

The most common way of a company to nationally and maybe even internationally expand is to open branches in other locations, cities and countries.
These branches are in full legal and financial ownership of the mother company and operate as outlets.

3.4.2 *Contracted Dealer*

This is also a very common approach where a dealer is used to sell the goods/services locally for the company but appears in the market under its own name and brand. Different compensation models might be possible, depending on the kind of product/service sold starting from sales related to a classic wholesale model, where the dealer buys the products to a wholesale price from the company and sells them to a retail price.

The central and distinctive feature of franchise organizations is the presence of both market-like and firm-like qualities.[46]

The following overview will show the model of organization depending on the characteristics involved:

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[46] Norton, S., An Empirical Look at Franchising as an Organizational Form (1988), S.198

Table 2: Overview model of organization of franchise and two popular related networks

	franchising	branch network	contracted dealer
ownership/ financing	agent	principal	agent
compensation	profit/ loss related	fixed salary	profit/ loss related
responsibilities	implementation of existing concept	implementation of existing concept	product sales
brand	standard appearance/ standard brand	standard appearance/ standard brand	different appearance/ standard brand
know- how transfer	very distinctive	very distinctive	partially distinctive

Source: own illustration

3.5 Regulation of Franchising

In the United States there is a clear regulation of franchising by law whereas in Europe there are no specific laws governing franchising except for in France. In general it is regulated through standard commercial and international trade laws, competition, intellectual property and foreign investment law and supplemented with the Codes of Ethics issued by the country's and European Franchise Federation (a federation of European Franchise Associations).

Summarized, this means in European countries franchising is regulated by a combination of the Code of Ethics issued by the country's franchising association and commercial laws.

3.5.1 *European Franchise Federation (EFF)*

Founded in 1972, the European Franchise Federation is a European Union (EU) - independent, international non-profit association which operates as the single representative organization for the franchise sector in Europe.

Its membership is constituted by those national franchise associations which are recognized as being the single and most representative franchise association from the countries of Europe which include the EU Member States as well as those countries that are not members of the EU but that are potential members, or that have some official link with the EU.[47]

According to the association's website[48], the European Franchise Federations pursues the following aims:

- definition and description of the meaning, mechanics and economic potential of business format franchising also known as commercial franchising
- setting of ethical standards to a franchise contract upon the relationship of franchisor and franchisee is grounded, starting from its pre-contractual to its post contractual stage
- promotion and defense the strengths and specificities of franchising to any international bodies, national authorities or European institutions by whose legislative actions it could be affected
- circulation and communication of relevant information among the members and thereby forge a collective and common stand on issues of importance

Furthermore, the federation seeks:

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[47] http://www.eff-franchise.com/spip.php?rubrique14 [11.06.2012]

[48] http://www.eff-franchise.com/spip.php?rubrique14 [11.06.2012]

- the establishment of a community of all national franchise associations in order to share experience especially valuable for growing and small associations
- monitoring and sharing of development and information on each other's franchise associations including national legislation
- exchange of relevant contacts and information aiming to better service its franchisor members on the markets they are targeting for international development
- promotion of ethical practices in franchising, in relation to its membership and also as a common standard to look up to for franchise associations in formation

In addition, the European Franchise Federation cofounded together with the International Franchise Federation from the USA as well as other franchise associations, the World Franchise Council (WFC) in 1995.

3.5.2 *European Code of Ethics for Franchising*

The European Code of Ethics for Franchising was founded in 1972 with the purpose of promoting a self-regulatory set of ethical standards by which the actors of the industry themselves define the means of protecting its practice from behavior which could otherwise be unfavorable to its image and ultimately to its business development.[49]

In the 1980's the Code of Ethics was recognized as an example of its kind, both in its definition of franchising and in its responsible practice of this form of distribution, by the EU and the European Court of Justice.

By becoming a member of the EFF, every association and respectively all their franchisor members commit themselves to respect and promote the principles of the Code of Ethics.

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[49] http://www.eff-franchise.com/spip.php?rubrique7 [11.06.2012]

The Code of Ethics can be amended if necessary to reflect the status of a continuously evolving sector as well as to include the eventually growing number of ethical principles adopted by national associations given their adaption to the evolution of their local franchising markets which might also be of benefit to the other markets and associations.

Although there is just one standard version of the Code of Ethics to which each association adheres when joining the EEF, there is the possibility for each national association to build up a number of national provisions alongside, which may be necessary to franchising and its community in this country.

These provisions are called national annexes and they may not contradict nor minimize the scope and terms of the European Code and before nationally applied, they must be submitted for commentary to the governing bodies of the EEF.

In practice, not every association has their own set of national annexes but some may have simply transposed and adopted annexes from other associations for their own use. These annexes can be found and downloaded on the national associations' websites.

The Code of Ethics has furthermore served as a source of the Principles of Ethics adapted by the World Franchise Council.

3.6 Franchising in Austria and Hungary

3.6.1 *Short History on the Economy of Austria and Hungary*

Before I go into detail on how franchising is regulated in Austria and Hungary, I want to give a very brief overview on Austria's and Hungary's economic development after the First World War and therefore the end of the Austrian-Hungarian Monarchy.

The Austrian Hungarian Monarchy was officially founded on 15th March 1867.
[50]From this day on, Austria and Hungary were both equal parts of this monarchy
under Emperor Kaiser Franz Joseph I of Austria, who was crowned, together with
his wife Elisabeth, King and Queen of Hungary, on 8th June 1867 in Budapest.

Being the second biggest state of Europe after Russia, Austria-Hungary was an
important and powerful state not only politically but also economically. Soil was
fruitful and there was plenty of industry, well developed infrastructure including
important sea harbors. In fact there was not much need for external trade and
foreign commerce due to the favorable conditions.

However, political disagreements and problems within the different nations
inevitably led to the beginning of the First World War in 1914 and therefore to the
end of the Austrian-Hungarian Monarchy in 1918. [51]

3.6.2 *Economic Development of Austria after 1918*

With the end of the First World War and respectively the Austrian-Hungarian
Monarchy, the democratic republic of Austria was founded on the 21st October
1919. The economic consequences of the war had been severe and due to
hyperinflation the Austrian Krone had been replaced as the national currency by
the Schilling in 1924. After that there was a short time of recovery but it only lasted
till the worldwide economic crises in 1929 which lead to an unemployment rate of
up to 25 percent in the following years. Austria had to seek for support and joined
Germany in 1938 under Adolf Hitler for the Second World War.
In 1945, the war ends and the allies invade Austria as well as the restitution of the
second republic of Austria is proclaimed. After the Second World War, Austria's
economy is down and the country receives the second highest aid per capita of
funding after Norway due to the Marshall plan. The economy only recovers very

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[50] http://www.oesterreich.com/de/geschichte/doppelmonarchie-oesterreich-ungarn [14.06.2012]

[51] Kleindel, W., Öesterreich: Daten zur Geschichte und Kultur (1995)

slowly and is mainly characterized by scarcity of resources. Beginning around 1955 the so-called "Golden Age" started which lasted until the 1970s and brought enormous economic growth to Western Europe and Asia which was mainly due to the economic supremacy of the USA and liberalization of trade through certain institutions such as GATT (General Agreements on Tariffs and Trade) or the EEC (European Economic Community). Austria was able to profit tremendously of these circumstances until the next crisis in the 1970s. Even then, Austria managed to preserve the policy of full employment and stability of prices though at the expense of national debt[52]. Parallel to that the state-owned industry went down due to weakening demand of commodities and the rise of convenience products. In the 1990s consequences were drawn and most of the state-owned industry has been privatized. Meanwhile further milestones were the fall of the iron curtain in 1989 and Austria's accession to the European Union in 1995. Both these incidents brought great economic opportunities for Austria amongst them further liberalization of markets and export possibilities towards the east and the fellow EU countries. Since then Austria is part of the international economic situation which is mainly dominated by the financial crises in 2009 and its aftermaths.

3.6.3 *History and Development of Franchising in Austria*

The first McDonald's franchise restaurant was opened in Vienna in 1977 and exists until now in the same location. Burger King declares to have opened its first restaurant in Austria in 2000, although they have opened at two locations in the 1980's without any success and therefore closed the two restaurants after a short time.
In the middle of the 1980's, 40 franchise systems existed in Austria. In 1987, the Austrian Franchise Federation was founded due to an initiative of the European Franchise Federation. Current numbers from 2010, already 420 active franchise

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[52] Dirninger, C., Zum Wandel in der ordnungspolitischen Dimension der Finanzpolitik (2007), p. 371

systems whose concepts are operated by 6700 franchisees, exist in Austria[53] and the forecasts are positive that this number is growing.

3.6.4 *Economic Development in Hungary after 1918*

With the end of the Austrian – Hungarian Monarchy after the First World War, Hungary lost about 70% of its territory along with one third of its ethnically Hungarian population due to the treaty of Trianon of 1920 that officially ended the war. The Hungarian democratic republic was proclaimed on the 16 November 1918 under its first president Count Mihály Károlyi and under Bela Kun. Both didn't last very long and nominally Hungary was still a monarchy that was run by Miklos Horthy as imperial vicar. In the 1930's Hungary was more and more drawn towards the nationalistic leadership Germany's and finally joined the tripartite agreement in 1940. It supported Germany in its invasion of Yugoslavia, regaining some more territories, and also participated in the war against the Soviet-Union from 1941until 1945. Due to extremely heavy losses by 1943, the Hungarian government sought to negotiate surrender with the allies. The war left Hungary devastated, destroying over 60% of the economy and causing huge loss of life.[54]
On 13 February 1945, the Hungarian capital city surrendered unconditionally. By the agreement between the Czechoslovakian president Edvard Beneš and Joseph Stalin, expulsions of Hungarians from Czechoslovakia and Slovaks from Hungary started.[55]
As Nazi Germany fell, the Soviet troops occupied all of Hungary, and the country gradually became a communist satellite state of the Soviet Union.
Economically, Hungary became communistic in the socialist regime under János Kádár as minister of state from 1956 until 1988. However, although he was a communist, he was the one starting to produce consumer goods and food in

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[53] http://www.franchise.at/franchise-oesterreich [12.06.2012]

[54] Bogyay von, Th., Grundzüge der Geschichte Ungarns (1967)

[55] Borhi, L., Hungary in the Cold War, 1945–1956: between the United States and the Soviet Union (2004)

greater volumes and reduced military production to one tenth of the pre-revolutionary level. In 1968, he also followed the New Economic Mechanism (NEM) which introduced free market elements in the socialist command economy. Therefore, from the 1960s until the 1980s, Hungary was one of the more liberal countries of Eastern Europe with a relatively high standard of living, a less oppressed press and more liberal economy which is also know under the name Goulash communism.[56]

In 1990 Hungary held its first multi-party elections which transformed its centrally planned economy into a market economy. Foreign ownership and foreign investment are both widespread in Hungarian firms and Hungary has to reduce government spending and further reform its economy in order to meet the 2020 target date for accession to the euro zone.[57]

3.6.5 *History and Development of Franchising in Hungary*

Franchising in Hungary has existed since the late seventies/early eighties, but only from 1989 after the fall of the iron curtain and its socio-economic changes made it possible for the conditions which enable franchising as we know it and refer to it in this thesis. Prior to that, during the time of communism, state owned companies had agreements with franchisors mainly operating in the field of tourism such as hotel chains and rental-car services, which established their businesses this way.[58]

Even McDonald's had to enter the Hungarian market as a joint venture, partnering with the largest farm which was directed by one of the members of the Central

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[56] Stokes, G., The Walls Came Tumbling Down: The Collapse of Communism in Eastern Europe (1993)

[57] http://www.realdeal.hu/20110207/hungary-eurozone-entry-unimaginable-before-2020-says-pm-orban/ [08.08.2012]

[58] Magyar Franchise Szövetsĕg (Hungarian Franchise Association), http://www.franchise.hu/index.php?hir=14 [11.06.2012]

Committee of the Hungarian Socialist Workers' Party (the local version of the communist party) who became the partner of the company.

In 1991 the Hungarian Franchise Association was founded, counting 17 companies operating in different fields of franchising. McDonald's was one of the initial companies and is the only one still a member of the association until today.

Since then there has been huge development and so today there are about 300-350 companies in Hungary which qualify themselves as franchises. However amongst many of them, the term is misused in order to market and sell their companies and products more successfully. They actually do not meet the criteria defined by the Hungarian Franchise Association meaning they are neither financially nor legally independent companies nor partnerships.

4. History of Burger King

4.1 General Company History and Development of Company Culture

Burger King was founded in 1954 by James W. McLamore and David Edgerton in Miami, USA. The basic concept has always been grilled beef over an open flame, which differentiates it from its competitors. Their signature burger "whopper" was introduced only three years later and is until now there most popular product. In 1961 the founders also bought the franchise rights for the USA and foreign countries – this was the starting point for their international expansion. The first restaurant opened outside of the USA was in 1963 in Puerto Rico. 1967, Burger King had already opened more than 260 restaurants in the USA and the company was sold to the Pillsbury Company. The first European restaurant was opened in Madrid 1975 and started the European expansion.

In 1997, Pillsbury was merged together with Guinness by the British Company Diageo PLC who soon, namely in 2000, announced to erase Burger King from their portfolio. This led to the fact that the company was sold, in 2002 to a consortium of US investment companies for $1.5 billion. Furthermore, the ownership changed again in 2010 and the company is now owned by a financial investor, named 3G based in New York.[59] With all these ownership changes, restructuring and internal changes went hand in hand.

A major difference towards its biggest competitor McDonald's is that Burger King has historically used several variations of franchising. The manner in which the company licenses its franchisees varies depending on the region, with some regional franchises, known as master franchises, responsible for selling sub-licenses on the company's behalf.[60] The most famous of these master franchises is called Hungry Jacks in Australia with over 300 locations. When Burger King

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[59] http://www.bk.com/en/us/company-info/about-bk.html [08.08.2012]

[60] http://companies.jrank.org/pages/711/Burger-King-Corporation.html [08.08.2012]

moved to expand its operations to Australia, it found out that its trademark Burger King already existed. Due to this fact the company offered its Australian franchisee a list of names which were already pre-registered under the Burger King Corporation, and hence the name Hungry Jack's was picked. Since the franchise system was not as strictly enforced as it is at McDonald's, it generated problems with powerful franchisees especially in the 1970's. Several of these incidents have degenerated into precedent- setting court cases.[61]

At the end of the fiscal year 2011, Burger King reported it had more than 12,400 outlets in 73 countries. Of these 66% are located within the US and 90% are privately owned and operated. Their total revenue in 2010 was $2.3 billion.

Funnily, the first milk shake mixing machine that was sold to the owners of the first Burger King restaurant was sold by Ray Kroc. It was the same Ray Kroc, who later took interest in the McDonald's fast-food restaurant chain and made it the most successful fast-food company, and creating Burger King's biggest competitor.

During my research for this thesis, it was quite remarkable how much harder it is to obtain consistent information on Burger King. For example, it is quite hard to get local numbers of any kind since Burger King doesn't publish any local fiscal information and claims not to know the exact numbers of employees in several countries.

4.2 History and Development of Burger King in Austria

Burger King opened its first restaurant in Austria already in the 1980s in Vienna and Innsbruck but had to close them down soon after their opening.
It was not until the year 2000 that they started again with a restaurant in Vienna in one of the biggest shopping malls. Today there are 32 Burger King restaurants in Austria. I could neither obtain official revenue nor employee numbers for Burger

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[61] http://en.wikipedia.org/wiki/Burger_King [08.08.2012]

King Austria but in an article in an Austrian economic newspaper, called Wirtschaftsblatt, they claim to have information from insiders which state the approximate revenue in Austria of more than $50 million.

4.3   History and Development of Burger King in Hungary

The first Burger King restaurant in Budapest, Hungary in 1991 was also the first restaurant to open in Eastern Europe.[62]
Currently there are 30 Burger King restaurants operated by franchisees. Unfortunately, neither, further information on revenue nor number of employees is shared officially from Burger King on Hungary.

5. History of McDonald's

5.1   General Company History and Development of Company Culture

The first McDonald's restaurant was opened on 15th May 1940 in San Bernardino, California by two brothers named Richard and Maurice McDonald.
In 1954, Ray Kroc, a salesman for milk shake mixers, was so convinced by the concept of self-service and even more by the innovative and rational production of hamburgers, that he proposed the two McDonald' brothers would open further restaurants of this kind under the same name. He would be in charge of the expansion of the system and they would remain in control of the burger production and get a fixed share of all the profits. This is basically the beginning of the franchise system as we know it today. Ray Kroc was a very sound businessman and managed to expand McDonald's business, due to strategic partnerships with companies like Coca-Cola and Walt Disney. The collaboration worked quite well until 1961, when Ray Kroc bought the rights for the McDonald's brand for $2.7

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[62] http://investor.bk.com/phoenix.zhtml?c=87140&p=irol-newsArticle&ID=1230281&highlight
[08.08.2012]

million.[63] His designated goal was to make McDonald's the number one fast-food chain in the country.

In 1967, the first two restaurants outside the USA opened in Canada and Puerto Rico. On the contrary to the US, where McDonald's stands for cheap, low-quality fast food, McDonald's managed to convey another and better image in other parts of the world due to a clean, friendly atmosphere, transferring the American way of life.

The worldwide expansion and success of McDonald's continues until today. In the meantime, McDonald's is not only one of the most successful company's worldwide but also is a synonym for franchise business and lifestyle.

In 1986 the business magazine "The Economist" invented the "Big Mac Index" that is based on the theory of purchasing-power parity: in the long run, exchange rates should adjust to equal the price of a basket of goods and services, in this case one big mac, in different countries.[64] Today it is a worldwide commonly used index which is just another proof of how much influence McDonald's had and has as a company, not only within its industry but also in general economics.

Today, McDonald's operates in 119 countries worldwide with more than 33,500 local restaurants serving nearly 68 million people each day. More than 80 percent of these restaurants are owned by local franchisees.[65]

They generate global revenues of $27 billion and their profit is $5.5 billion, employing 400,000 people worldwide in 2010 due to Google analytics[66] and McDonald's own financial statement on their website.

McDonald's company culture is mainly characterized by its mission & value statement which is summarized by the company in the following paragraph:

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[63] www.mcdonalds.com [08.08.2012]

[64] http://www.economist.com/node/21542808 [08.08.2012]

[65] http://www.aboutmcdonalds.com/mcd/investors/company_profile.html [08.08.2012]

[66] http://www.google.com/finance?q=NYSE:MCD&fstype=ii [08.08.2012]

Our worldwide operations are aligned around a global strategy called the Plan to Win, which center on an exceptional customer experience – People, Products, Place, Price and Promotion. We are committed to continuously improving our operations and enhancing our customers' experience.[67]

Every franchisee worldwide has to follow global or regional strategies, mission & values 100%. This might also be the secret of the company's successful implementation of the McDonald's system.

In 2009 McDonald's started a rebranding of the company color in Europe, switching the background of the "Golden Arches" from red to green. Europe has become the biggest contributor to the global revenue with a 40% share. The company has adapted to the actual trend towards the growing importance of a healthy nutrition and learned from its bad press and media due to unhealthy consequences of their food and is now focusing on informing its customers about nutritional values and introducing "healthy choices" especially for kids. The color change to green is the visual manifestation of this change. The introduction of McCafé has been another successful milestone in Europe which turned out to be very successful even though coffee shops like Starbucks have invaded Europe for quite some time.

In my opinion, one of the reasons for McDonald's good reputation is their excellent corporate communication. Information on every part or department of the company can be read and downloaded on the global and/or local websites including financial statements/ reports, reports on social work, production process and suppliers, employee trainings possibilities and franchise conditions. This openness fosters trustworthiness since the customer gets the impression the company has nothing to hide.

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[67] http://www.aboutmcdonalds.com/mcd/our_company/mission_and_values.html [08.08.2012]

5.2 History and Development of McDonald's in Austria

The first McDonald's restaurant in Austria was opened in 1977 in Vienna and it exists until today. Back then, almost nobody knew McDonald's but the skepticism towards the unknown didn't last long and against all odds, McDonald's lasted on the fast-food market which then of course didn't exist as we know it today. Presently 85% of all Austrians are customers at McDonald's and their annual revenue in 2011 was €515 million representing a net growth of 7% and was the most successful year in McDonald's 35 year history in Austria.[68] The 179 McDonald's restaurants in Austria are operated by 52 franchisees and employ around 8500 people. For 2012 the plan is to further expand up to 10 additional restaurants.

5.3 History and Development of franchise network in Hungary

In Hungary McDonald's was basically opening its first restaurant even before the fall of the iron curtain, in 1988. A joint venture with Hungary's largest farm that was run by one of the members of the Central Committee of the Hungarian Socialist Workers' Party (the local version of the communist party), who became partner in the company was the only way to enable the restaurant. The first restaurant opened in a communistic country before though, was opened in Belgrade, Serbia (former Yugoslavia) just some months earlier.
Today McDonald's has around 100 restaurants in Hungary from which 50% are company owned and the other 50% are franchise restaurants. In 2010, McDonald's employed 5,000 people in Hungary from which 50% were students and the net revenue was around $90 million.

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[68] http://www.mcdonalds.at/presse/maps/Pressemappe_Jahrespressekonferenz_2012.pdf
[08.08.2012]

6. Research Context and Objectives

The purpose of the survey is to find if there is a difference in reputation of franchise restaurants in two cultural different countries, such as Austria and Hungary. Comparing the history of both countries, Austria being a liberal market economy since a long time and Hungary being a communist country until 1989, I am interested in the impact of these circumstances on two US franchise fast-food chains. Not only, the cultural differences due to different countries will be examined but the two different brands and their correlation will be checked for differences in reputation. I am interested on how different the consumers are, coming from different backgrounds, countries and lifestyles or are whether we are the same after all. Also, is the effort both companies take on to distinguish themselves from one another, actually rewarded in the end? What factors influence the reputation i.e. age, education, gender and how much influence do they actually have.

7. Empirical Analysis of Reputation

7.1   Data Collection

The examined data includes 120 individuals who have been personally interviewed. In each country, interviews were conducted with McDonald's and Burger King Customers right after their dining experience in front of the restaurant. Per country 30 complete questionnaires per brand were collected. In Austria, 52 McDonald's consumers were contacted of which 41 were qualified and 30 completed the survey. For Burger King, 46 consumers were contacted in Austria of which 37 were qualified and again 30 completed the survey.
In Hungary, 82 customers were contacted after their visit in a Burger King restaurant of which 30 were qualified and completed a survey. For McDonald's, 74

customers were contacted of which 30 were qualified and again completed the survey.

7.2 Statistical Methods

The following analyses are done using two statistical methods, namely two-factor analysis of variance (two-factorial ANOVA), two-factorial analysis of covariance (two-factorial ANCOVA), χ^2-test and Pearson product-moment correlation.

7.2.1 *Two-Factorial ANOVA*

The two-factorial ANOVA is a statistical test which examines if the means of two or more groups are all equal. By using the two-factorial ANOVA three hypotheses can be tested at once, whereby the first two hypotheses verify if the means of the main factors are part of the same population while the third hypothesis, also called the correlation hypothesis, examines if a certain combination of the main effects has a significant influence on the mean, indicating basically if any interaction exists.

In order to conduct two-factor analysis of variance, one must make the following assumptions:

- The populations from which the samples were obtained must be normally or approximately normally distributed
- The samples must be independent
- The variances of the population must be equal (homogeneity of variance)
- The groups must have the same sample size

If the sample size is sufficiently large enough (n>30) normal distribution can be assumed. Homogeneity of variance can be verified by using Levene's test[69].

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[69] Bortz, J./ Döring, N., Forschungsmethoden und Evaluation (2006), p. 289

7.2.2 *Two-Factorial ANCOVA*

Covariance is a measurement of how much two variables change together and how strong the relationship is between them.[70] ANCOVA evaluates whether population means of a dependent variable (DV) are equal across levels of a categorical independent variable (IV), while statistically controlling for the effects of other continuous variables that are not of primary interest, known as covariates (CV). Therefore, when performing ANCOVA, we are adjusting the dependent variable means to what it would be if all groups were equal on the covariates[71]. Comparing analysis of covariates and analysis of variance it can be examined quickly if the effects lead back to the covariates or if the covariates conceal the effects.[72]

7.2.3 *Chi-square Test or X^2 test*

Pearson's chi-squared test is used to assess whether two variables are independent of each other. These variables have to be measured on a nominal scale and the expected cell count should be greater than 5[73]. The significance level is set at 5% and evaluation is done using the statistical software SPSS 20.0[74]

7.2.4 *Pearson Product-Moment Correlation*

Pearson product-moment correlation is used to measure the correlation (linear dependence) between two variables *X* and *Y*, giving a value between +1 and −1

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[70] Howell, D. C., Statistical methods for psychology (2009)

[71] Keppel, G./ Wickens, Th., Design and analysis: A researcher's handbook (2004)

[72] Bortz, J./ Döring, N., Forschungsmethoden und Evaluation (2006), p. 373

[73] Bortz, J / Döring, N., Forschungsmethoden und Evaluation (2006), p. 154

[74] Bühl, A., SPSS 20: Einführung in die moderne Datenanalyse. München. Pearson Studium - Scientific Tools (2011)

inclusive *coefficient. The assumption underlying is that v*ariables are measured at the interval or ratio level (continuous), variables are approximately normally distributed (since the sample size is n>30, this is assumed)[75] .

7.3 **Test of Hypotheses**

7.3.1 *Hypotheses*

The following hypotheses are built based on the theoretical background of reputation being an aggregation of an affective and cognitive component which are both influenced by the fact that both the two countries, Austria and Hungary, have a very different cultural and historical background and the two companies, McDonald's and Burger King, have a quite different approach on their own corporate communications.
Regarding the theoretical context about reputation in Chapter 2, the questionnaire is separated in three sections.

7.3.1.1 *Hypotheses for Section 1:*

Section 1 covers the affective component of the reputation. The questions asked, are about the personal perception of the customer on the market position and the image of this particular brand. The answers are neither based on the actual dining experiences nor on 'real, hard' facts but rather on a very personal judgment and evaluation of publicly available information about the company through the media as well its own corporate communications:

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[75] Bortz, J./ Döring, N., Forschungsmethoden und Evaluation (2006), p. 224

<u>For section 1, the following three hypotheses are built and tested:</u>

Hypothesis 1a:

"There are differences in perception of market position and image for the franchise system in both countries."

 Hypothesis 1b:

"There are differences in perception of market position and image for the franchise system between brands."

Hypothesis 1c

"There is a correlation of country and brand in the evaluation of perception of market position and image for the franchise system."

7.3.1.2 Hypotheses for Section 2:

The cluster of questions asked in section 2, are examine how well each brand has been able to build up customer retention and brand identification. These question cover amongst others, the perception of the customer on the company as one of the top competitors and therefore evaluate the rational outcomes of a company's reputation and the company's competence. This section covers a cognitive component of reputation which is rather based on knowledge than on emotional perception.

<u>The following hypotheses for section 2 are built:</u>

Hypotheses 2a:

"There is a difference in customer retention and brand identification in the countries Austria and Hungary"

Hypotheses 2b:

"A difference exists between the brands McDonald's and Burger King concerning customer retention and brand identification"

Hypotheses 2c:

"There is a correlation of country and brand concerning customer retention and brand identification"

7.3.1.3 Hypotheses for Section 3

The last section of the questionnaire seeks the customer's opinion on his/her brand experience in the particular visited restaurant. These questions again are answered based on hard facts or knowledge gained in the actual dining experience and are therefore part of the cognitive component of the company's reputation.

The hypotheses for section 3 are:

Hypothesis 3a:

"There is a difference in personal brand experience depending on country"

Hypothesis 3b:

"There is a difference in personal brand experience depending on the brand visited"

Hypothesis 3c:

"There is a correlation between country and brand regarding personal brand experience"

7.3.2 *Sampling*

The average age of all customers interviewed is 27.9 years (SD = 10.7). In the two-factorial analysis of variance using the factors brand and country, a significant difference in age (p=0.013) can be found in the factor country. The average age in the Austrian data sample is 30.3 (SD= 12.9) years and therefore higher than the average of the Hungarian data sample with 25.6 years (SD+7.4).

The factor brand shows no significant difference in this sample (p=0.059). The McDonald's customer sample has an average age of 29.7 (SD=12.0) years whereas in the customer sample of Burger King, the mean is 26.2 (SD=9.1) years. No statistical correlation between brand and country could be found (p= 0.146). The various means are illustrated in Figure 4. As the factor age is confounded with independent variables it is always included in further examination as a covariate in analysis.

Figure 2: Means of age using the factors brand and country
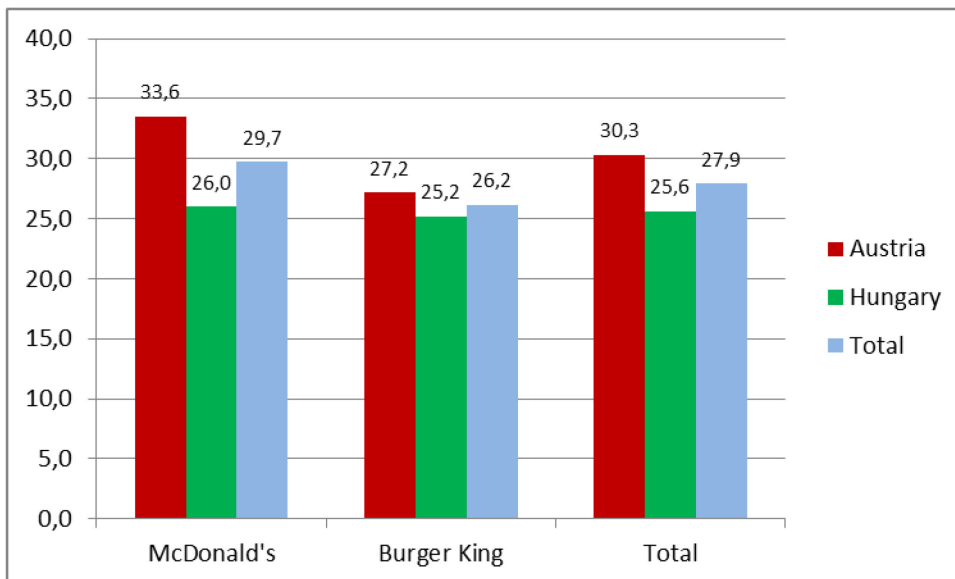
Source: SPSS, own illustration

The distribution of gender has shown to be statistically even. Using the Chi-Square test for independence with p=0.273, shows the difference is not significant. The sample of McDonald's consists of 55% female customers whereas at Burger King it is only 45% - see Figure 5. Within the countries there is also no significant difference in gender distribution within the brands (Austria: p=0.301; Hungary: p=0.

605). The factor gender is therefore not necessarily used as covariate in further analysis of this sample.

Figure 3: Gender distribution (total sample) by the factor brand
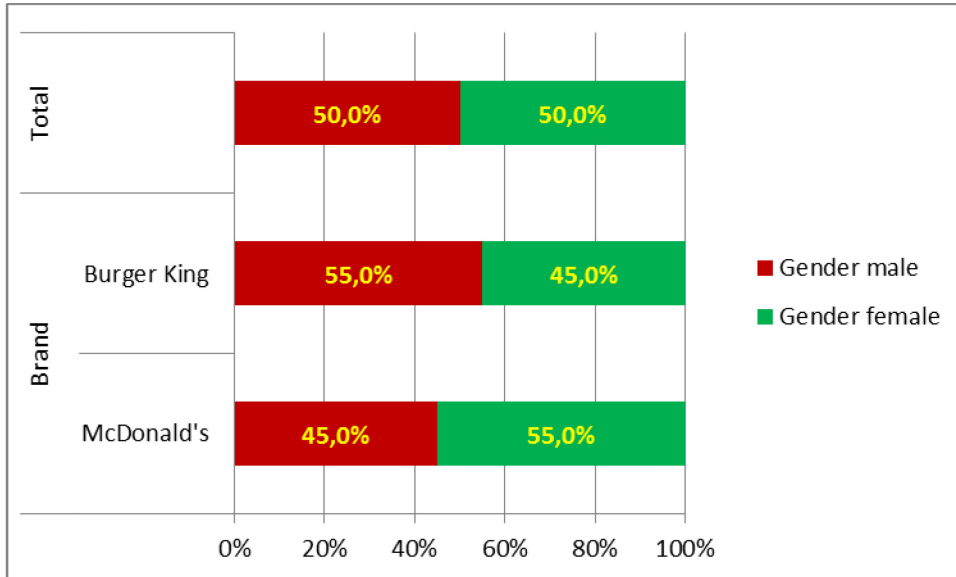
Source: SPSS, own illustration

The educational background shows no significant differences between the samples of both countries (p=0.064) as well as both brands (p= 0.290).

Table 3: Education separated by the factors country and brand, as well as total sample

		McDonald's	Burger King	total
Austria	compulsory education		12%	6%
	apprenticeship	7%	4%	6%
	high school diploma	50%	42%	46%
	degree of university of applied sciences	4%	8%	6%
	university degree	36%	31%	33%
	other education	4%	4%	4%
Hungary	compulsory education		7%	3%
	apprenticeship	13%	17%	15%
	high school diploma	33%	37%	35%
	university degree	53%	40%	47%
Gesamt	compulsory education		9%	4%
	apprenticeship	10%	11%	11%
	high school diploma	41%	39%	40%
	degree of university of applied sciences	2%	4%	3%

university degree	45%	36%	40%
other education	2%	2%	2%

Source: SPSS, own illustration

Also, within each country the difference of education between the brands is not significant (Austria: p=0.524; Hungary: p=0.435). For this reason the factor education is not considered as a covariate in further analysis.

In total, the customers of our sample have eaten 19.2 times in one restaurant. The tested sample of Hungary visits the fast-food restaurants much more (M=26.0) than the customers interviewed in Austria (M=11.8). The significance between the countries is therefore given (p<0.001) for the factor country. However between both brands, significance is not given in this context (p=0.905) as the average count of visits per brand is for McDonald's and Burger King 19.2 times. It can be observed though that there is an eventual significant correlation between brand and country (p=0.058). The difference between Hungary and Austria is greater for Burger King than for McDonald's – see Figure 4. That is why I will use the factor frequency as a covariate.

Figure 4: Means *"How frequently do you eat at this franchised restaurant chain?"* **separated by country and brand (1=strongly disagree, 7=strongly agree)**
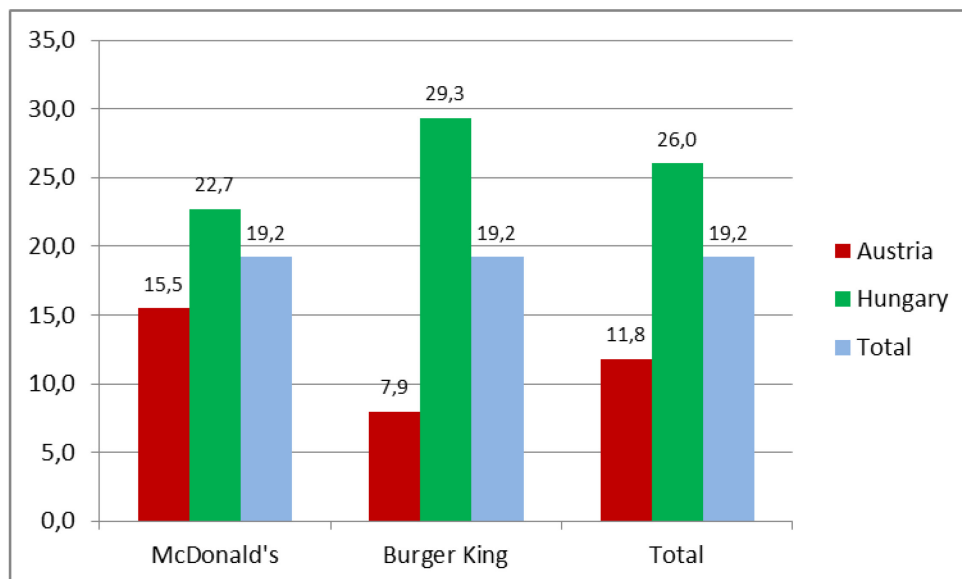
Source: SPSS, own illustration

The question, *"How often do you dine out per week? ",* again shows a significant difference between both countries (p=0.022). The Hungarian sample (M=2.72) dines out more often than the Austrian sample (M=2.11). No difference is given between the samples concerning brands (p=0.155). Visitors of McDonald's dine out 2.33 times per week on average whereas customers of Burger King eat out 2.6 times per week on average. The correlation between brand and country doesn't show to be significant (p=0.592). As there is significance between the countries, the variable "How often do you dine out per week?" will be included as a covariate.

Figure 5: Means *"How often do you dine out per week?"* separated by brand and country (1=strongly disagree, 7=strongly agree)
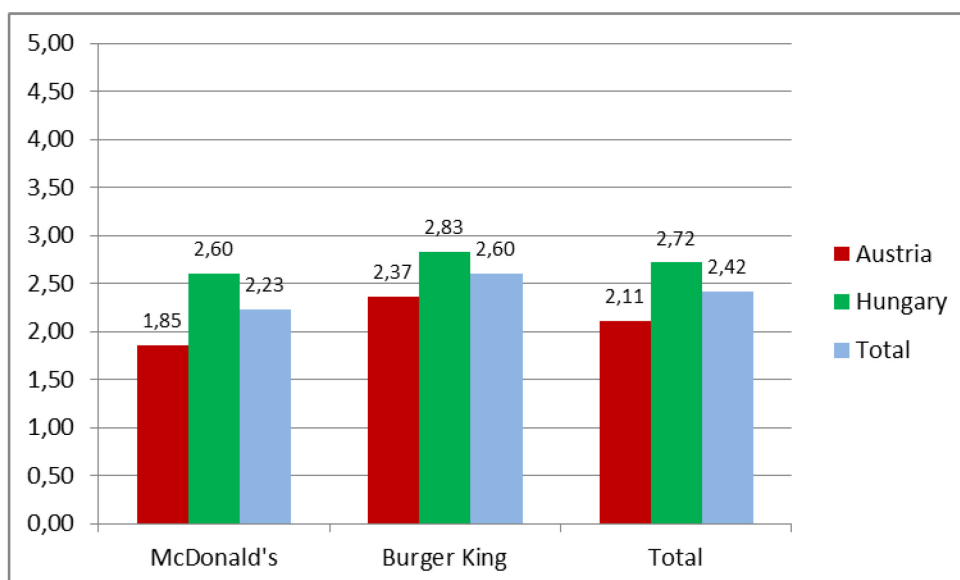
Source: SPSS, own illustration

7.3.3 *Results of Regression Analysis – Section 1: Overall Perception of Market Position of and Image for the visited Franchise System*

As aforementioned, in the first cluster of the questionnaire, the interviewed customers are asked several questions and evaluate several statements that refer to their perception of the market position and image of this particular franchise system of the brand they visited. Table 2 below shows the answers regarding the customer's perception of market position and their personal image of the franchise

system visited in particular over the whole sample of customers. The statement *"I believe in the good long-term future for this franchise system"*, gets the highest validation within the questions of this section (M=6.11), whereas the lowest validation the question/statement *"My perceptions of this franchise system compared to its competitors are very good"*. The aggregated value for this area has a mean of 5.4 (SD=0.82) and a correlation coefficient of Cronbach-α=0.72.

Table 4: Descriptive statistics on the statements about perception of market position and image for the visited franchise system (1=strongly disagree, strongly agree)

	M	SD
My overall perceptions of total experience with this franchise system are very good	5.04	1.03
My perceptions of this franchise system compared to its competitors are very good.	4.89	1.34
I believe in the good long-term future for this franchise system.	6.11	0.94
I believe that the market standing of this franchise system is good	5.62	1.09
The market visibility of this franchise system in the marketplace is high	5.35	1.52
Overall score: „perception of market position and franchise system"	5.40	0.82

Source: SPSS, own illustration

7.3.3.1 Test of the Hypotheses for Section 1:

The overall interpretation of these statements which I summarized under "perception of market position and sympathy for this franchise system in general" show no verifiable significant difference between both countries (p=0.589). Analysis shows a total mean value of 5.37 for Austria and 5.44 for Hungary. This means that a hypothesis 1a: *"There are differences in perception of market position and sympathy for the franchise system in both countries"* is refuted.

On the contrary to the factor country, there is a highly significant difference using the factor brand (p<0.001).
The evaluation of the McDonald's brand has an overall mean value of 5.79 and is therefore much higher than the mean value for the brand Burger King at 5.02, meaning that hypothesis 1b: *"There are differences in perception of market*

position and sympathy for the franchise system between brands." is confirmed by the analysis.

A correlation between country and brand has not been observed (p=0.252) which also refutes hypothesis 1c: *"There is a correlation of country and brand in the evaluation of perception of market position and sympathy for the franchise system"* Analysis of covariates identify a significant correlation between the covariate frequency (p=0.026) and a slightly significant correlation with the covariate dining out (p=0.073) of the total value stated above. Since in this model the covariates and independent variables are not confounding, the result of the analysis of covariance needs no further documentation.

Figure 6: Means of "Overall Score: perception of market position and image for the franchise system", separated by brand and country (1=strongly disagree, 7=strongly agree)

Source: SPSS, own illustration

Hypothesis 1a:

 "There are differences in perception of market position and image for the franchise system in both countries." → ***Not confirmed***
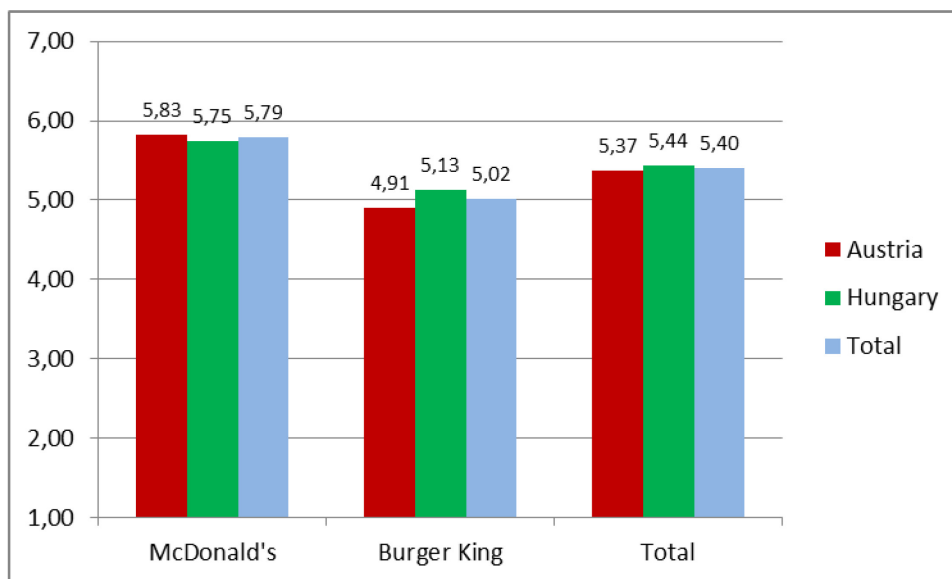
Hypothesis 1b:

"There are differences in perception of market position and image for the franchise system between brands." → **Confirmed**

Hypothesis 1c

"There is a correlation of country and brand in the evaluation of perception of market position and image for the franchise system." → **Not confirmed**

7.3.3.2 Regression Analysis of Single Questions of Section 1 :

Concerning the first question in this section, no relevant differences between countries (p=0.536) nor brands could be found (p=0.435). The mean value for Hungary in this sample is 4.98 whereas the average value for Austria is 5.10. There is also no significant difference regarding the factor brand since the mean value of McDonald's customers is 4.97 with respect to a mean value of 5.12 from customers of Burger King. Lastly there is also no significant correlation between brands and countries p=0.657. Analysis of covariance shows no significant correlation of the covariates with any of the dependent variables (age: p=0.303; dining out: p=0.418; frequency: 0.083). Given the fact that there are no correlations of any of the covariates, no further statistical interpretation of the analysis of covariance is needed.

Figure 7: *"My overall perceptions of total experience with this franchise system are very good"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
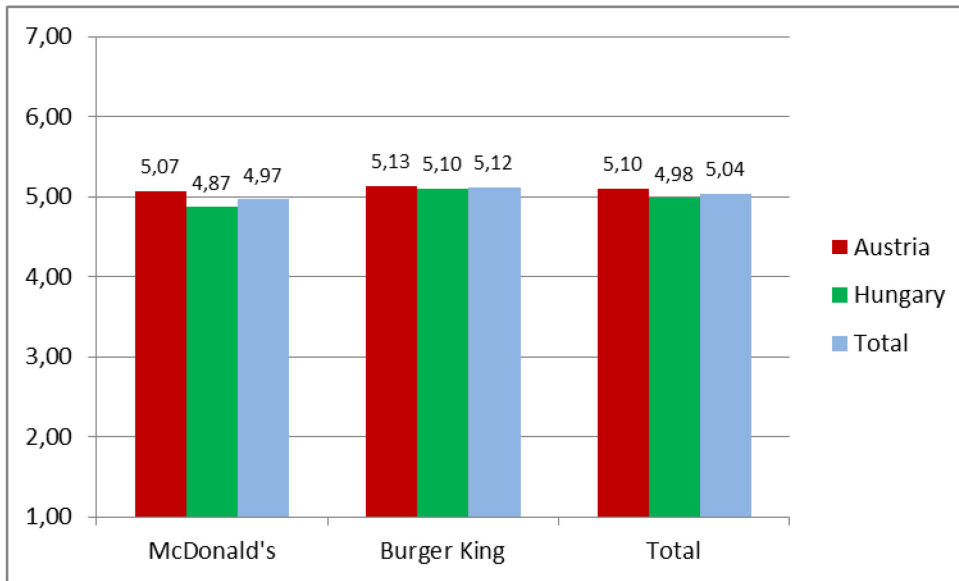
Source: SPSS, own illustration

Looking at the statement *"My percepetion of this franchise system compared to its competitors are very good"* there is again no significant difference between Austria and Hungary (p=0.635). In Austria there is a mean value of 4.83 and in Hungary the average value of the sample counts 4.95. Concerning brands, the difference is not significant either comparing a mean value for McDonald's at 5.02 and for Burger King at 4.77. Lastly, no significant correlation between country and brand could be found (p=0.250). The covariates do not correlate with the dependent variables (age: p=0.563; dining out: p=0.216; frequency: p=0.197) which again results in no continuous interpretation of the analysis of covariates.

Figure 7: Means *"My perceptions of this franchise system compared to its competitors are very good"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
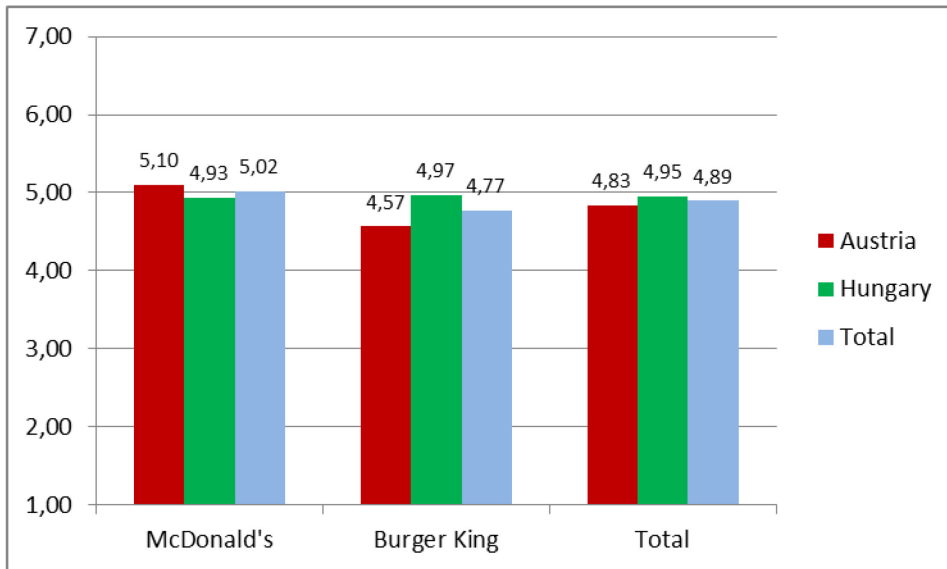
The evaluation of the *statement "I believe in the good long-term future for this franchise system"* shows significant differences between the countries (p=0.022) and the brands (p=0.013). The mean value of the Hungarian sample at 6.30 is considerably higher than the mean of the Austrian sample at 5.92.

Figure 8: Means *"I believe in the good long-term future for this franchise system"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
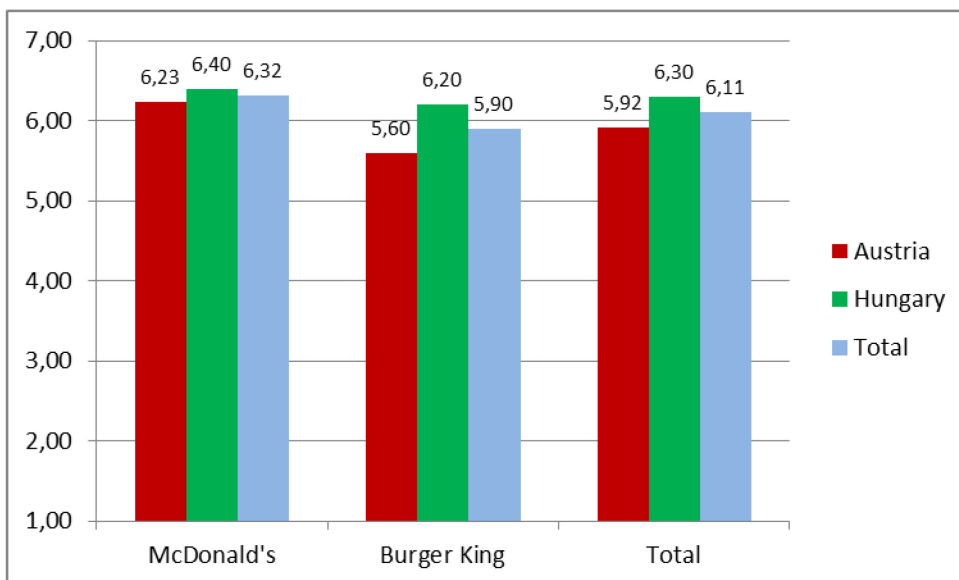
When we focus on the factor brand, customers of this sample evaluate the future for McDonald's at a mean of M=6.32 better than the customers of Burger King (M=5.90). No correlation between brand and country is given.

The covariates age (p=0.582), dining out (p=0.949) and frequency (p=0.123) do not correlate significantly with the dependent variable which makes analysis of covariance unnecessary.

Going on to the next statement *"I believe that the market standing of this franchise system is good"* shows a significant difference between both countries (p=0.052). The sample of Hungarian customers evaluates this statement to be more accurate (M=5.78) than the sample of Austrian customers (M=5.46) for both brands. Looking at the brands, there is also a statistical relevant difference in evaluation (p<0.001). In this case, McDonald's has a clearly higher mean of 6.25 than Burger King with a mean value of 5.00.

Concerning this statement I also found a significant correlation between brand and country (p=0.028). The brand McDonald's has more or less the same evaluations from the Austrian and the Hungarian sample. However the brand Burger King received a considerable lower degree of approval on the statement by their Austrian sample than by their Hungarian sample – see figure 10.

Figure 9: Means *"I believe that the market standing of this franchise system is good"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
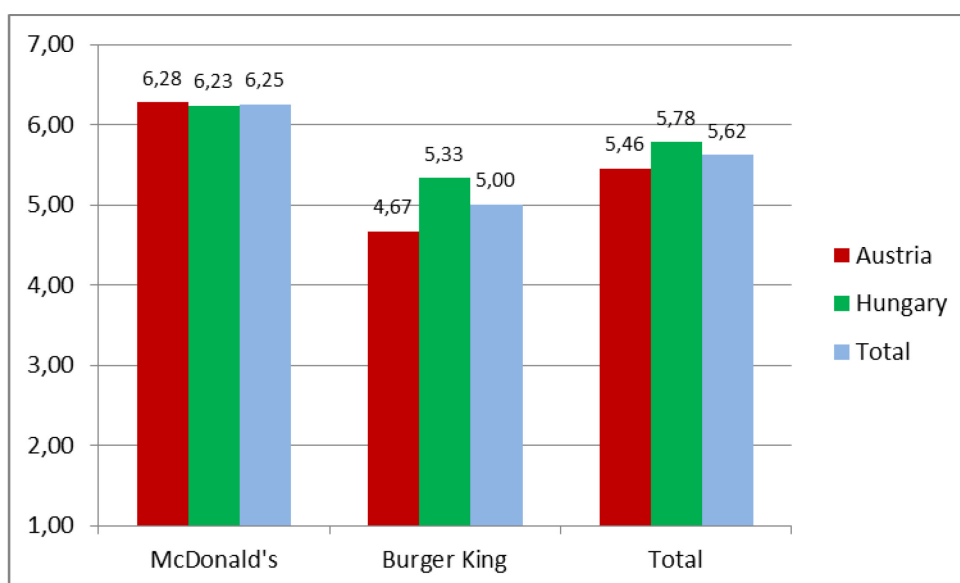
Source: SPSS, own illustration

An analysis of covariance is necessary since the covariate frequency (p=0.01) correlates significantly with the dependent variable on the contrary to the two other covariates age (p=0.876) and dining out (p=0.274).

This analysis of covariance shows that no statistically remarkable difference exists between the countries (p=0.442).

The aforementioned differences are therefore conditioned by the covariates. Also, the correlation between brand and country is no longer significant (p=0.394) which means it was also conditioned by the covariates.

Still significant though are the differences between brands (p=0.007). McDonald's also receives a higher degree of approval than Burger King, regardless of the country of customers.

"The market visibility of this franchise system in the marketplace is high" has not shown significant differences between countries (p=0.100). The mean for Austria is 5.52, for Hungary the mean value calculated is 5.18. High significance can be found in the difference between brands (p<0.001). Evaluation is much better for the McDonald's brand with a mean value of 6.38 than for the brand Burger King with a mean of 4.32. The correlation between brand and country is not significant (p=0.409) and the analysis of covariance shows that the covariate age shows a significant correlation with the dependent variable (p=0.038) and a further analysis with this covariate is reasonable.

However, the differences between brands are no longer given (p=0.331), which means that these differences affiliate to the covariates. The differences between countries remain insignificant further on (p=0.509) as well as the fact that the correlation between both factors brand and country shows no significance (p=0.332).

Figure 10: Means *"The market visibility of this franchise system in the marketplace is high"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
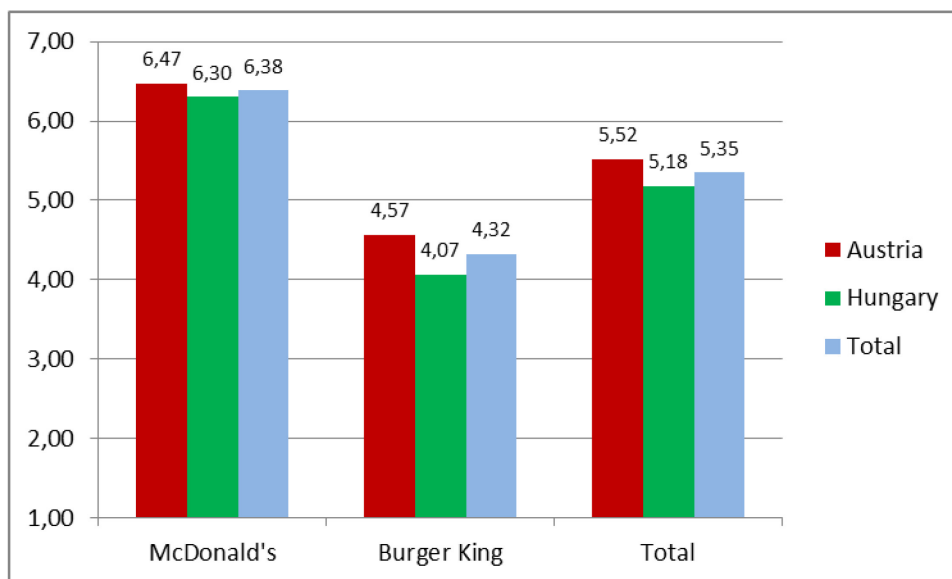
Source: SPSS, own illustration

7.3.4 *Results of Regression Analysis - Section 2: Customer Retention and Brand Identification*

Section 2 of the questionnaire covers statements and questions that can be summarized to show how well each brand is able to build up customer retention and brand identification in the referring country. In relation to the whole sample the statement: *"All things considered, it is highly likely that I will actually dine at this brand of franchised fast food restaurant again?"* received the highest value of approval with a mean of 5.73 followed by quite some difference in the statements: *"My experiences with this brand have been positive" (*M=5.31) and *"I am satisfied with this franchised fast-food restaurant"* (M=5.27). The last value of approval from all statements came from: *"I would be willing to pay a higher price to dine in this franchised brand over other brands", with* a mean value of 2.37). If we compose a total score over all statements which cover customer retention we get a total mean of 4.06 (SD= 0.88). Content wise, these 15 statements of section 2 in the questionnaire are seen to be quite homogenous and a Cronbach-α of 0, 90 is calculated.

Table 5: Descriptive statistics of the statements on customer retention; total sample

	M	SD
I am satisfied with this franchised fast-food restaurant	5.27	1.12
I am pleased with this franchised fast-food restaurant	5.01	1.24
I am favorably disposed toward this franchised fast-food restaurant	5.05	1.27
My experiences with this brand have been positive	5.31	1.03
All things considered, it is highly likely that I will actually dine at this brand of franchised fast-food restaurant again?	5.73	1.04
I would recommend to other people that they should dine out at this brand of franchised fast-food restaurant	4.14	1.48
I would recommend this franchise system to other people interested in dining out.	3.40	1.50
I would gladly talk about my experiences with this brand of restaurants to other people	3.04	1.42
I would like to seek out other franchised fast-food restaurants to patronize	3.96	1.64
I am committed to patronizing this franchised brand.	3.11	1.71
I would be willing to pay a higher price to dine in this franchised brand over other brands.	2.37	1.49
I will buy this brand the next time I dine out.	3.28	1.50
I intend to keep purchasing this brand.	4.83	1.21
I feel that the values of this franchise system match my own.	3.33	1.21
This brand and I appear to share similar values.	3.10	1.29
Overall: customer retention and competence	4.06	0.884

Source: SPSS, own illustration

7.3.4.1 Test of Hypotheses for Section 2:

Overall only tendencies for a significant effect of the factor country on total value of customer retention and brand identification (p=0.058) can be confirmed after analysis of all statements. Customer retention of the Hungarian sample with a mean score of 4.21 is slightly higher than in the Austrian sample with a mean of 3.91. This means that hypothesis 2a: *"There is a difference in customer retention and brand identification in the countries Austria and Hungary"*, is confirmed though only slight differences exist.

In this section, hypothesis 2b: *"A difference exists between the brands McDonald's and Burger King concerning customer retention and brand identification"*, cannot

be confirmed as for the factor brands no significant differences can be proved (p=0.416).

Also the correlation between brands and countries generates no significant differences, which means hypothesis 2c: "*There is a correlation of country and brand concerning customer retention* and *brand identification",* is refuted too.

Of the covariates, only frequency shows a significant positive relation towards total customer retention (p=0.001). Nonetheless analysis of covariates delivers basically the same result as above, namely the factor country shows tendencies for a significant difference (p=0.086) while the difference between brands (p=0.989) and correlation of both factors remain insignificant (p=0.110).

Figure 11: Means "Overall score: consumer retention and brand identification", separated by brand and country (1=strongly disagree, 7=strongly agree)

Source: SPSS, own illustration

Hypotheses 2a:

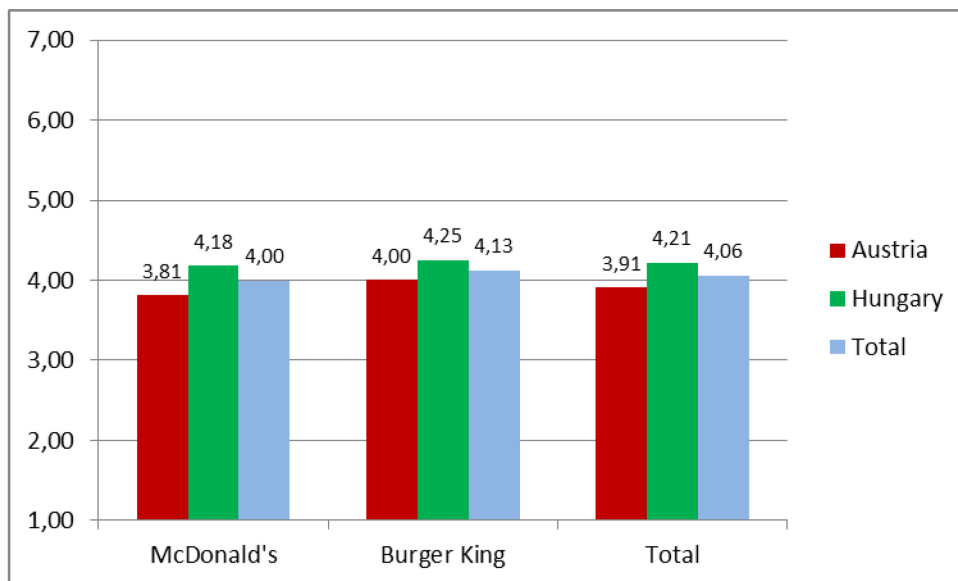*"There is a difference in customer retention and brand identification in the countries Austria and Hungary"* → ***Confirmed***

Hypotheses 2b:

"A difference exists between the brands McDonald's and Burger King concerning customer retention and brand identification" → **Not confirmed**

Hypotheses 2c:

"There is a correlation of country and brand concerning customer retention and brand identification" → **Not confirmed**

7.3.4.2 Regression Analysis of Single Statements in Section 2:

Going into detail of the single statements, I cannot find a significant difference between Austria and Hungary (p=1) when evaluating: *"I am satisfied with this franchised fast-food restaurant"* as the same mean value of 5.27 is calculated for both countries. Also concerning brands there is no significant difference at p=0.630. The mean value for the McDonald's brand is 4.22 and for the brand Burger King 5.32. Likewise the correlation between brand and country shows no significance at p=0.630. The covariates dining out (p=0.037) and frequency (p=0.007) both are positively related with the dependent variable. Analysis of covariance however confirms the analysis of variance (ANOVA) for country: p=0.999; brand: p=0.536 and interaction of country*brand: p=0.344).

Figure 12: Means *"I am satisfied with this franchised fast-food restaurant"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
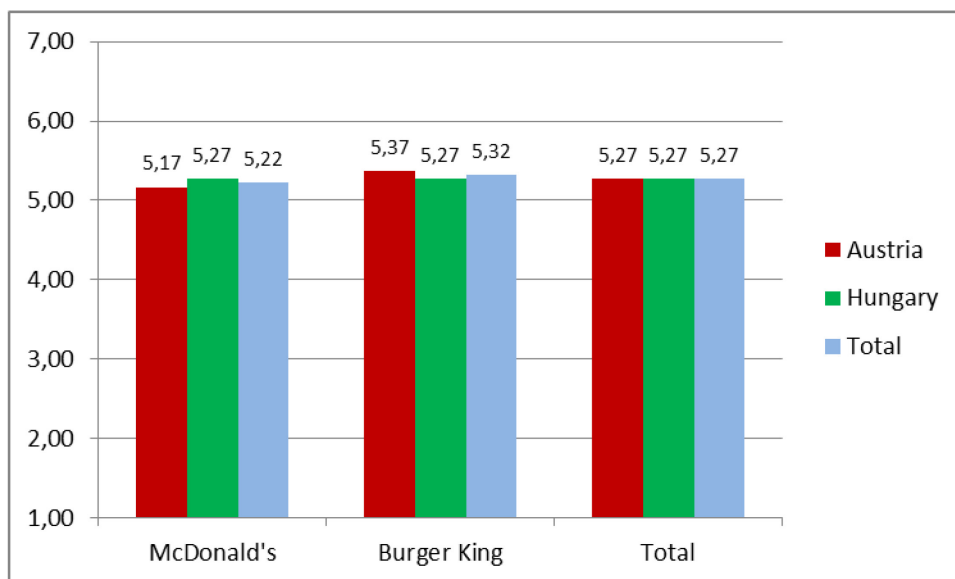
Source: SPSS, own illustration

Continuing with the statement: *"I am pleased with this franchised fast-food restaurant"* analysis shows no difference between countries (p=0.424) and brands (p=0.942).

Customers of Hungary have a mean value of 5.10 whereas customers of Austria have a slightly lower mean value of 4.92. Regarding brands, the mean value for customers of McDonald's is 5.02 and for customers of a franchise restaurant of Burger King 5.00. No significant correlation between both factors brand and country can be confirmed. (p=0.610). Though the covariate frequency correlates positively with the dependent variable (p=0.002), results of the analysis of variance (country: p=0.257; brand: p=0.308; interaction of brand*country: 0.239) are verified by the analysis of covariance.

Figure 13: Means *"I am pleased with this franchised fast-food restaurant"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
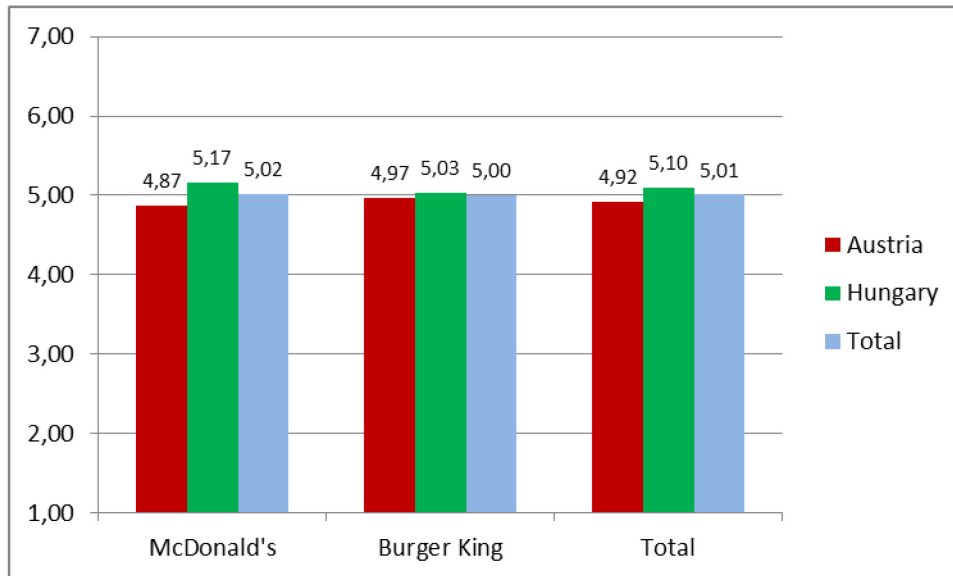
Source: SPSS, own illustration

The countries Austria and Hungary also do not differentiate on the evaluation of the following statement: *"I am favorably disposed toward this franchised fast-food restaurant"* (p=0.398). The means calculated are 5.10 for Hungary and 4.92 for Austria. This time brands show no significant differences in their evaluations (p=0.473): McDonald's has a mean value of 4.97, Burger King, 5.14 as well as the fact that no significant correlation exists with the covariates age: p=0.151, dining out: 0.813 and frequency: 0.083. Due to these results, analysis of covariance is not interpreted any further.

Figure 14: Means *"I am favorably disposed toward this franchised fast-food restaurant"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
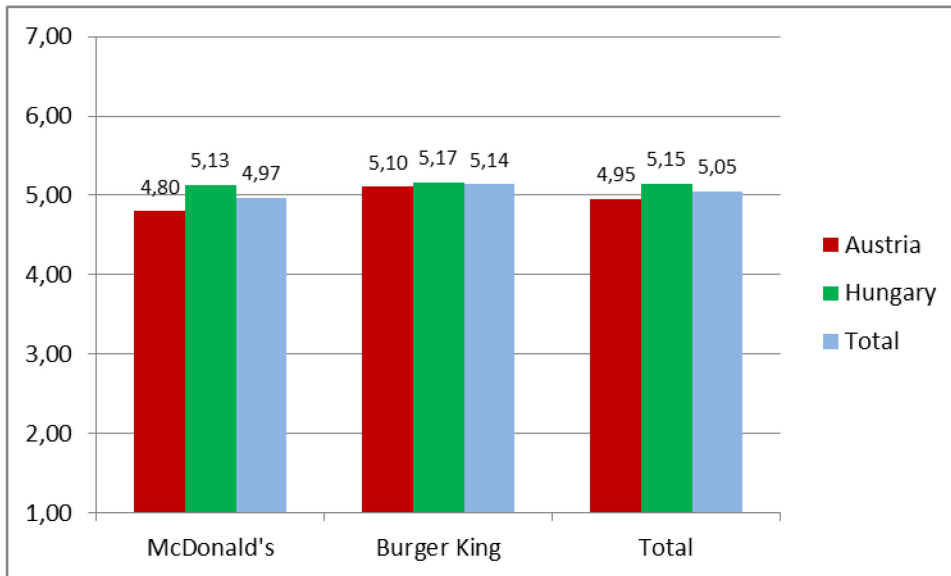
Evaluation of answers to *"My experiences with this brand have been positive"* deliver neither significant differences between countries (p=0.185) nor brands (p=0.250). No significant correlation can be confirmed either (p=0.790) and concerning the covariates, only frequency correlates positively (p=0.038) with the dependent variable. As before, results of the analysis of covariance remains insignificant for both factors brand (p=0.382) and country (p=0.302) and interaction between both of them (p=0.654).

Figure 15: Means *"My experiences with this brand have been positive"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
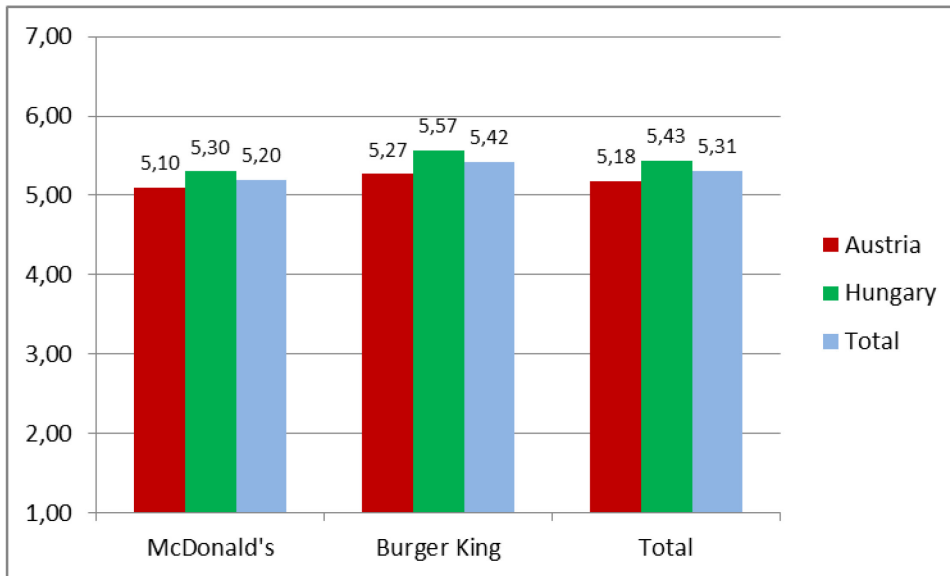
Source: SPSS, own illustration

Next question: *"All things considered, it is highly likely that I will actually dine at this brand of franchised fast-food restaurant again"* is also not evaluated differently by the Austrian and the Hungarian sample (p=0.165). The average value for the Hungarian sample is 5.60, concerning the Austrian sample it is 5.87. Again regarding brands no significant difference is given at p=0.602 and mean values for McDonald's at 5.68 and Burger King at 5.78. Correlation between brand and country is statistically irrelevant at p=0.862.

With regard to the covariates once more frequency correlates positively with the dependent variable (p=0.039) but indeed interpretation of analysis of covariance again acknowledge the results of analysis of variance for brand: p=0.624; country: p=0.659 and interaction of brand*country: p=0.378.

Figure 16: Means *"All things considered, it is highly likely that I will actually dine at this brand of franchised fast-food restaurant again"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
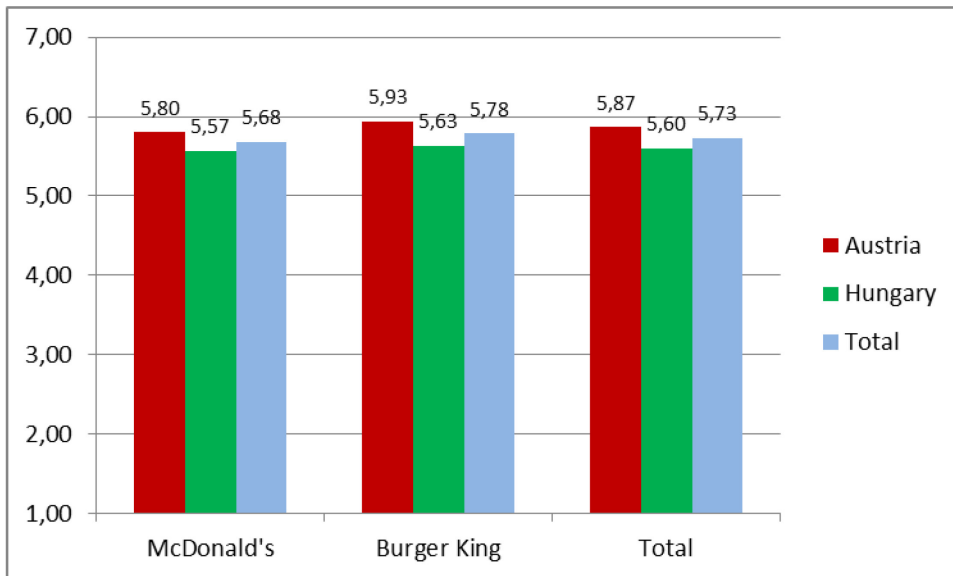
Source: SPSS, own illustration

On the question: "*Do you intend to dine again in this franchised fast-food restaurant brand in near future*" the chi-square test (x^2 test) delivers tendencies of a significant difference between countries (p=0.063). 87% of the Hungarian customer sample answers this question with "yes" in contrary to the Austrian customer sample from which only 73% answer this question with "yes". Statistically irrelevant though is the difference regarding brands (p=0.140). 75% of the customers of McDonald's positively consent to this question and again a higher rate of proportion, namely 86% of Burger King's customers.

Figure 17: *"Do you intend to dine again in this franchised fast-food restaurant brand in near future"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
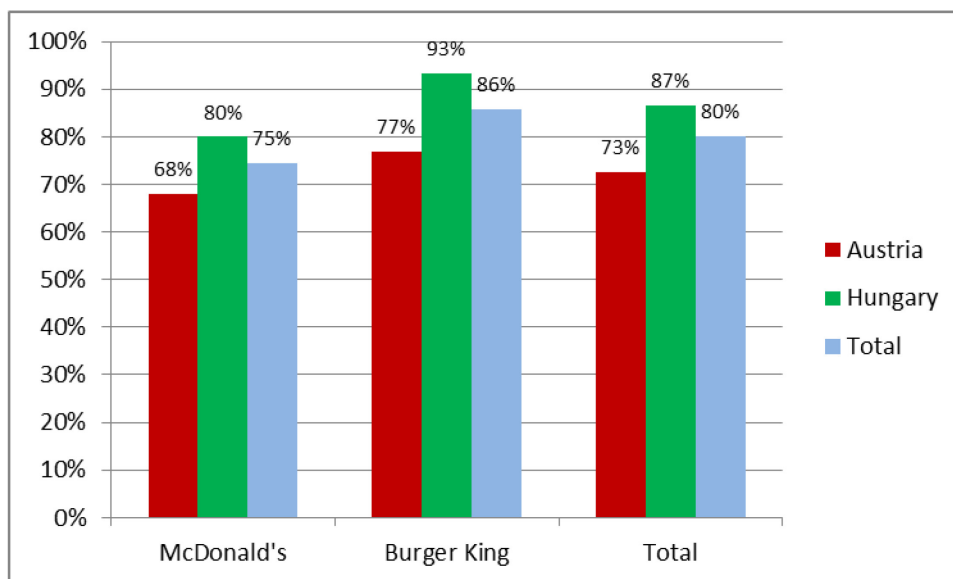
Source: SPSS, own illustration

"I would recommend to other people that they should dine out at this brand of franchised fast-food restaurant" attains no significant differences between the countries (p=0.571); customers from Austria evaluate on average at 4.22 and for customers from Hungary a mean value of 4.07 is calculated. Considerably significant though is the difference between brands in the context of this statement (p=0.008). McDonald's customers show a distinctly adverse evaluation with a mean value of only 3.78) than customers of Burger King who evaluate this question on average at 4.50. No correlation is given between countries and brands (p=0.346). The covariates age (p=0.429), dining out (p=0.859) and frequency (p=0.654) are also not connected in any significant way with the above interpretation which means analysis of covariates is redundant.

Figure 18: Means *"I would recommend to other people that they should dine out at this brand of franchised fast-food restaurant"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
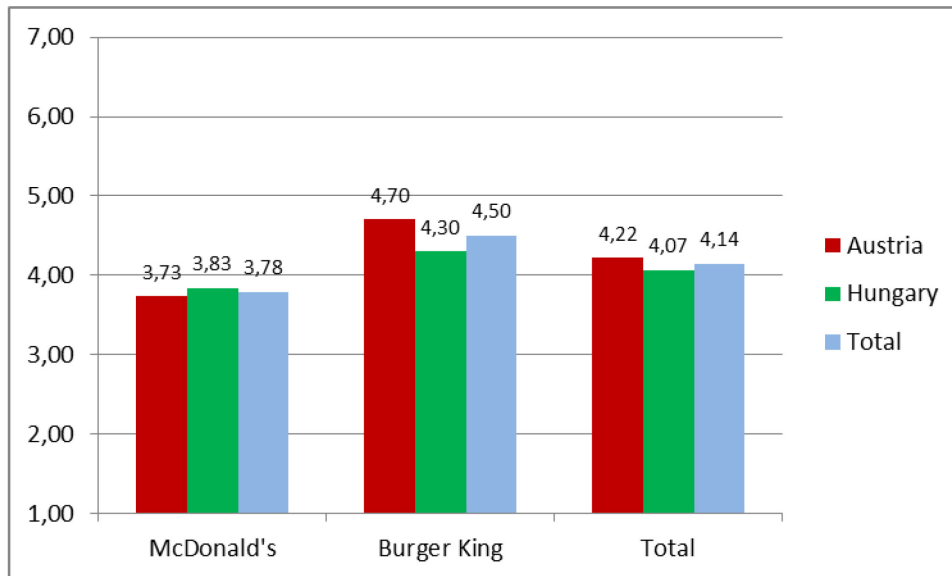
Source: SPSS, own illustration

The analysis of the next statement delivers no significant difference either for countries (p=0.632), or brands (p=0.719). *"I would recommend this franchise system to other people interested in dining out",* gets a mean value of 3.35 of the customers interviewed in Austria and 3.45 of the customers interviewed in Hungary. The brand McDonald's is evaluated on average with 3.33 whereas the mean value for the brand Burger King is 3.47. The correlation between country and brand is also not significant at p=0.719. As for the covariates only covariate age (p=0.024) is positively significantly correlated with the statement: *"I would recommend this franchise system to other people interested in dining out".* Consequences on the significance of differences between countries (p=0.537), brands (p=0.444) or the interaction of them both (p=0.205) have not been confirmed though.

Figure 19: Means *"I would recommend this franchise system to other people interested in dining out"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
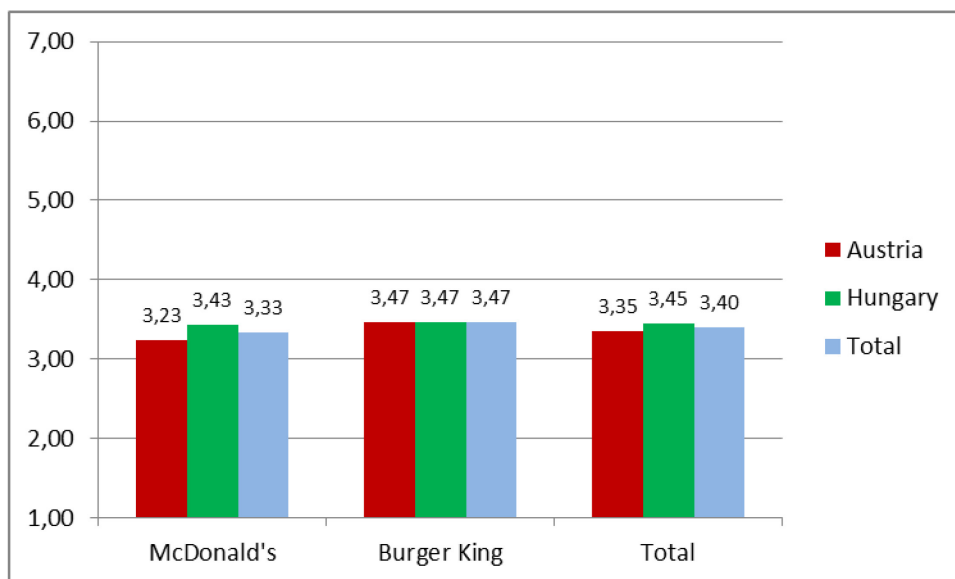
Source: SPSS, own illustration

No significant difference is yielded by the statement: *"I would gladly talk about my experiences with this brand of restaurants to other people",* for the factor country (p=0.144) and the factor brand (p=0.750). The mean for the Austrian sample is 2.85 and the Hungarian sample has a mean of 3.23. In regards to the factor brand, the mean for customers of McDonald's is 3.00 while the mean for Burger King's customers is 3.08. A correlation between the factor brand and country is not given at p=0.750. Analysis of covariates is redundant since the covariate age (p=0.886), dining out (p=0.946) and frequency (p=0.066) do not significantly correlate with the statement.

Figure 20: Means *"I would gladly talk about my experiences with this brand of restaurants to other people"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
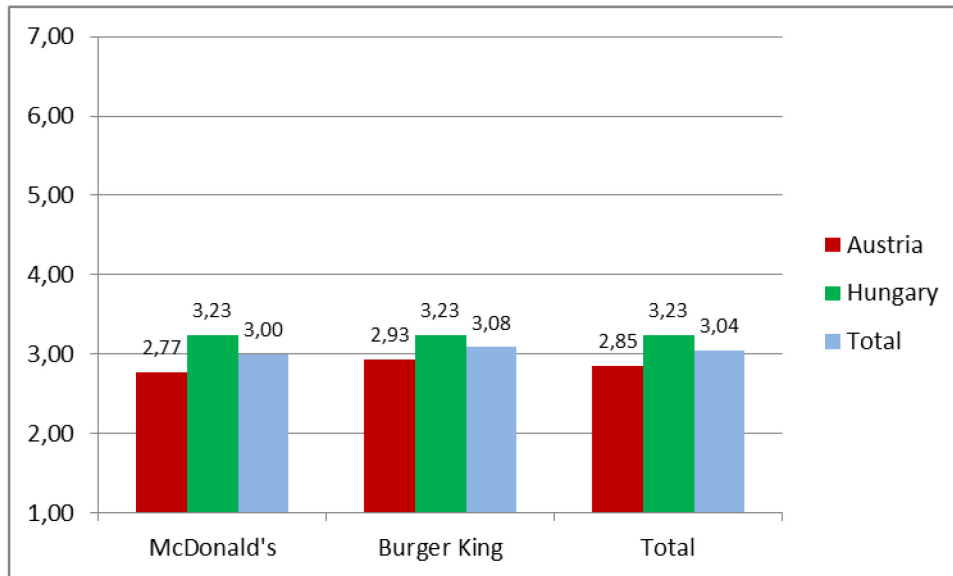
Source: SPSS, own illustration

For the following statement: *"I would like to seek out other franchised fast-food restaurants to patronize"*, the sample's evaluation delivers a significant difference for the factor country (p<0.001). Evaluation of the Hungarian sample results in a mean of 4.88 and is therefore clearly higher than the mean of 3.02 which is calculated from the Austrian sample. However there is no significant difference for the factor brand at p=0.166 while the means for the McDonald's brand is 3.78 and for Burger King it is 4.14.

The interaction of brand and country is not significant as well with p=0.074). Since covariate frequency is positive, significant related with the statement (p=0.047), analysis of covariates is conducted. Doing so, no statistical relevant changes towards the result of the analysis of variance arise. The difference between countries remains significant (p=0.035) but between neither brands do any significant differences appear (p=0.290) nor is the correlation significant using analysis of covariates (p=0.072).

Figure 21: Means *"I would like to seek out other franchised fast-food restaurants to patronize"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
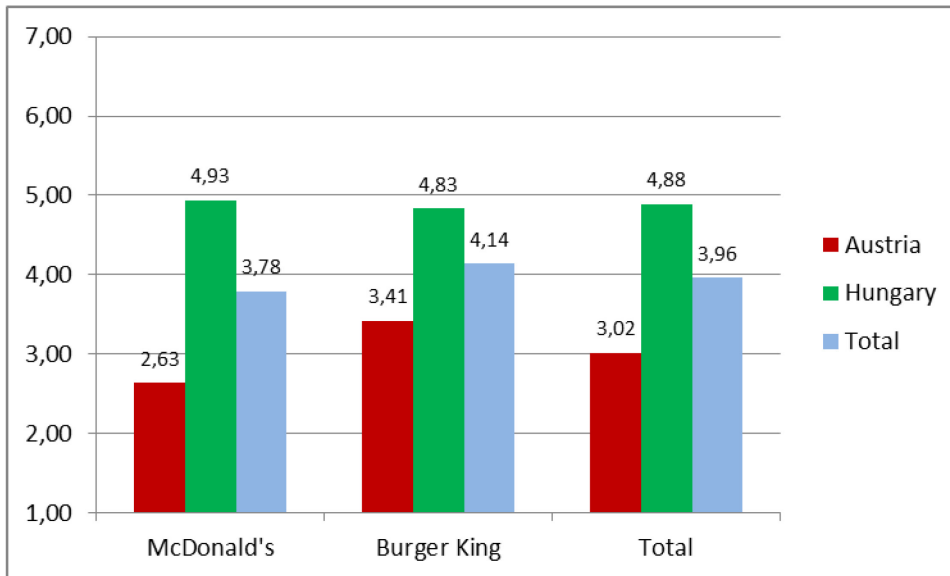
Source: SPSS, own illustration

Again no significant difference (p=0.079) between Austria and Hungary exists for the statement*: "I am committed to patronizing this franchised brand"*. The mean for customers who have been interviewed in Hungary is 3.38 and the mean for customers from Austria is 2.83. In terms of brands there is also no significant difference (p=0.623), the mean value for McDonald's customers is 3.18 for customers of Burger King it is 3.03. The correlation is not significant as well (p=0.862). The covariate frequency shows a positive correlation with this statement (p<0.001), analysis of covariates nevertheless validates the results of analysis of variance which show no significant effects for factor brand (p=0.681), country (p=0.533) as well as for interaction of both (p=0.451).

Figure 22: Means *"I am committed to patronizing this franchised brand"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
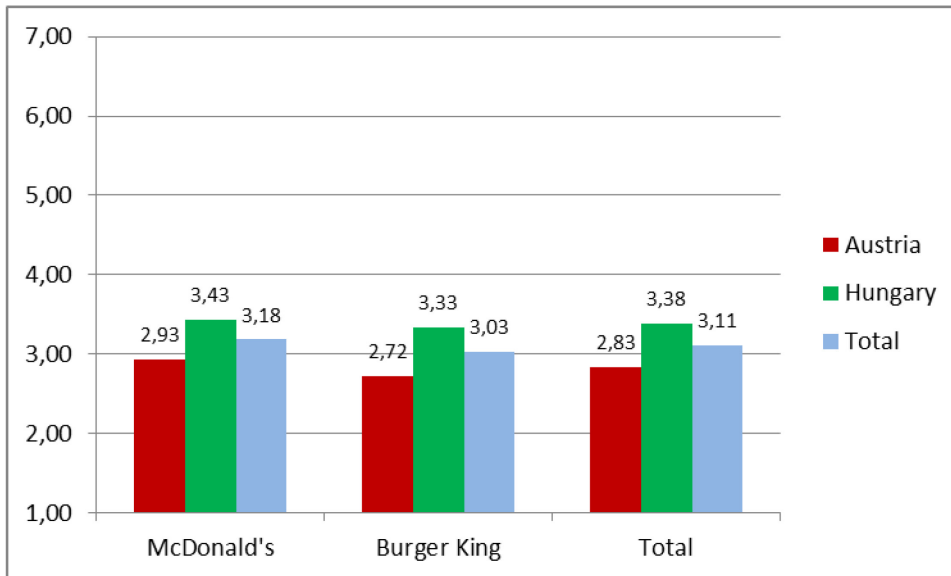
Source: SPSS, own illustration

Question No. 6 of section II: *"I would be willing to pay a higher price to dine in this franchised brand over other brands",* yields no significant differences when evaluated for the factor country (p=0.225) and brands (p=0.466). Austrian customers score a mean value of 2.20 and Hungarian customers a mean value of 2.53. The brand McDonald's scores an average value of 2.47 while the brand Burger King gets a mean value of 2.27. Furthermore, correlation of the factors brand and country is not significant (p=0.466). ANCOVA is not necessary in this case again since the covariates age (p=0.460), dining out (p=0.650) and frequency (p=0.118) are not related significantly with the statement.

Figure 23: Means *"I would be willing to pay a higher price to dine in this franchised brand over other brands"*, separated for brand and country (1=strongly disagree, 7=strongly agree)
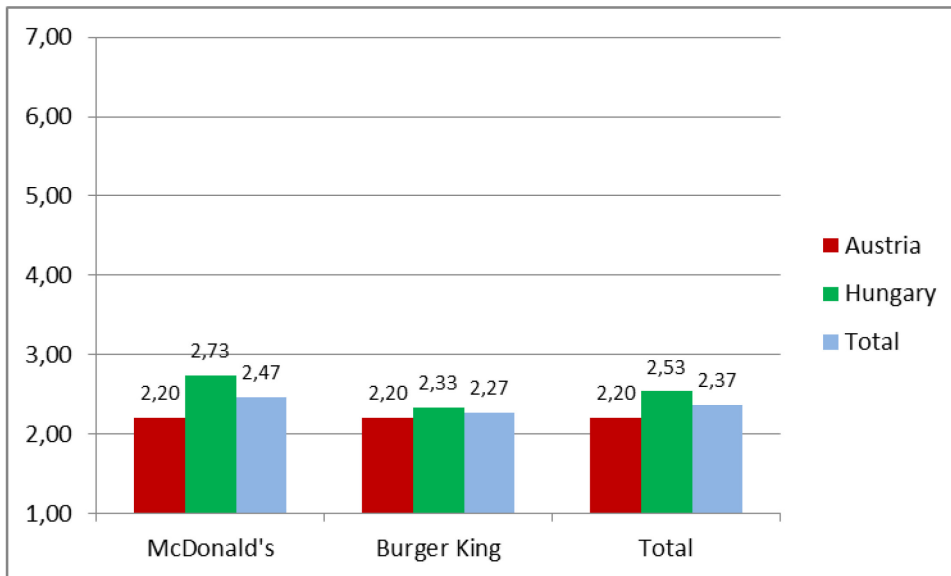
Source: SPSS, own illustration

Evaluation of the next statement; *"I will buy this brand the next time I dine out"*, shows significance for the factor country ($p<0.001$) since the Hungarian sample generates a much higher rate of approval with a mean value of 3.65 than the Austrian sample with a mean of 2.90. In this context the difference between the brands is not significant with $p=0.494$, comparing the means of 3.37 for McDonald's and 3.18 for Burger King. The correlation of both factors is as well without any statistical significance ($p=0.419$). The covariates age ($p=0.017$) and frequency ($p=0.017$) both show to have positive effect on the dependent variable. The effect of the factor country stays significant using analysis of covariates ($p=0.020$) but not for factor brand ($p=0.151$) nor the interaction of factors ($p=0.426$).

Figure 24: Means *"I will buy this brand the next time I dine out"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
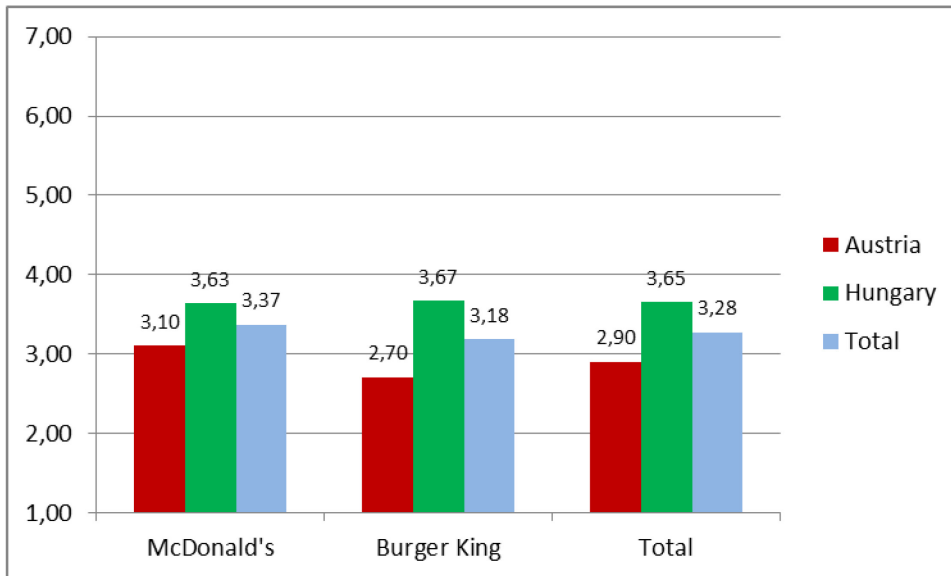
Source: SPSS, own illustration

"I intend to keep purchasing this brand", generates significant differences in evaluation for the factor country (p=0.043). The mean for Hungary is 5.05 and therefore higher than the mean value of the Austrian sample of 4.60. Regarding brands there is no significant difference (p=0.406) since the mean for McDonald's is 4.73 and the mean for Burger King is 4.92, correlation between brand and country is also not significant (p=0.820). Again frequency is the covariate that has a positive correlation with the statement: *"I intend to keep purchasing this brand"*(p=0.001). But also this time analysis of covariates proves a further significant difference between both countries yet a not significant result for the factor brand (p=0.510) and interaction of brand and country (p=0.342).

Figure 25: Means *"I intend to keep purchasing this brand"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
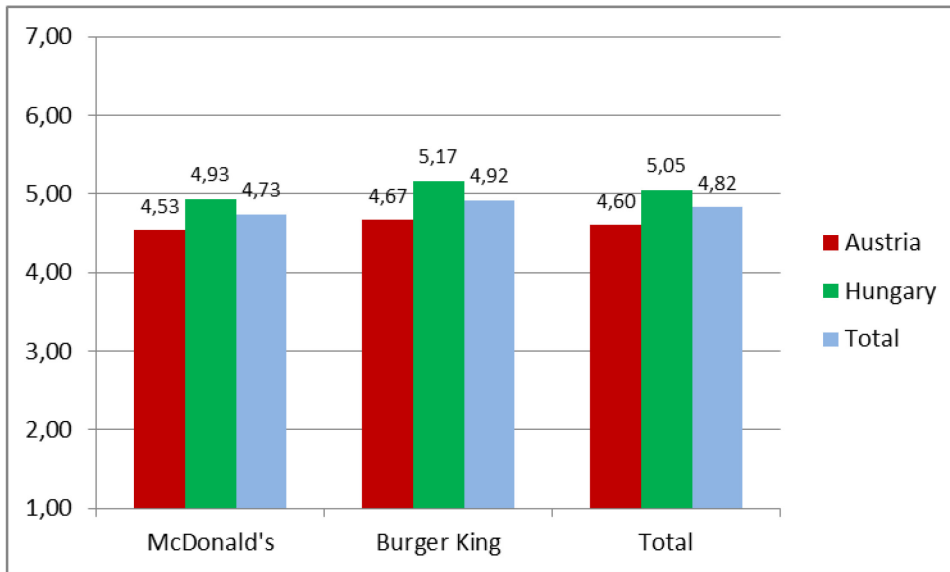
Source: SPSS, own illustration

In regards of the next statement which is: *"I feel that the values of this franchise system match my own"*, no significant differences for the factor country (p=0.654) nor the factor brand (p=0.297) could be confirmed in the analysis of evaluation. Neither correlation is significant (p=0.765). Covariates age (p=0.705), dining out (p=0.393) and frequency (p=0.079) also have no significant correlation with the statement making an analysis of covariates redundant.

Figure 26: Means *"I feel that the values of this franchise system match my own"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
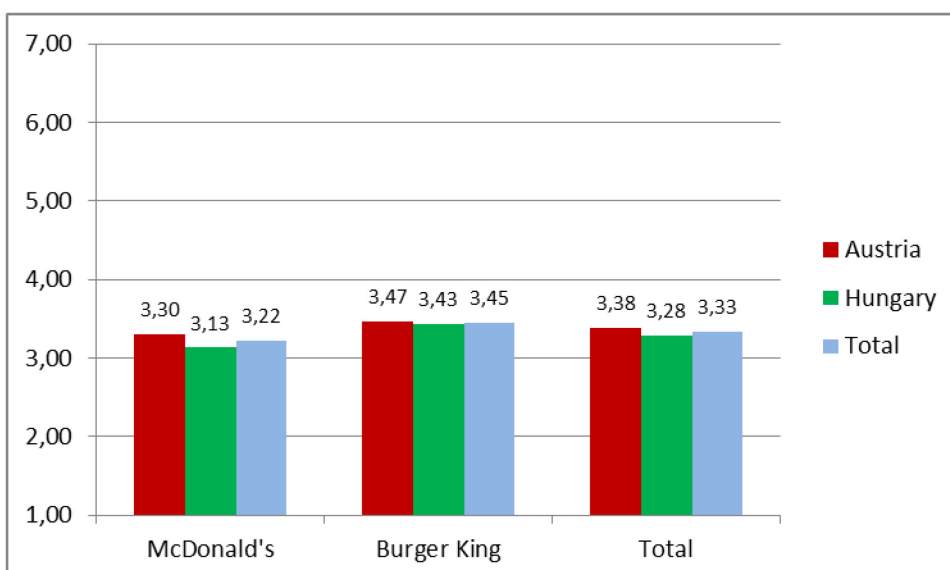
The same results are yielded for the evaluation of the following statement: *"This brand and I appear to share similar values"*. There is no significant difference for factor country (p=0.780) nor for factor brands (p=0.328). Also this time correlation between country and brands is not significant due to p=0.675. The covariates age (p=0.925), dining out (p=0.515) and frequency (p=0.254) don't relate significantly with the statement meaning an analysis of covariates is not needed.

Figure 27: Means *"This brand and I appear to share similar values"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
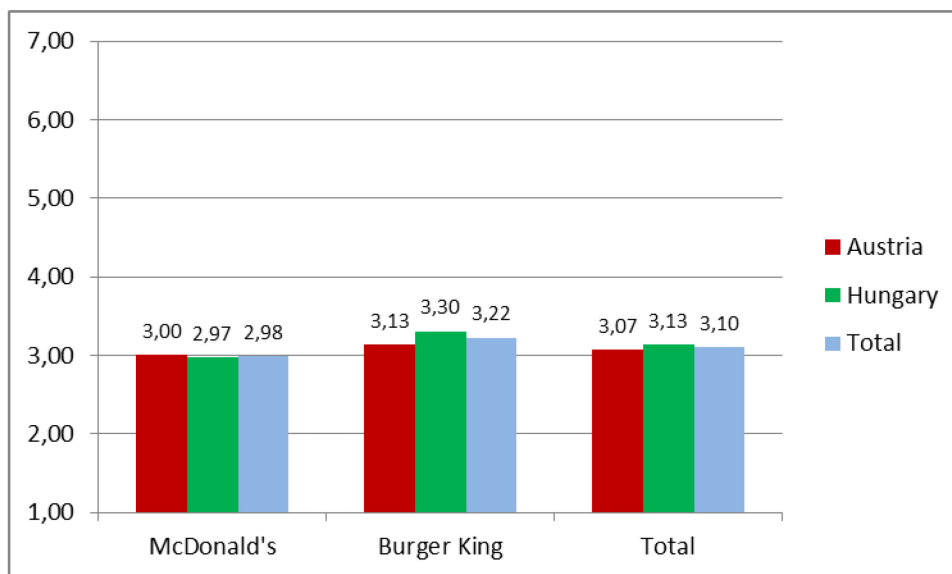
7.3.5 *Results of Regression Analysis - Section 3: Personal Brand Experiences*

In section 3 of the questionnaire, the customers are asked for their very personal experience at the visited fast-food restaurant. The statement *"I am satisfied with my dining experience in this restaurant"*, is evaluated best in this section with a mean value of 5.26. On the other hand, the statements with the lowest evaluation are: *"My dining experience in this restaurant created a favorable feeling toward this brand"*, with a mean score 4.54 and *"My dining experience in this restaurant is*

excellent", with a mean of 4.50. The total mean value over all five statements is 4.91 (SD=1.02).

Reliability of this scale is rated very good due to a Cronbach-α of 0, 90.

Table 6: Descriptive, statistical statements about personal brand experience

	M	SD
I am satisfied with my dining experience in this restaurant.	5.26	1.00
I am pleased with my dining experience in this restaurant.	5.13	1.13
My dining experience in this restaurant created a favorable feeling toward this brand.	4.54	1.19
My dining experience in this restaurant is excellent.	4.50	1.43
I feel content with my experience in this restaurant.	5.13	1.23
Overallscore brand experiences	4.91	1.02

Source: SPSS, own illustration

7.3.5.1 Test of the Hypotheses for Section 3:

Finally the total evaluation of the last section of the questionnaire that is summarized under personal brand experience shows a statistical significant difference between countries (p=0.044). The average value given for this statement of the Austrian sample is 4.73 and is therefore lower than the mean value of the Hungarian customers of 5.10. These values would support and confirm hypothesis 3a: *"There is a difference in personal brand experience depending on country".*

The difference between brands with means of 4.82 for McDonald's and 5.01 for Burger King is not statistically significant (p=0.312) which refutes hypothesis 3b: *"There is a difference in personal brand experience depending on the brand visited".*

The correlation between both factors: brand and country is also not statistically relevant (p=0.111) which further refutes hypothesis 3c: *"There is a correlation between country and brand regarding personal brand experience".*

Only frequency, of the three covariates, has a positive significant correlation with the statement on the total value of brand experience (p=0.0037). Analysis of covariates shows no significant difference between countries (p=0.266). The adjusted mean value for Austria is now 4.94, the one for Hungary 5.04. The difference between the countries is therefore mainly due to the higher frequency of visits in Hungary which leads to a better evaluation in this case. This questions the confirmation of hypothesis 3a as it seems the differences are mainly attributable to the higher number of visits in this sample.

The findings of the analysis of variances for the factor brands (p=0.670) and also in regards to the correlation of brand and country (p=0.212) are confirmed.

Figure 28: Means "Overall score: personal brand experience", separated by brand and country (1=strongly disagree, 7=strongly agree)
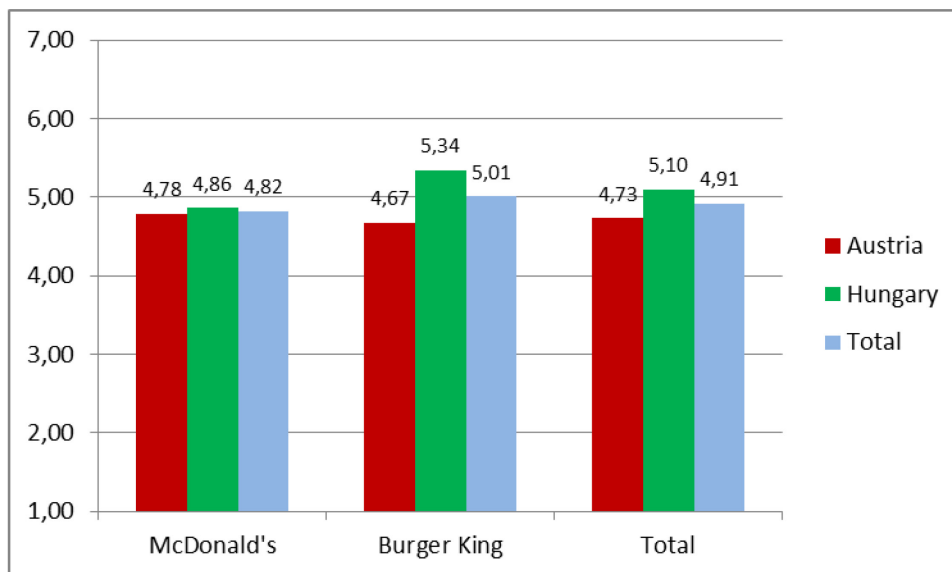
Source: SPSS, own illustration

Hypothesis 3a:

"There is a difference in personal brand experience depending on country" → *Confirmed*

Hypothesis 3b:

"There is a difference in personal brand experience depending on the brand visited" → **Not confirmed**

Hypothesis 3c:

"There is a correlation between country and brand regarding personal brand experience" → **Not confirmed**

7.3.5.2 Regression Analysis of Single Statements in Section 3

Looking into the single statements, the first one of this section: *"I am satisfied with my dining experience in this restaurant"*, doesn't show significant differences neither between countries (p=0.447) nor between brands (p=0.563). However, a slight significant correlation between brand and country (p=0.05). For the McDonald's brand, the Austrian sample provides a slightly better evaluation with a mean of 5.32) than the Hungarian sample with a mean of 5.07. The customer sample of Burger King though evaluates the other way around. The Hungarian sample evaluates the statement: "I am satisfied with my dining experience in this restaurant ", on average with 5.57 whereas the Austrian sample evaluates at a lower average score of 5.10. The covariates age (p=0.363), dining out (p=0.190) and frequency (p=0.346) don't correlate significantly with the statement which makes the analysis of covariates redundant.

Figure 29: Means *"I am satisfied with my dining experience in this restaurant"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
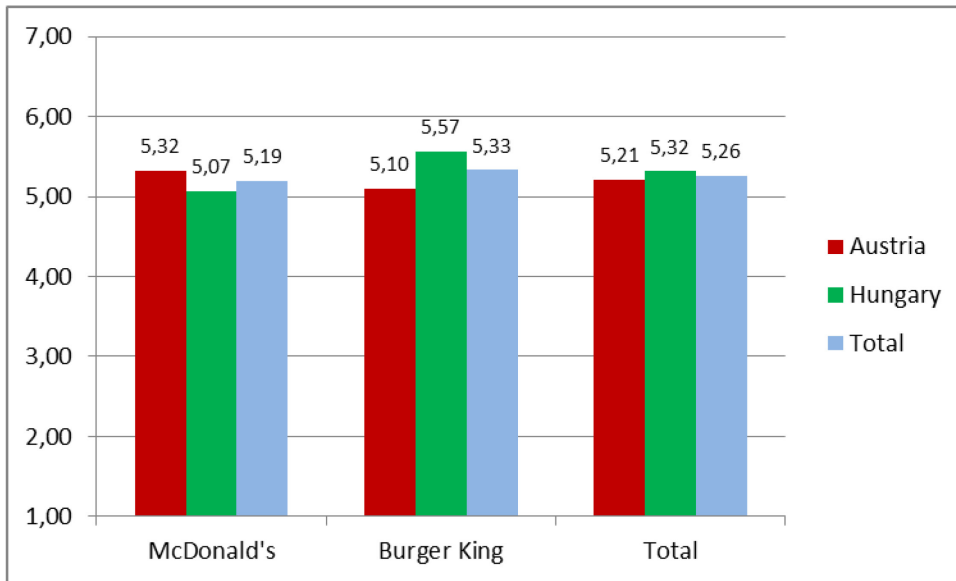
Source: SPSS, own illustration

The next proposition: *"I am pleased with my dining experience in this restaurant"*, delivers significant differences between evaluations of customers in Austria and Hungary (p=0.030). Evaluations of the Hungarian sample, with a mean value of 5.35, are higher than those of the Austrian sample, with a mean of 4.90. Differences between both brands are not confirmed (p=0.808) and also the correlation of countries and brands shows not to be significant (p=0.373). An analysis of covariates is not conducted as the covariates age (p=0, 971), dining out (p=0.181) and frequency (p=0.075) are not significantly correlated with the statement.

Figure 30: Means *"I am pleased with my dining experience in this restaurant"*, separated by brand and country (1=strongly disagree, 7=strongly agree)

Source: SPSS, own illustration

The analysis of the evaluation of the 3rd statement in this section: *"My dining experience in this restaurant created a favorable feeling towards this brand"*, includes no significant differences between the countries (p=0.939). Yet, there is a tendency for significant differences concerning the factor brand (p=0.079). For the McDonald's brand, evaluation is a slightly worse with a mean of 4.35 than for the brand of Burger King (M=4.73). No correlation between factors brand and country (p=0.193) is confirmed as well as no significant correlation between the statement and the covariates age (p=0.490), dining out (p=0.502) and frequency (p=0.070). Due to this, an analysis of covariates has not been conducted.

Figure 31: Means *"My dining experience in this restaurant created a favorable feeling towards this brand'*, separated by brand and country (1=strongly disagree, 7=strongly agree)
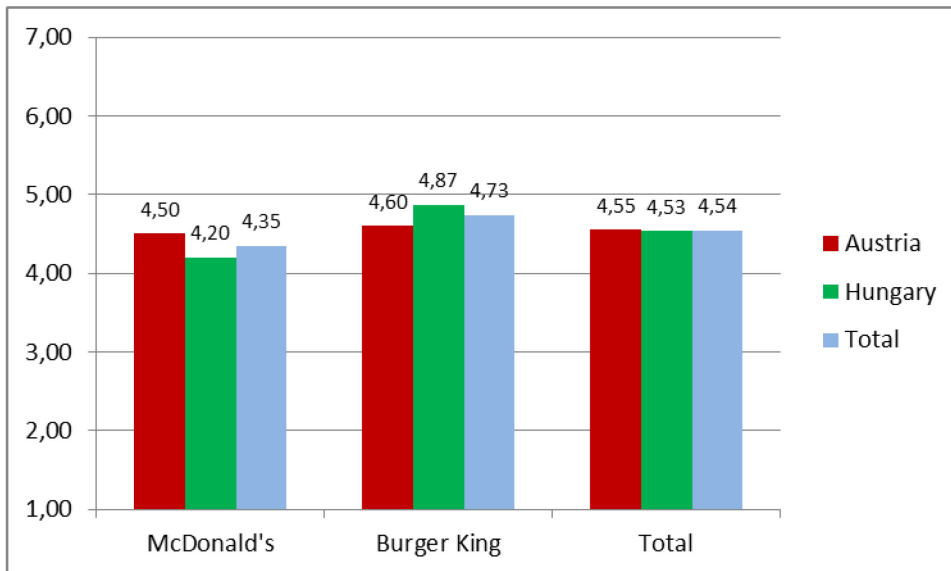
Source: SPSS, own illustration

I could find significant differences (p=0.005) in the evaluation of customers from Austria and Hungary for: "*My dining experience in this restaurant is excellent".* The Hungarian sample has evaluated this question, with a mean of 4.87, distinctly higher than the Austrian sample (M=4.13). By contrast, I could not confirm a significant difference in regards to the factor brand (p=0.601) and also no significant correlation between both factors brand and country (p=0.297).

Of all three covariates, only frequency correlates positively significant with the statement above. The result of analysis of covariates verifies the one of analysis of variances though, meaning the factor country stays significant (p=0.018) while the factor brand remains insignificant (p=0.782), as does the correlation of both factors (p=0.263).
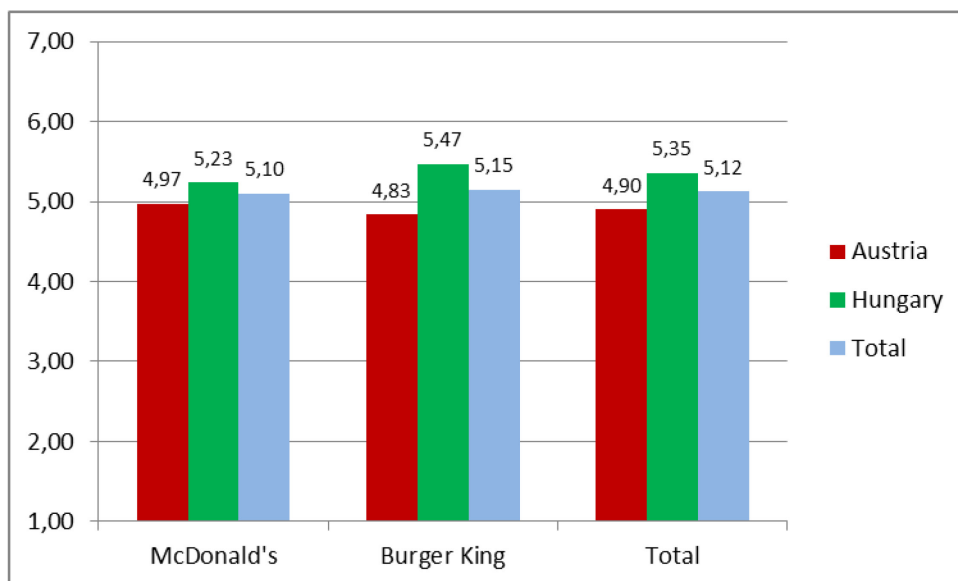
Figure 32: Means *"My dining experience in this restaurant is excellent"*, separated by brand and country (1=strongly disagree, 7=strongly agree)
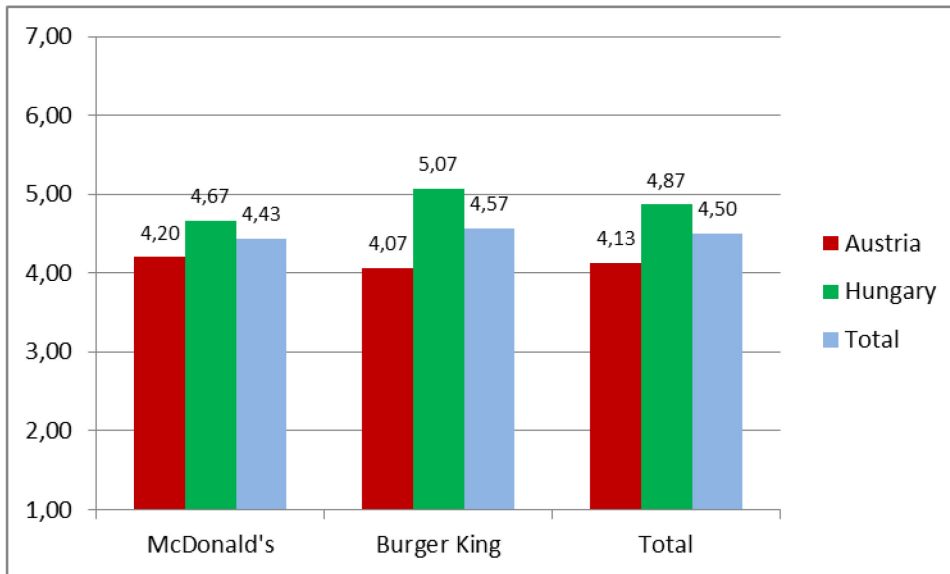
Source: SPSS, own illustration

Continuing the analysis, the next statement: *"I feel content with my experience in this restaurant", proves* a statistical significant difference for the factor countries at p=0.005. The average score of 4.82 on this statement of Austrian customers is clearly lower than the mean of the Hungarian sample (M=5.43). Significance of difference for the factor brand is not confirmed in this case (p=0.252). Customers of McDonald's evaluated this statement on average with a score of 5.00 and customers of Burger King with a mean of 5.25). Correlation of both factors brand and country is not significant as well (p=0.110). Covariate frequency is in a positive significant relation with the statement (p=0.013) and analysis of covariates now shows only a slightly significant difference between countries (p=0.051). The adjusted mean for Austria is therefore 5.25, the one for Hungary 5.35, which means the differences in the countries are also attributable to the fact that customers of the Hungarian sample visited the restaurants more often than the customers of the Austrian sample. In regards to the factor brand (p=0.945) and correlation of brand and country (p=0.317) the results of analysis of variances are further confirmed.

Figure 33: Means *"I feel content with my experience in this restaurant"*, **separated by brand and country (1=strongly disagree, 7=strongly agree)**
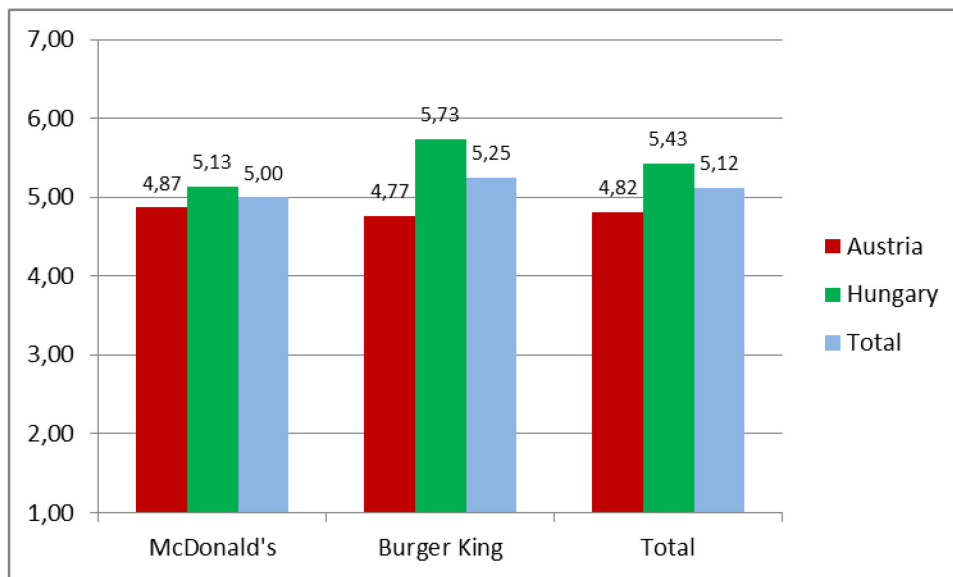
Source: SPSS, own illustration

8. Discussion of the Results

The regression analysis has shown that the differences between these two countries and brands overall in the franchise business are not as significant as I would have thought.

For section one of the questionnaires, which I summarized under: "perception of market position and image", there is no difference between the countries, meaning that customers in both countries share a similar view on the market positions of the two companies.

On the contrary, there are differences when looking at the different brands. The perception of McDonald's market position and its image are clearly higher over the whole sample compared to its competitor Burger King.

However there is no correlation of brand and country regarding these evaluations. Reasons for this better evaluation could be that McDonald's has been the first runner for quite some time in both countries and has been successful ever since. Also the fact that the company is in general much bigger in both countries, hence much more visible due to many more locations might enforce this result. Lastly, McDonald's does a lot of social impact and environment work in both these countries and communicates it well.

Section two of the questionnaire is much more focused on the actual customer retention and the customer's identification with the brand, meaning it shows how much the customer is willing to identify himself/ herself with this brand in public. The result of the regression analysis for section II confirms a slightly higher customer retention and competence in Hungary than in Austria. When further analyzed using the covariate frequency which correlates positively with this overall result, it shows that this result isn't influenced by a higher frequency of visits in Hungary. Concerning customer retention and brand identification between brands, no relevant differences were found. Overall, this could imply that no matter which brand is visited, customer retention and brand identification is not so much about the actual brand visited but more about the dining experience the customer has

and might have a cultural reason at last. There are no significant differences when looking at a correlation between brands and countries.

The last section of the questionnaire covered questions on the actual dining experience at the particular brand of franchise restaurant visited and therefor the personal brand experience generated from this visit.

The analysis shows a statistical significant difference between countries and its shows that the personal brand experience is evaluated higher in the Hungarian sample than the Austrian sample.

When analyzed for the covariate frequency it appears though that the evaluation is mainly due to the higher frequency of visits in Hungary than in Austria, rather than a cultural reason.

Furthermore, there are no differences in the evaluation of the customer's personal brand experience between the brands, meaning that again the actual brand visited is not a factor that influences the personal experience rather than the performance delivered and dining experience even.

The hypothesis: "*There is a correlation between country and brand regarding brand experience and image",* has also not been confirmed.

9. Conclusion

As mentioned in chapter 2, I believe the concept of corporate reputation has two components, the cognitive and the affective component, meaning it is a result of knowledge and emotion.

In my findings, I identify the questions from section 1 as emotional questions, and they are therefore building the affective component of the company's reputation. The affective component is referred to as all items that identify the assessment of

emotions and image towards a company or brand[76]. These items are asked for in section 1 of the questionnaire.

While the results in the countries show no relevant difference, the results for the brands are significantly different in this section. I believe that the outcome between brands is due to the very different communications approach of both companies. During my research I found, that Burger King, although being smaller and less successful company has a very strict policy on which information they publicize. Although they have similar topics on their agenda, such as environment work, nutrition and health, social impact, the focus of their public relations is on their products. Personally, I find this strategy hard to understand since it doesn't convey the openness and trustworthiness, I found during the research about McDonald's. However, given the result of the overall aggregated reputation being not so different in the end, it is not as important as it seemed to me in the beginning.

The questions in section 2 are questions based on real facts and personal experience with the brand hence they are building the cognitive component of the reputation. Hard facts, such as indicators for the company's global reach, its position amongst its competitors, the ability to build up customer retention, in summary one could say, its competence, are asked for. Here it is quite interesting that only a slight difference can be found when comparing countries, which is, when further analyzed not influenced by the fact that in Hungary the frequency of visits is higher.

To me these results are reasonable since the evaluation is based on actual experiences with both brands in both countries. The slight difference in the evaluation regarding countries could be due to the fact, that in Hungary the fast-food business is somewhat newer to the customers and they are, until now, less sensitive on the whole "health" issue of fast-food. This is however just speculative and not justified through any analysis done.

Part 3 of the questionnaire covers cognitive questions again, which refer to the actual dining experience in the particular restaurant visited. No significant

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[76] Schwaiger, M., Components and Parameters of Corporate Reputation – an Empirical Study (2004)

differences are found in this section, which indicates that all customers had a similar satisfying or at least expected experience in both franchise chains as well as in both countries.

When I aggregate the results for each brand, the outcome for McDonald's is basically that its overall reputation is slightly better than Burger King's reputation but the difference seems only due to the emotional/affective component of customers which is covered by questions in section 1. The customers evaluate McDonald's future better based on their own perception of the company's market position and image and not the facts of their personal experiences in the restaurants. Regarding the countries, the reputation of the franchised fast-food industry seems to have no big difference overall. Customer retention and brand identification seems to be a bit higher in Hungary which might have cultural reasons for example maybe the fact that the country has been ruled under the communist party until 1989 and the '"Americanization" is much more welcomed as a symbol of freedom. Personally, I find these results quite surprising regarding both factors but especially regarding the factor country. My initial feeling was that there are quite some differences in the reputation of the franchised fast-food industry in Austria versus Hungary due to the different cultural backgrounds. It seems that these cultural differences are less existent and impactful than my personal idea of it. It might be to do with the industry but maybe it is as I wrote in my introduction, that we are in fact becoming less and less separated by borders.

I also want to state, that in my opinion, the concept of corporate reputation which numerous scholars support mentioned in chapter 2, namely being an aggregation of an affective and cognitive component is valid and has been proven useful in the analysis of these study. However to get even better and more specified results, the questions could be more detailed regarding both components and more interviews could also be done in smaller cities (to maybe deliver more inhomogeneous samples), as they have been conducted during this study. Lastly, the further analysis of other countries of different cultural and historical backgrounds would be useful to foster or refute the findings of this thesis.

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Appendix

10.1 Questionnaires in English and Hungarian

Univ. Prof. Dr. Josef Windsperger, Betriebswirtschaftszentrum
Brünner Str. 72, A-1210 Wien
Email: josef.windsperger@univie.ac.at

Dear Franchise Customer:

Thank you for your willingness to participate in this important survey on your experiences with this franchised restaurant. Please be reassured that your individual identity will never be revealed. So, please be frank.
This survey should take approximately, 10 minutes to complete.

Thank you again in advance for your cooperation.

SECTION 1: This section seeks your opinions about how you feel about this franchised fast-food restaurant business in general. To answer, review the statements below, and indicate your answers by checking the boxes that best reflect your opinions.

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
My overall perceptions of total experience with this franchise system are very good.	☐	☐	☐	☐	☐	☐	☐
My perceptions of this franchise system compared to its competitors are very good.	☐	☐	☐	☐	☐	☐	☐
I believe in the good long-term future for this franchise system. ·	☐	☐	☐	☐	☐	☐	☐
I believe that the market standing of this franchise system is good.	☐	☐	☐	☐	☐	☐	☐
The market visibility of this franchise system in the marketplace is high.	☐	☐	☐	☐	☐	☐	☐

SECTION 2: This section seeks your opinions about your brand experiences in this franchised fast-food restaurant. To answer, review the statements below, and indicate your answers by circling the rate that best reflect your opinions.

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I am satisfied with this franchised fast-food restaurant.	☐	☐	☐	☐	☐	☐	☐
I am pleased with this franchised fast-food restaurant.	☐	☐	☐	☐	☐	☐	☐
I am favorably disposed toward this franchised fast-food restaurant.	☐	☐	☐	☐	☐	☐	☐
My experiences with this brand have been positive.	☐	☐	☐	☐	☐	☐	☐
All things considered, it is highly likely that I will actually dine at this brand of franchised fast-food restaurant again?	☐	☐	☐	☐	☐	☐	☐

Do you intend to dine again in this franchised fast-food restaurant brand in near future?   Yes ☐   No ☐

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I would recommend to other people that they should dine out at this brand of franchised fast-food restaurant.	☐	☐	☐	☐	☐	☐	☐
I would recommend this franchise system to other people	☐	☐	☐	☐	☐	☐	☐

interested in dining out. ···

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I would gladly talk about my experiences with this brand of restaurants to other people. ································	☐	☐	☐	☐	☐	☐	☐
I would like to seek out other franchised fast-food restaurants to patronize. ································	☐	☐	☐	☐	☐	☐	☐
I am committed to patronizing this franchised brand. ·······	☐	☐	☐	☐	☐	☐	☐
I would be willing to pay a higher price to dine in this franchised brand over other brands. ························	☐	☐	☐	☐	☐	☐	☐
I will buy this brand the next time I dine out. ··················	☐	☐	☐	☐	☐	☐	☐
I intend to keep purchasing this brand. ························	☐	☐	☐	☐	☐	☐	☐
I feel that the values of this franchise system match my own. ···	☐	☐	☐	☐	☐	☐	☐
This brand and I appear to share similar values. ···············	☐	☐	☐	☐	☐	☐	☐

SECTION 3: This section seeks your opinions about your <u>brand experiences at this restaurant</u> among this franchised restaurant chain locations. To answer, review the statements below, and indicate your answers by checking the boxes that best reflect your opinions.

Satisfaction with this restaurant among *this* franchised fast-food restaurant chain *location*

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I am satisfied with my dining experience in this restaurant.···	☐	☐	☐	☐	☐	☐	☐
I am pleased with my dining experience in this restaurant.	☐	☐	☐	☐	☐	☐	☐
My dining experience in this restaurant created a favorable feeling toward this brand.·····························	☐	☐	☐	☐	☐	☐	☐
My dining experience in this restaurant is excellent. ········	☐	☐	☐	☐	☐	☐	☐
I feel content with my experience in this restaurant. ········	☐	☐	☐	☐	☐	☐	☐

SECTION 4: Classification Questions: This final set of questions is asked so that we can combine your answers with other like-minded individuals. They are not meant to identify you. We <u>absolutely guarantee</u> that your <u>individual identity</u> will never be revealed.

Your Gender?   ☐ Male   ☐ Female   Your Approximate Age?   _____   years

How many years of post high school education have you had?   _____ years

Brand of this franchised restaurant chain _____

Location of this franchised restaurant chain _____

How frequently do you eat at this franchised restaurant chain?   _____

How often do you dine out per week?   _____

What are your three most favorite menu items in this franchise restaurant chain?
[1] _____ [2] _____ [3]_____

     Any comments for the research team?

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┌────────────────────────────────────────────────────┐
│                                                      │
│                                                      │
│                                                      │
│                                                      │
│                                                      │
└────────────────────────────────────────────────────┘
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Tisztelt Franchise-Vásárló!

Köszönöm Önnek, hogy a franchise-éttermekről gyűjtött tapasztalatait megosztja velünk ennek a kérdőívnek a kitöltésével. Biztosítani szeretnénk Önt, hogy a kérdőív kiértékelésénél semmilyen formában nem all módunkban az Ön személyes preferenciáira visszakövetkeztetni. Az összegyűjtött adatok kizárólag tudományos célokat szolgálnak. Kérjük Önt, hogy válaszadása őszinte véleményét tükrözze.

A kérdőív kitöltése kb. 10 percet vesz igénybe.

Még egyszer *köszönetet mondunk* Önnek, hogy válaszaival támogatja kutatásunkat!

1. RÉSZ: Ebben a részben arról szeretnénk megkérdezni Önt, milyen véleménnyel van a Burger King franchise-gyorsétteremláncról <u>általában</u>. Kérjük tekintse át a következő kijelentéseket és jelölje be soronként azt a dobozkát, amely legjobban tükrözi a véleményét.

	Egyáltalán nem értek egyet	Nem értek egyet	Inkább nem értek egyet	Közönbös	Inkább egyetértek	Egyetértek	Teljesen egyetértek
Valamennyi tapasztalatomat figyelembe véve, összbenyomásom az adott franchise-rendszerrel kapcsolatban nagyon jó. ··	☐	☐	☐	☐	☐	☐	☐
A konkurenciához viszonyítva, összbenyomásom az adott franchise-rendszerrel kapcsolatban nagyon jó.·································· ····························	☐	☐	☐	☐	☐	☐	☐
Hiszek az adott franchise-rendszer hosszútávú jövőjében. ·······································	☐	☐	☐	☐	☐	☐	☐
Azt gondolom, hogy az adott franchise-rendszer piaci pozíciója jó ·································	☐	☐	☐	☐	☐	☐	☐
Az adott franchise-rendszer piaci jelenléte/érzékelhetősége magas. ························	☐	☐	☐	☐	☐	☐	☐

2. RÉSZ: Ebben a részben azon véleményére vagyunk kíváncsiak, hogy milyen tapasztalatokat szerzett a Burger King franchise-gyorsétteremről mint piaci márka. Kérjük tekintse át a következő kijelentéseket és jelölje be soronként azt a dobozkát, amely legjobban tükrözi a véleményét.

	Egyáltalán nem értek egyet	Nem értek egyet	Inkább nem értek egyet	Közönbös	Inkább egyetértek	Egyetértek	Teljesen egyetértek
Az adott franchise-gyorsétteremmel elégedett vagyok.···	☐	☐	☐	☐	☐	☐	☐
Az adott franchise-gyorsétterem tetszik.················							
Pozitívan állok az adott franchise-gyorsétteremhez···············							
Tapasztalataim az adott márkával pozitívak. ·························							
Mindent egybevetve nagyon valószínű, hogy az adott márkájú gyorsétteremnél újra étkezni fogok.	☐	☐	☐	☐	☐	☐	☐

Tervezi Ön, hogy a közeljövőben ismét a ebben a frenchise gyorsétteremnél fog étkezni?   Igen ☐   Nem ☐

	Egyáltalán nem értek egyet	Nem értek egyet	Inkább nem értek egyet	Közönbös	Inkább egyetértek	Egyetértek	Teljesen egyetértek
Ajánlanám másoknak, hogy az adott márkájú gyorsétteremnél étkezzenek. ······························	☐	☐	☐	☐	☐	☐	☐
Az adott franchise-rendszert ajánlanám azoknak, akik otthonon kívüli étkezési lehetőséget keresnek.················ ·································	☐	☐	☐	☐	☐	☐	☐
Szívesen megosztanám másokkal tapasztalataimat az adott márkájú étteremmel kapcsolatban.·············	☐	☐	☐	☐	☐	☐	☐

	Egyáltalán nem értek egyet	Nem értek egyet	Inkább nem értek egyet	Közönbös	Inkább egyetértek	Egyetértek	Teljesen egyetértek
Fontos számomra, hogy az adott franchise márkánál ügyfél maradjak.·················· ················	☐	☐	☐	☐	☐	☐	☐
Hajlandó lennék az adott franchise-étteremnél magasabb árat fizetni mint egyéb márkáknál, hogy ügyfél maradjak. ···	☐	☐	☐	☐	☐	☐	☐
A következő otthonon kívüli étkezéskor is ezt a márkát fogom választani.··········· ···························	☐	☐	☐	☐	☐	☐	☐
Tervezem, hogy a továbbiakban is az adott márkánál fogyasszak. ···	☐	☐	☐	☐	☐	☐	☐
Azt érzem, hogy azok az értékek, melyeket az adott franchise-rendszer képvisel, egyeznek a sajátommal ··	☐	☐	☐	☐	☐	☐	☐
Az adott márka és én látszólag hasonló értékeket osztunk. ···	☐	☐	☐	☐	☐	☐	☐

3. RÉSZ Ebben a részben azon véleményére vagyunk kíváncsiak, hogy milyen márkatapasztalatokat szerzett a Burger King étteremben (beleértve valamennyi az adott franchise-rendszerhez tartozó éttermet). Kérjük tekintse át a következő kijelentéseket és jelölje be soronként azt a dobozkát, amely legjobban tükrözi a véleményét. Elégedettsége az éttermekkel az adott franchise-rendszerben:

	Egyáltalán nem értek egyet	Nem értek egyet	Inkább nem értek egyet	Közönbös	Inkább egyetértek	Egyetértek	Teljesen egyetértek
Az adott étterem eddigi tapasztalataim alapján tetszik.···················· ·····························	☐	☐	☐	☐	☐	☐	☐
Az adott étteremben gyűjtött eddigi tapasztalataim vezettek oda, hogy pozitívan állok az adott márkához. ··	☐	☐	☐	☐	☐	☐	☐
Az adott étteremben gyűjtött eddigi tapasztalataim kiválóak. ··							
Elégedett vagyok a tapasztalataimmal, amelyeket ebben az étteremben szereztem. ····························							

4. RÉSZ: Demográfiai adatok: Az utolsó rész azt a célt szolgálja hogy az Ön válaszait és egyéb válaszadók válaszait objektívan össze tudjuk hasonlítani. Az alábbi kérdések nem szolgálják a válaszadó azonosíthatóságát. Nyomatékosan szeretnénk biztosítani Önt, hogy az ön személyes adatai semmilyen körülmények között sem kerül nyilvánosságra.

Az Ön neme?   ☐ Férfi   ☐ Nő   Életkora?   _____   év
Az Ön legmagasabb befejezett iskolai végzettsége (általános iskola/érettségi/szakképesítés/főiskola/egyetem/doktori fokozat)?
_____

Az adott franchise-étteremlánc márkája?   _____

Az étterem helyszíne _____

Milyen gyakran étkezik az adott franchise-étteremláncnál?   _____

Milyen gyakran étkezik Ön hetente otthonon kívül?   _____

Melyek az Ön kedvenc étkei az adott franchise-étteremlánc étlapjáról? [1] _____

[2] _____ [3]_____

                              Kíván megjegyzést hagyni a kutatócsoportunknak?

_____

10.2 **German Summary**

Corporate reputation, also der Ruf eines Unternehmens hat in den letzten Jahren der globalen Vernetzung im wirtschaftlichen und gesellschaftlichen Bereich, enorm an Bedeutung gewonnen. Es ist ein immaterieller Unternehmenswert, dessen Einfluss weitreichende Folgen haben kann. Obwohl es durch die Vereinfachung und Verbesserung der Kommunikation, scheinbar einfacher denn je ist, Kunden zu erreichen, so birgt diese grenzenlose Echtzeitkommunikation auch seine Gefahren. Informationen werden heutzutage schneller transportiert denn je und vor allem im Internet ist die Qualität der Information oft nicht kontrollierbar. Unternehmen müssen sich diesem Thema also nicht nur annehmen, sie müssen es auch aktiv steuern, da der wachsende Individualismus der Kunden unserer Zeit auch zielgerechte Kommunikation erfordert und zusätzlich das Thema Ethik in der Wirtschaft ebenfalls für Kunden eine weiter wachsende Rolle spielt. Heutzutage ist es für grosse Unternehmen aber nicht nur wichtig gut zu kommunizieren, es ist auch nicht mehr denkbar sich dem globalen Wettbewerb nicht zu stellen und die weltweite Expansion ist of notwendig um weiter zu wachsen. Ein bedeutender Distributionskanal des letzten und heutigen Jahrhunderts ist das Franchising. Es gibt Unternehmen, je nach Franchiseart, die Möglichkeit nicht nur Produkte und Dienstleistungen in andere Länder zu exportieren aber auch Unternehmenskultur zu transferieren. McDonald's als eine der grössten und erfolgreichsten Fast-food Franchiseunternehmen der Welt ist wohl einer der Gründe warum diese Art der Distribution derartig bekannt ist. Auch wenn bereits viele weitere Unternehmen, McDonald's gefolgt sind, so bleibt das Unternehmen jedoch eine Art Vorbild was die erfolgreiche Expansion mittels Franchising betrifft. In dieser Arbeit wird der Ruf der Franchiseindustrie im Fast-food Sektor untersucht, anhand von den zwei wohl bekanntesten Wettbewerbern, die die Industrie hat: McDonald's und Burger King. Für den Ländervergleich, habe ich Österreich und Ungarn gewählt, da diese zwei Nationen eine grosse Geschichte verbindet, sich jedoch in der zweiten Hälfte des 20. Jahrhunderts komplett unterschiedlich entwickelt haben und in Ungarn bis 1989 der Kommunismus das Wirtschaftssystem bestimmte.

Am Anfang der Arbeit, also Kapitel 2 und 3 werden die Konzepte der Reputation und des Franchising genauer erklärt und theorethisch belegt. Dabei wird im Kapitel 2 ein besonderes Augenmerk auf das eigentliche Nichtvorhandensein einer einheitlichen Definition des Begriffs: Corporate Reputation, gelegt und bekannte Arbeiten und Wissenschaftler zitiert, die sich diesem Thema widmeten oder widmen.Im Kapitel 3 werden die Geschichte, Entwicklung und Arten des Franchising vorgestellt.Kapitel 4 und 5 wird die jeweilige Geschichte von Burger King und McDonald's beschrieben und deren Entwicklung in den beiden Ländern Österreich und Ungarn.

Darauffolgend, im Kapitel 6 wird kurz der Hintergrund der Studie erklärt und damit weitergeleitet zum Hauptteil der Arbeit, im Kapitel 7, die empirische Analyse der Studie in den beiden Ländern. Mittels Regressionsanalyse werden die Ergebnisse untersucht und auf Zusammenhänge überprüft. Für mich persönlich überraschend ist der im weitesten Sinne fehlende Einfluss des Landes auf den Ruf des Franchisesektors im Allgmeinen. Ausschliesslich tendenziell signifikante Unterschiede konnten festgestellt werden. Ich hätte speziell aufgrund des jahrleang unterschiedlichen Wirtschaftssystems des Kommunismus in Ungarn versus der freien Marktwirtschaft in Österreich, einen grösseren Unterschied erwartet. Jedoch widerum passt das Resultat zu meinen Eingangsworten der Arbeit, dass Grenzen und Landeskultur scheinbar immer weniger relevant sind. Die Tatsache, dass McDonald's Ruf über beide Länder jedoch signifikant besser ist beziehungsweise der emotionale Aspekt des Unternehmensrufs also die persönliche Wahrnehmung der Marktposition als auch das Image, ist für mich nicht überraschend. Gründe dafür könnten, unter anderen, die Tatsache sein, dass McDonald's generell der weitaus grössere und daher sichtbarere Wettbewerber ist und in beiden Ländern um einige Zeit früher am Markt erschien. Zusätzlich bin ich im Zuge der Recherchen über beide Unternehmen, zur Meinung gekommen, dass McDonald's eine proaktivere und auch offenere Kommunikationsstrategie hat, was wiederum Vertrauen in das Unternehmen schaffen kann und definitiv den Ruf eines Unternehmens massgeblich beeinflusst. Die Konklusio in Kapitel 8 fasst die Ergebnisse und darausfolgende Erkenntnisse am Ende noch einmal zusammen.

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■ Ausbildung

Sept. 1987 – Juli 1991	Volksschule Kirchberg in Tirol
Sept. 1991 – Juli 1999	Bundesrealgymnasium Woergl in Tirol
Seit Sept. 1999	Universitaet Wien
	Studium der Internationalen Betriebswirtschaftslehre: Kernfachkombinationen: Industrial Management, Internationale Unternehmensfuehrung

■ Berufliche Erfahrungen

Juli 1999/2000/2001	**Sommerjob**, Kaps Catering Gmbh, Kitzbuehel in Tirol
Aug. 2002 – Sept. 2002	**Praktikatin im Marketing & Sales**
	St. Martin's Press, Verlagsgruppe G. v. Holtzbrinck

	New York/ USA
Juli 2003 – Sept. 2003	**Praktikantin in Rotation: Marketing & Sales, Finance, Editing**
	MacMillan Publishing House
	London, UK
Juli 2006 – April 2007	**Praktikantin im Global Marketing**
	Durchfuehrung und Auswertung: europaeische Marktstudie zu Markenpositionierung
	The Boston Consulting Group (Austria) GmbH
	Wien, Oesterreich
Aug 2007 – Dez 2011	**Global Marketing Coordinator, Fixanstellung**
	Verantwortlich fuer Branding International, Leitung des internen Creative Teams, Verantworlich fuer Visual Identity Europa
	The Boston Consulting Group (Austria) GmbH
	Wien, Oesterreich
Aug 2010 – Dez 2010	**Global Marketing Coordinator**
	4 monatiges On the Job Training
	The Boston Consulting Group Inc.
	Boston, MA, USA

■ Sprachenkenntnisse

Deutsch:	Muttersprache
Englisch:	Fliessend in Wort und Schrift
Franzoesisch:	Maturaniveau
Spanisch & Italienisch:	Grundkenntnisse

■ Sonstiges

Interessen: Yoga, Lesen, Reisen, Ayurveda
Fortgeschrittene Computerkenntnisse
Fuehrerschein Gruppe B