



Research paper

Zooming in on co-creation practices of international franchisors

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ABSTRACT

There is limited knowledge on value co-creation in international franchising despite the collaborative nature of this major foreign entry mode. This article zooms in on international franchisors' co-creation practices through in-depth interviews with 28 French franchisors and 25 of their foreign franchisees, offering three main contributions. First, the interviews reveal that franchisors do not always co-create value with their franchisees. Instead, franchisor-franchisee co-dependency manifests in both value co-creation and facilitation. Second, this research offers a typology of the domains of co-creation in franchising, showing that franchisors can participate in foreign franchisees' value creation processes during the set up and launch of the franchise abroad, training and knowledge dissemination, adaptation of the offering, and management of problems. Third, it offers a typology of seven franchisor co-creation styles – mentor, custodian, broker, partner, strategically focused, controlling principal, and chameleon – and their underlying dimensions in terms of franchisor activities and preferences. The mapping of co-creation domains and styles offers international franchisors a detailed account of the practical ways to support their foreign franchisees' value creation processes depending on their preferences, resources, and capabilities.

1. Introduction

Value co-creation has gained considerable attention in business-to-business marketing, (e.g. Grönroos, 2011a; Kohtamäki & Rajala, 2016; Lombardo & Cabiddu, 2017; Makkonen & Olkkonen, 2017; Wilden, Gudergan, Akaka, Averdun, & Teichert, 2019). In contrast, franchising research has shown very limited interest in exploring the concept in depth, presenting co-creation instead as inherent to franchisor-franchisee co-dependency (Grace & Weaven, 2011; Paswan, D'Souza, & Rajamma, 2014) without further questioning. The dearth of co-creation research is even more striking in international franchising (see recent reviews by Dant & Grünhagen, 2014; Jell-Ojobor & Windsperger, 2014; Rosado-Serrano, Paul, & Dikova, 2018), despite the latter being consistently presented as a collaborative entry mode in foreign markets (e.g. Madanoglu, Alon, & Shoham, 2017; Rosado-Serrano et al., 2018).

Beyond franchising, authors like Grönroos (2011a, 2011b) have questioned the premise that customers and providers always co-create, distinguishing between situations where providers either facilitate customers' creation of value-in-use or interact with them to co-create value. Others, like Leroy, Cova, and Salle (2013), have pointed out the risk of

black-boxization of co-creation when taken for granted, as seems to be the case in franchising, instead of being investigated in depth with a zoom-in approach. An analysis of recent co-creation research reveals two main gaps when considering co-creation in the domain of franchising and that could contribute to such black-boxization.

The first gap refers to *what* franchisors and franchisees do to co-create value. Co-creation research outside franchising has addressed this matter over the last decade in two complementary ways. Researchers empirically mapped co-creation activities, defined as specific value-creating behaviors (Mickelsson, 2013), in various domains including innovation (Russo-Spena & Mele, 2012), healthcare (McColl-Kennedy, Vargo, Dagger, Sweeney, & van Kasteren, 2012; Ng, Sweeney, & Plewa, 2019), or financial services (Ng et al., 2019; Ng, Plewa, & Sweeney, 2016). Others, adopting the view of exchange relationships as sequences of value-generating processes, have provided typologies of co-creation activities (Frow, Payne, & Storbacka, 2010; Russo-Spena & Mele, 2012), highlighting that co-creation could take place in certain domains of a provider-customer relationship but not others.

The second gap refers to *how* franchisors and franchisees co-create value. Co-creation studies reveal that it takes place in heterogeneous ways. Jaakkola and Hakanen (2013) report that co-creation can be

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dyadic within a supplier-byer relationship or involve multiple actors at a network level. Other researchers focused on the stylized ways (Chandler & Chen, 2016) through which specific actors carry out co-creation activities, revealing that, within a single industry, co-creation could be carried out in different styles depending on actors' resources and preferences (e.g. McColl-Kennedy et al., 2012; Ng et al., 2016, 2019).

The limited research on co-creation in franchising (Paswan et al., 2014) has investigated neither co-creation activities nor styles. Furthermore, findings from prior research are not easily transposable to franchising, given the contextual nature of co-creation practices (Russo-Spena & Mele, 2012) and the specificities of franchise relationships. In line with prior co-creation research (e.g., Lombardo & Cabiddu, 2017; McColl-Kennedy et al., 2012; Ng et al., 2016; Russo-Spena & Mele, 2012), we address the two gaps by analyzing 53 in-depth interviews with internationalized French franchisors and their foreign franchisees through the lens of practice theory. A practice-based view allows generating "new insight into the study of the nitty-gritty micro-level details of co-creation" (Kohtamäki & Rajala, 2016, p.9) by focusing on "what actors do" (La Rocca, Antonella, & Mørk, 2017, p.188). Furthermore, practice theory adopts a systemic view that goes beyond activities to dissect and map the actors involved, their roles, representations, and tools (Frow, McColl-Kennedy, & Payne, 2016; Kohtamäki & Rajala, 2016). It hence allows more in-depth understanding of co-creation processes and styles.

This research contributes to co-creation literature by extending the zoom-in approach (Leroy et al., 2013) to international franchising in two ways. Addressing the first gap, our findings offer a detailed mapping of franchisor co-creation activities with foreign franchisees, organized in a typology of co-creation domains along the lines of four key value-generating processes of international franchise relationships: the co-set up and launch of the foreign franchise, co-training and knowledge dissemination, co-adaptation of the offering, and co-management of problems and failures. While this approach is in line with prior co-creation work, the resulting typology differs significantly from previous ones (e.g. Frow et al., 2010; Russo-Spena & Mele, 2012), corroborating the specificity of co-creation in franchising.

Addressing the second gap, our study reveals seven franchisor co-creation styles which, while partly overlapping with styles uncovered in other industries (e.g. McColl-Kennedy et al., 2012; Ng et al., 2016), markedly differ from prior findings outside franchising as was the case for co-creation activities. Furthermore, we reveal that the differences across styles rest on three key dimensions related to franchisor role in initiating co-creation activities, control over the activities, and intensity of interaction with foreign franchisees in the activities. Together with the activities' mapping and typology, these findings answer previous calls to untangle co-creation processes (Lombardo & Cabiddu, 2017; Payne, Storbacka, & Frow, 2008) and more specifically from the service provider's standpoint (Moeller, Ciuchita, Mahr, Odekerken-Schröder, & Fassnacht, 2013; Ng et al., 2016). They also contribute managerially by rendering co-creation in international franchising "less abstract for practitioners and easier to be translated into real-life business" (Corsaro, 2019, p.100).

The following sections first present the conceptual background, followed by the research methodology and findings. The paper then discusses their managerial implications and possible future research avenues.

2. Conceptual background

2.1. The black box of co-creation in international franchising

Leroy et al. (2013, p.1103) highlighted the "risk of black-boxization of the value co-creation concept" if taken for granted despite the heterogeneity of situations it covers. Similarly, Grönroos (2011b) criticized the lack of questioning of the premise that customers always co-create value, leading co-creation to become "a concept without substance"

(p.279). A review of the diverse theoretical perspectives on co-creation is beyond the scope of this paper.¹ Instead, we adopt Grönroos' conceptualization according to which value is created by customers in their own context by integrating resources and processes acquired from the market (Grönroos, 2011a, 2011b). Companies can either *facilitate* the creation of such value-in-use by providing those resources and processes, or *co-create* value by interacting with customers and partaking in their value creation processes (Grönroos & Voima, 2013).

In its simplest definition, franchising allows franchisees to integrate two strategic franchisor resources, the brand name and knowhow, to create value-in-use in their local markets. Franchisees then partly share the created value with the franchisor through the payment of royalties (Combs, Michael, & Castrogiovanni, 2004). Though this reflects a clear co-dependency between how the two parties create value (Grace & Weaven, 2011), it does not reflect co-creation. The value creation processes of the two parties, while complementary, take place separately in either party's sphere (e.g. the franchisor manages the brand, franchisees manage the outlets; Combs et al., 2004; Grace & Weaven, 2011) through a cross-delegation of decision rights on the processes assigned to each party (Herz, Hutzinger, Haris, & Windsperger, 2016).

While such complementarity view entails limited joint processes and interaction, it is not devoid of co-creation as virtually all franchise relationships entail some franchisor assistance to help franchisees extract value from the franchise package (Barthélemy, 2008; Paswan et al., 2014). Assistance, which offers co-creation opportunities (Lucia-Palacios, Bordonaba-Juste, Madanoglu, & Alon, 2014), is even part of franchisors' legal obligations in jurisdictions such as the EU (ECJ, 1986). However, such co-creation is potentially very heterogeneous in its levels and mechanisms as franchisors could engage more or less actively in assisting foreign franchisees (Doherty, 2007). Furthermore, joint interactive processes could prove more challenging internationally compared to the domestic market, due to geographic, cultural, and administrative distance, often rendering assistance more limited (Paik & Choi, 2007) or requiring more or different franchisor resources and capabilities (R&C) (Ghantous, Das, & Chameroy, 2018).

In sum, taking for granted that international franchising is co-creative instead of zooming in on franchisor co-creation practices with foreign franchisees could be as misleading and of little value as considering all consumption situations to be co-creation ones (Grönroos, 2011a, 2011b).

2.2. Zooming in through practice theory

Paswan et al. (2014) offer, to our knowledge, the only work that zooms in specifically on co-creation in franchising. Albeit purely theoretical, their research delineates, through the knowledge-based view of the firm, the different forms and domains of knowledge which franchising actors exchange in order to co-create value. Others, that have examined franchisor-franchisee interaction, have focused on a limited number of value-creating processes (e.g. training and financial assistance; Lucia-Palacios et al., 2014) instead of considering co-creation in the broader sense.

An alternative zooming in approach that has gained ground in recent years investigates *how* actors actually co-create value through the lens of practice theory (Ellway & Dean, 2016; Frow et al., 2016; Kelleher, Wilson, Macdonald, & Peppard, 2019; Lombardo & Cabiddu, 2017; Makkonen & Olkkonen, 2017; McColl-Kennedy et al., 2012; Ng et al., 2016; Russo-Spena & Mele, 2012). Practice theory, originating from sociology, views social phenomena as practical constellations (Reckwitz, 2002) and considers a practice as 'a way of doing' rather than 'a way of thinking' (Korkman, Storbacka, & Harald, 2010, p. 237). Adopting a

¹ Numerous definitions and conceptualizations of co-creation emerged over the years. For a review, see McColl-Kennedy et al., (2012) or Ranjan and Read (2016).

systemic view, it considers practices as “more or less routinized actions, which are orchestrated by tools, know-how, images, physical space and a subject who is carrying out the practice” (Korkman, 2006, p. 27). This systemic view emphasizes the importance of considering the activities and interactions through which actors co-create value (Frow et al., 2016), the actors who perform them, as well as the R&C that support those actions (Marcos-Cuevas, Nätti, Palo, & Baumann, 2016; Zhang, Jiang, Shabbir, & Mingfei, 2015).

Recent applications have adopted an approach of simultaneously zooming in on actors’ practices then zooming out to a more abstract level (Ellway & Dean, 2016) of co-creation domains and styles. For instance, Russo-Spena and Mele (2012) disentangled innovation co-creation practices into a set of “Co-s”, which are homogeneous constellations of co-creation activities in terms of the innovation phase or domain to which they refer – namely co-ideation, co-valuation, co-design, co-test, and co-launch of innovations. Recognizing that the same co-creation activities could be performed in different ways by different actors or in different contexts (McColl-Kennedy et al., 2012), other researchers zoomed in on practices than out on practice styles. Styles are stylized ways of performing a set of co-creation activities by a given actor in a given context (Chandler & Chen, 2016), and actors’ performance of co-creation activities varies from one style to another based on a set of dimensions (McColl-Kennedy et al., 2012; Ng et al., 2016). Due to styles’ importance in understanding how firms try to best support each customer in the co-creation process, recent research has investigated both service providers’ (Ng et al., 2016) and customers’ co-creation styles (McColl-Kennedy et al., 2012).

This leads us to formulate the following research questions:

RQ1. In which franchise relationship domains do franchisors co-create value with foreign franchisees?

RQ2. What variations exist between franchisors in the stylized ways they co-create with foreign franchisees?

3. Method

3.1. Data collection

The lack of prior work on co-creation activities and styles in franchising on the one hand and the co-creation’s contextual nature on the other hand (e.g. Russo-Spena & Mele, 2012), render our study exploratory. Consistent with prior co-creation research that sought to “build rather than test theory” (e.g. McColl-Kennedy et al., 2012; Ng et al., 2016, p.383), we hence opted for a qualitative research approach based on in-depth interviews with two sets of informants. Though our focus is on franchisor practices, we interviewed both internationalized French franchisors and some of their foreign franchisees, based on our view of co-creation as joint franchisor-franchisee processes. This procedure echoes Ng et al. (2016) who interviewed both service providers and their customers when investigating providers’ co-creation styles.

The interviews, audio-recorded then transcribed, lasted between 30 and 90 min. We followed a comparable semi-structured interview guide with both sets of informants, asking franchisors about their international approach in general while focusing with franchisees on their specific relationship with the franchisor. Questions revolved around the following key themes:

- a) general discussion of franchisor internationalization history (vs. of franchisee history with the franchisor);
- b) how the franchisor selects its foreign franchisees (vs. how the franchisee selected its franchisor);
- c) how the franchisor implants the franchise in a new market (vs. how the franchisee implanted the franchise in its local market);
- d) how the franchisor-franchisee interact;
- e) how the franchisor supports foreign franchisees;
- f) the problems and difficulties encountered within these relationships.

We adopted an iterative data collection design, alternating between franchisor and franchisee interviews, and moving back and forth between preliminary data analysis and collection, enriching the interview questions throughout the process.

3.2. Participants

The French Franchising Federation (FFF) greatly facilitated data collection by providing a list of key contacts of its franchisor members as well as a letter of endorsement. We used purposeful sampling of franchisor informants to maximize the diversity of networks, representing different sectors, sizes, ages, and international experience (appendix A). The final set of franchisors included 28 senior managers of internationalized French franchisors, all actively involved in managing the relationship with foreign franchisees at least in one large international area. Whenever possible, interviews were conducted face-to-face in the participant’s office, though in 10 cases the interview was conducted by Skype or over the phone. For franchisee informants, we resorted to convenience sampling by asking franchisors from different sectors to refer us to three to five foreign (master)franchisees. Since the 25 franchisee interviewees were located in 10 foreign countries (appendix B), we conducted the interviews by Skype and, in two countries (Brazil and Germany), with the help of research assistants.

The support of the FFF when contacting the franchisors and of the latter when contacting their foreign franchisees, the additional possibility of participating in the interview by phone or online, as well as our commitment to share the results with the informants ensured a high level of participation. Non-response bias was negligible for several reasons. First, the final sets of informants covered very diverse profiles in terms of industry, size, age, and level of international experience, enhancing thus the data’s external validity. Second, there was no significant difference across the aforementioned characteristics between participants and non-participants. Third, the interview cycle continued until reaching theoretical saturation.

3.3. Data analysis

Consistent with previous work on co-creation practices, we proceeded by identifying first franchisor co-creation activities and then styles (McColl-Kennedy et al., 2012). However, whereas styles are constellations of activities, they can in return shape a franchisor’s co-creation activities (Ng et al., 2016). Hence, we moved back and forth between the analysis of activities and styles.

The lead author and a trained research assistant separately carried out the analysis manually, solving differences in interpretation through discussions until reaching consensus (Gioia, Corley, & Hamilton, 2013). We started with an open coding procedure (Corbin & Strauss, 2015) of the interview transcripts to determine all franchisor co-creation activities mentioned by franchisors and/or franchisees. We adopted as rule of inclusion co-creation activities’ definition by Mickelsson (2013, p. 539) as “a discrete sequence of behavior that through its outcomes aims at creating or supporting some type of value in the [franchisee’s] business”. We then moved from informant-centric codes to researcher-centric themes following a hierarchical approach (Gioia et al., 2013), progressively grouping homogenous co-creation activities into co-creation sub-domains and then domains (Russo-Spena & Mele, 2012).

For co-creation styles, we applied a two-step analysis (McColl-Kennedy et al., 2012; Ng et al., 2016). In the first step, the unit of analysis was each co-creation activity identified in the prior analyses. We compared and contrasted activities by focusing not on *what* an activity entailed (e.g. helping a foreign franchisee promote the brand) but rather on *how* the activity was carried out (e.g. franchisor’s level of involvement in the activity). This served to identify co-creation dimensions, which are patterns of variation in the ways franchisors enact activities. The dimensions were then compared to the literature instead of being derived from it (Corbin & Strauss, 2015; Gioia et al., 2013). In the

second step, the units of analysis were franchisors. For each franchisor, we mapped its co-creation activities, its predominant profile on each of the three dimensions, as well as its representation of its own role in the franchise relationship. This served to identify seven co-creation styles, in other words meta-patterns of variation in how franchisors enact co-creation globally instead of specific co-creation activities.

4. Findings

4.1. Co-creation activities

Data analysis indicates that co-creation activities are widespread across different areas of the international franchise relationship. We grouped them into four domains, related to the *co-set up and launch of the foreign franchise, co-training and knowledge dissemination, co-adaptation of the offering, and co-management of problems and failures*. Consistent with practice theory’s systemic view (Russo-Spena & Mele, 2012), we identified for each domain the actors as well as the R&C involved by the franchisor in co-creation (Korkman, 2006). Tables 1 to 4 illustrate the co-creation activities, actors, and R&C for each domain.

Conversely, in the four domains, we also observed value facilitation

activities, where franchisors provide additional resources to allow the franchisees to better extract value from the franchise package, but without having to interact with them. Such additional resources include for instance detailed guidelines or video-recorded training modules. Hence, Tables 1 to 4 also offer some contrasting examples illustrating facilitation activities.

In the following paragraphs, we first briefly introduce the main actors and R&C involved in co-creation before describing the four co-creation domains.

4.1.1. Co-creation actors, resources, and capabilities

Franchisors involved a multitude of actors in co-creating with foreign franchisees. We distinguish co-creation at the franchise relationship vs. the franchise network levels (Jaakkola & Hakanen, 2013), depending on whether the franchisor involves only its own staff with the foreign franchisee or involves in addition a larger constellation of actors from outside the franchisor’s firm. In co-creating at the franchise relationship level, franchisors involved staff from the business development function (e.g. export manager, area manager, international director) in all the domains of co-creation. They also involved technical staff from other functions (e.g. frontline employees, management controllers) depending

Table 1
Co-set up and launch of the foreign franchise: sub-domains, activities, actors, and resources and capabilities.

Sub-domains	Franchisor co-creation activities	Actors	Resources and capabilities	Value facilitation activities
1.1. Co-choice of the physical location for the first franchised outlet(s)	<ul style="list-style-type: none"> * ICT-facilitated franchisor-franchisee interactions to review and advise on locations shortlisted by the franchisee * Franchisor representatives visit foreign franchisees to help assess shortlisted locations * Franchisor sends other franchisees to visit the foreign franchisee to help select the location * Franchisor involves non-franchise partners in co-searching for the location 	<ul style="list-style-type: none"> * Franchisor business development staff * Franchisor technical staff (e.g. architects, interior designers) * Other foreign franchisees, either from the same country or from a neighboring one * Non-franchise partners (e.g. real-estate developers) 	<ul style="list-style-type: none"> * Marketing capabilities * Networking capabilities (facilitating engagement between network actors) * ICT (messaging and video-calling applications) * Relational resources (non-franchise partners) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * Franchisor provides more or less explicit, specific, and constraining guidelines related to the choice of location through the franchise manual and other documents
1.2. Co-set-up of the franchised outlet(s)	<ul style="list-style-type: none"> * Franchisor representatives inspect the outlet before the opening * Franchisor staff (e.g. architects, merchandisers) actively participate in or handle the setting-up of the outlet before the opening * Franchisor personnel remain on-site after the opening, sometimes for several weeks, to ensure the success of operations during the launching period 	<ul style="list-style-type: none"> * Franchisor business development staff * Franchisor technical staff (e.g. architects, interior designers, store managers, frontline personnel) 	<ul style="list-style-type: none"> * Marketing capabilities (interior design, merchandising, operation management) * Networking capabilities (monitoring: auditing foreign outlets) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * Franchisor provides guidelines about various physical environment elements (e.g. décor, staff uniforms, and merchandising standards) * Franchisor provides physical environment elements as part of the franchise package, often at cost price
1.3. Co-communication and promotion of the franchise brand	<ul style="list-style-type: none"> * Franchisor provides interactive training modules on communication and promotion * ICT-facilitated franchisor-franchisee interactions to review communication ideas and initiatives * Members of franchisor communication department visit foreign franchisees to assist in dealing with advertising agencies * Brand spokesperson participates in the launch and promotion of new foreign outlets 	<ul style="list-style-type: none"> * Franchisor business development staff * Franchisor communication department * Brand spokesperson (e.g. franchise founder) 	<ul style="list-style-type: none"> * Marketing capabilities (communication and promotion capabilities) * ICT (E-learning platforms, online resources, messaging and video-calling applications) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * Franchisor provides detailed communication guidelines in the franchise manual and on franchisor-owned e-learning platforms * Franchisor provides promotional material at cost price
1.4. Co-selection of franchisees with the master-franchisee	<ul style="list-style-type: none"> * Franchisor provides interactive training on franchisee selection * Franchisor reviews the candidates shortlisted by the master-franchisee and offers feedback * Franchisor screens franchising candidates with the master-franchisee * Franchisor participates in interviews of franchising candidates * Franchisor participates in trade fairs with the master-franchisee to help promote the franchise and screen potential candidates 	<ul style="list-style-type: none"> * Franchisor business development staff 	<ul style="list-style-type: none"> * Networking capabilities (franchisee selection capabilities; knowhow transfer through codification and training) * ICT (E-learning platforms, online resources, messaging and video-calling applications) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * Franchisor provides guidelines on franchisee selection in the franchise manual * Franchisor provides online resources on franchisee selection on franchisor-owned e-learning platforms

Table 2
Co-training and knowledge dissemination: sub-domains, activities, actors, and resources and capabilities.

Sub-domains	Franchisor co-creation activities	Actors	Resources and capabilities	Value facilitation activities
2.1. Co-training of foreign franchisees' employees	* Franchisor delivers training to foreign franchisees/master-franchisees on how to disseminate knowledge to their own staff and partners	* Franchisor business development staff * Franchisor technical staff (e.g. training personnel, store managers, frontline personnel)	* Networking capabilities (knowhow transfer through codification and training; facilitating engagement between network actors) * Training centers * ICT (E-learning platforms, online resources, messaging and video-calling applications)	* Franchisor codifies the knowhow in franchise manuals for franchisee and master-franchisee usage
2.2. Co-training of master-franchisees' franchisees and their employees	* Franchisor sends staff abroad regularly to deliver training sessions to franchisees' employees * Franchisor hosts foreign partners' employees and franchisees in its home-market training centers * Franchisor facilitates relationships between foreign franchisees so that some of them participate in the training processes of others * Franchisor establishes ICT-based platforms to facilitate knowledge dissemination between the various actors of the network	* Other franchisees and master franchisees in the international network	* Human resources * Time * Financial resources	

Table 3
Co-adaptation of the offering: sub-domains, activities, actors, and resources and capabilities.

Sub-domains	Franchisor co-creation activities	Actors	Resources and capabilities	Value facilitation activities
3.1. Co-ideation	* Franchisor representatives participate in face-to-face or ICT-facilitated brainstorming with the foreign franchisee * Franchisor discusses and refines ideas of adaptations with foreign franchisees * Franchisor participates in the choice of new ideas to adopt * Franchisor has formal co-ideation routines such as product development workshops at the level of an international area	* Franchisor business development staff * Franchisor technical staff (e.g. marketing managers, product development and R&D specialists) * Other franchisees and master-franchisees in the international network	* Marketing capabilities * Reconfiguration capabilities (innovation capabilities) * Networking capabilities (facilitating engagement between network actors) * ICT (online resources, messaging and video-calling applications) * Human resources * Time * Financial resources	* Franchisors do not grant any autonomy to the foreign franchisee in adapting the offering and entirely manage any adaptation from their home-market * Franchisors grant full autonomy to the foreign franchisee in adapting specific elements of the offering
3.2. Co-evaluation of new ideas	* Franchisor assesses the technical and financial feasibility of a new product or adaptation with the franchisee * Franchisor reviews franchisee ideas and advises on their alignment with the brand * Franchisor representatives audit foreign outlets to evaluate and help refine newly implemented adaptations * Franchisor reviews franchisee performance data to evaluate and help refine newly implemented adaptations	* Franchisor business development staff * Franchisor technical staff (e.g. marketing managers, management control)	* Marketing capabilities * Reconfiguration capabilities (innovation capabilities) * Networking capabilities (monitoring: auditing foreign outlets) * ICT (online resources, messaging and video-calling applications) * Human resources * Time * Financial resources	* Franchisors do not grant any autonomy to the foreign franchisee in adapting the offering and entirely manage any adaptation from their home-market * Franchisors grant full autonomy to the foreign franchisee in adapting specific elements of the offering
3.3. Co-design of adaptations and new products	* Franchisor develops preliminary blueprint, then refines the adaptation with foreign franchisees * Franchisor collects preliminary ideas from the foreign franchisee, develops preliminary blueprint, then refines the adaptation with foreign franchisees * Franchisor reviews the foreign franchisee's design of new ideas and advises on how to refine it	* Franchisor business development staff * Franchisor technical staff (e.g. marketing managers, product development and R&D specialists)	* Marketing capabilities * Reconfiguration capabilities (innovation capabilities) * ICT (online resources, messaging and video-calling applications) * Human resources * Time * Financial resources	* Franchisors do not grant any autonomy to the foreign franchisee in adapting the offering and entirely manage any adaptation from their home-market * Franchisors grant full autonomy to the foreign franchisee in adapting specific elements of the offering

on the co-creation domain and activity. Franchisors co-creating at the network level involved either other franchisees – from the same country or neighboring ones – or non-franchise actors, such as real-estate developers, to support a foreign franchisee.

In addition to human resources (cf. aforementioned actors), co-creation in international franchising requires time and financial resources. Another crucial set of resources are ICT applications and infrastructure, allowing franchisors to palliate the lack of face-to-face interaction with foreign franchisees, that the distance renders difficult and expensive (Ghantous et al., 2018). Conversely, a particularly important resource for value facilitation is the franchising manual, allowing franchisors to assist foreign franchisees through knowledge

exchange (Paswan et al., 2014) even in the absence of direct interaction (Ghantous et al., 2018).

Consistent with Zhang et al. (2015), we found three forms of franchisor capabilities supporting co-creation practices, related to marketing, innovation, and networking capabilities. Franchisors deployed in co-creation marketing capabilities related but not limited to merchandising, communication, and marketing research. They associated organizational responsiveness to their innovation, reflecting a larger form of reconfiguration capabilities than innovation (Ghantous & Das, 2018). Networking capabilities reflect the franchisor ability to develop and utilize inter-organizational relationships (Zhang et al., 2015, p.3). They mainly cover franchisor relational capabilities to select, monitor, and

Table 4
Co-management of problems and failures: sub-domains, activities, actors, and resources and capabilities.

Sub-domains	Franchisor co-creation activities	Actors	Resources and capabilities	Value facilitation activities
4.1. Co-detection of problems and difficulties	<ul style="list-style-type: none"> * Franchisor monitors periodical franchisee data (e.g. sales figures, customer satisfaction, and brand-related measures) to detect problems * Franchisor audits foreign franchisees' outlets * Franchisor alerts franchisees about problems and co-investigates with them 	<ul style="list-style-type: none"> * Franchisor business development staff * Franchisor technical staff (e.g. marketing managers, management controllers) 	<ul style="list-style-type: none"> * Marketing capabilities * Networking capabilities (monitoring: auditing foreign outlets, auditing financial and customer data) * ICT (ERP, data collection tools, messaging and video-calling applications) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * The franchisor does not assist the foreign franchisee in detecting or solving problems
4.2. Co-devising corrective action plans	<ul style="list-style-type: none"> * Franchisor interacts with the foreign franchisees to review their action plans * Franchisor proposes action plans to the foreign franchisee and they interact to refine them 	<ul style="list-style-type: none"> * Franchisor business development staff * Franchisor technical staff (e.g. marketing managers, management controllers) 	<ul style="list-style-type: none"> * Marketing capabilities * Reconfiguration capabilities (organizational responsiveness) * ICT (messaging and video-calling applications) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * The franchisor does not assist the foreign franchisee in detecting or solving problems
4.3. Co-implementation of action plans	<ul style="list-style-type: none"> * Franchisor develops specific actions in interaction with the franchisee (e.g. communication campaign) * Franchisor sends its personnel to the franchisee for extended periods to help in managing the situation 	<ul style="list-style-type: none"> * Franchisor business development staff * Franchisor technical staff (e.g. marketing managers, outlet managers, frontline personnel) 	<ul style="list-style-type: none"> * Marketing capabilities * ICT (messaging and video-calling applications) * Human resources * Time * Financial resources 	<ul style="list-style-type: none"> * The franchisor does not assist the foreign franchisee in detecting or solving problems
4.4. Co-decision to cease operations	<ul style="list-style-type: none"> * Franchisor assists the franchisee in devising and implementing a plan to terminate the operations * Franchisor assists the franchisee in selling its assets 	<ul style="list-style-type: none"> * Franchisor business development staff 	<ul style="list-style-type: none"> * Marketing capabilities * ICT (messaging and video-calling applications) * Human resources * Time 	<ul style="list-style-type: none"> * The franchisor does not assist the foreign franchisee in detecting or solving problems

transfer knowledge to franchisees (Ghantous & Das, 2018). Additionally, when co-creating at a network level, networking capabilities relied on franchisor ability to broker the engagement between actors from outside the franchisor-franchisee dyad.

4.1.2. Co-set up and launch of the foreign franchise

This domain refers to co-creation activities taking place between the signing of the franchise agreement and the opening of a foreign franchisee's first outlet(s).

One of the first value-creating areas where the franchisor can assist its foreign franchisee is selecting the franchised outlet's location. Outlet location is a predictor of performance (Fenwick & Strombom, 1998) and can be a source of franchisor-franchisee tension (Paik & Choi, 2007). Value-facilitating franchisors simply provided, in the franchise manual or agreement, more or less explicit and constraining guidelines related to location choice. Conversely, co-creating franchisors interacted actively with franchisees, in person or through ICT, to advise on location choice. Data also offers here a first co-creation example beyond the franchisor-franchisee dyad: a retailing franchisor involved a regional real estate company (mall developer) with whom it had worked in one country to assist a franchisee, in another country where the developer was also actively present, in searching for a location. This illustrates the importance of franchisor relational resources – the relationship with the developer – and networking capabilities – the ability to connect the developer and the franchisee – for co-creation.

Two other key co-creation areas during this initial period are in-store design and communication of the brand value proposition to the local market (Paik & Choi, 2007; Quinn, 1999). In both cases, franchisors' marketing capabilities are crucial in co-creation. They require involving technical staff such as interior designers, merchandisers, and/or communication managers.

An additional co-creation area, specific to master-franchisees, refers to enabling the latter to play their role of sub-franchisors in the local market (Alon, 2006) by assisting them in the selection of their local franchisees. This is exemplified in the following quote from a retailing franchisor's business development manager: "they need a specific

knowhow to act as franchisors themselves and at first it can be tricky, so we help there as well [...] I have helped at times in screening applications, reviewing potential franchisee dossiers, and sometimes if I am visiting them I can even take part in the interviews".

4.1.3. Co-training and knowledge dissemination

Knowhow is a pillar of the franchise package (Barthélemy, 2008) and its transfer is key to value creation and the replication of the franchise abroad (Szulanski & Jensen, 2006). Franchisees' value-in-use creation does not only depend on how well the franchisor transfers its knowhow to franchisees, but also and mainly on how well the knowhow disseminates throughout a franchisee's business (Paswan et al., 2014). Franchisors participate in transferring their knowhow beyond foreign franchisees (and master-franchisees) to the employees of the latter (and their local franchisees). A restaurant franchisor's export manager exemplifies this, noting: "We developed the academy here in France to train their employees. It's a cheap service, we don't make money out of that. We also deliver training sessions, more or less formal, when we visit the foreign restaurants [...] Not all franchisors can afford to do that maybe but yes, it is important. The objective is to make sure that the knowhow gets to those who need it at the end".

In addition to the above illustration of co-knowledge dissemination at the franchise relationship level, data also offer examples at the network level, as in the following quote from a German master-franchisee: "The franchisor sometimes asks me to speak in front of other master-franchisees and franchisees. Because I have been with the network for so many years, I know the network and I can talk about it, but also because he wants them to learn things about the way we operate here". In another example, a home improvement franchisor established an intranet with a forum where network members can exchange directly their best practices.

4.1.4. Co-adaptation of the offering

Prior international franchising research has focused on what elements could or should be adapted (e.g. Kaufmann & Eroglu, 1999) rather than how adaptation is carried out. Our data reveal minor

adaptation cases occurring outside co-creation, where the franchisor either granted foreign franchisees autonomy to adapt certain elements or adapted certain elements for a foreign market without involving the franchisee. Conversely, most marketing mix adaptations and new products resulted from franchisor-franchisee collaboration, mirroring three of the innovation “Co-s” uncovered by Russo-Spena and Mele (2012).

To generate adaptation/new product ideas (co-ideation), consistent with Resource Scarcity Theory, franchisors rely on foreign franchisees’ local market knowledge (Combs et al., 2004) to uncover needed adaptations. A furniture retailer’s export manager illustrated this by noting: “When we moved in some Gulf countries and Latin America, for example, at the time we were selling furniture and there were few additional services. These are countries where services are very important, delivery is crucial, or even services such as consulting and interior design. To the client, this is the value of a brand like ours, whereas in France or in Europe this is not the case. So it is our franchisees on site that made us understand the importance of these things, and that we began offering”.

In addition to co-ideation, franchisors engaged in examples of co-evaluation, helping foreign franchisees assess the interest and feasibility of their new ideas, as well as in co-design, helping franchisees blueprint and develop the idea prior to its implementation. In both cases, this required involving a different set of technical staff than in the previous co-creation domains, including management controllers and R&D specialists.

4.1.5. Co-management of problems and failures

Consistent with prior work, franchisors used their monitoring capabilities not only to reduce foreign franchisee opportunism but also as a strategic support mechanism (Doherty, 2007; Quinn, 1999) when problems arise. Some franchisors helped their franchisees in detecting potential problems by closely monitoring periodical data, including sales figures, customer satisfaction, and brand-related measures. Upon detecting any problem or weakness, they alerted their franchisees and, in some cases, worked with them on investigating the problem further. In other instances, the franchisor assisted the foreign partner in addressing the problem by co-devising corrective action plans and, sometimes, by co-implementing these plans. Finally, the data revealed cases where the franchisor helped a foreign franchisee that had been facing performance problems for several consecutive years in reaching the decision to cease operations. The franchisor assisted the franchisee in implementing the termination of operations as well as in selling its assets.

The following quote from a franchisor’s export manager exemplifies the different aspects of this co-creation domain: “We cannot just find out overnight that an outlet is not working, it does not happen this way, we see it every day. [...] Then of course, we set action plans for this outlet so it would work better. [...] The solution [that we try] to put in place, it is still concerted, developed with the partner, absolutely. [...] When all this does not work out, well, we see together if it is not better to close. [...] There comes a time when your partner has to pay his rent, and if he does not sell enough and he is only losing money, we must face the facts and help him close in the best circumstances. [...] we will decide together if it’s worth continuing or not”.

It is noteworthy that, in some cases, franchisors took a deliberate stance of not helping foreign franchisees solve problems as a way of testing their ability to manage on their own. This was specifically the case when dealing with master-franchisees whose contract stipulated a probation period before having the right to sub-franchise on their own market.

4.2. Dimensions of franchisor co-creation styles

Using co-creation activities as units of analysis, we identified three major forms of variation in the ways franchisors enact co-creation. These

dimensions of co-creation styles refer to franchisor a) role in initiating co-creation activities, b) control over the activities, and c) intensity of interaction with foreign franchisees in the activities.

4.2.1. Franchisor role in initiating co-creation activities

Service provider’s vs. customers’ role in initiating co-creation is a key dimension of co-creation styles (Nambisan & Nambisan, 2009). This research finds that franchisors adopt either a *passive*, *active*, or *proactive* role.

In the passive role – the most prevalent in the data – the franchisor engages in a co-creation activity in response to a foreign franchisee’s request who lacks the R&C to carry out certain activities on its own. Conversely, in the other two roles, the franchisor initiates the co-creation activity instead of responding to a franchisee’s request. What differentiates between the active and proactive roles is whether the franchisor initiates the co-creation activity *systematically* or, stated differently, whether the franchisor has clearly defined a set of co-creation activities that it initiates with all foreign franchisees at specific, predefined points of the franchise relationship.

Such is not the case for the active role where the franchisor, though initiating the co-creation, acts on a case-by-case basis, hence initiating different activities from one franchisee to another, depending on franchisor assessment of the needs of each franchisee at a given point in time. This active role requires hence franchisors to monitor closely foreign franchisees’ actions and performance to understand when an intervention is required (Doherty, 2007). Conversely, proactive co-creation is systematic and generalized across franchisees. Specifically, proactive franchisors have a clearly predefined set of activities where they initiate co-creation with all their foreign franchisees, following standard procedures that apply automatically at specific steps of the franchise relationship.

The difference is exemplified in the following quote from a franchisor’s international director. “Every year, we send our trainers to visit the master-franchisees and introduce the new styles, the products, new techniques... We do it every year, for all the master-franchisees. It is planned in advance. It is systematic. Whereas the visits of [the founder], we don’t offer that to everyone. We only offer it to the big markets, the juicy ones... when we feel that it makes sense”. Here, onsite training is a proactive co-creation activity, as not only is it initiated by the franchisor, but also carried out with all the master-franchisees, every year, as part of a defined planning. In turn, founder visits, a co-creation activity to help a foreign franchisee promote a new outlet, are only offered to selected franchisees, based on franchisor assessment of the importance of a specific market.

The data offer examples of passive, active, and proactive roles in co-creation activities across the four co-creation domains (Table 5). However, proactive co-creation is particularly salient in two domains where franchisors revealed codified procedures regarding when, how, and where to participate in franchisee processes: co-set up and launch of a franchise abroad as well as co-training and knowledge dissemination.

4.2.2. Franchisor control over co-creation activities

The degree of franchisor control vs. franchisee autonomy is a major element in franchise relationship governance (Cochet, Dormann, & Ehrmann, 2008), including in international franchising (Paik & Choi, 2007). Support-based co-creation activities offer franchisors a non-coercive power mechanism to control their foreign franchisees (Herz et al., 2016; Quinn, 1999). In this research, franchisors exhibit varying degrees of control within co-creation activities, reflecting not only varying franchisor participation ratios, but also varying roles in terms of decision-making (Ng et al., 2016). We identified three control approaches at the franchise relationship level – designated as *supervision*, *collaboration*, and *hands-on* – and one approach at the network level – designated as *brokering*.

In *supervision*, the franchisee is dominant in both participation ratio and decision-making, carrying out most of the joint activity. The

Table 5
Examples of passive, active, and proactive roles in co-creation activities across the four co-creation domains.

Co-creation domain	Franchisor role in the initiation of the co-creation		
	Passive	Active	Proactive
1. Co-set up and launch of the foreign franchise	<p>* A Brazilian master-franchisee of fast food restaurants solicited the presence of the franchisor area manager for Latin America at franchising exhibitions to help promote the franchise to potential franchising candidates and to help screen and assess candidates</p> <p><i>(Co-selecting franchisees with the foreign master franchisee)</i></p>	<p>* For the launch of a retail franchise in the Gulf region, a franchisor offered to seek the help of a real-estate promoter which owns malls in the new country, and with whom the franchisor was already in business in other Gulf countries where the franchise stores are present in malls operated by the same promoter</p> <p><i>(Co-choice of the physical location for the first franchised outlet)</i></p>	<p>* In a furniture and home equipment franchise, the franchisor's interior designers and merchandisers are systematically involved in the pre-opening phase in setting up the first franchised outlet in a new country. Franchisor sales personnel are then present at the opening and remain to assist in daily service delivery for the first few weeks</p> <p><i>(Co-set up of the franchised units)</i></p>
2. Co-training and knowledge dissemination	<p>* When solicited, a franchisor in the home improvement sector grants access to its French training center to its master-franchisees' own franchisees and employees from neighboring countries</p> <p><i>(Co-training of the foreign master-franchisee's franchisees and their employees)</i></p>	<p>* A franchisor in the cosmetics and beauty industry facilitated a regional workshop for its Asian master-franchisees to share best practices with their respective franchisees</p> <p><i>(Co-training of the foreign master-franchisees and of their franchisees)</i></p>	<p>* A franchisor in business services has established an online training platform that offers systematic trainings and that is open to both master franchisees and their franchisees</p> <p><i>(Co-training of the foreign master-franchisees and of their franchisees)</i></p>
3. Co-adaptation of the offering and co-development of new products	<p>* A restaurant franchisee in Morocco solicited the franchisor's help to adapt the menu. The area manager collaborated with the franchisee in co-ideation to determine which new elements to add to the menu. Then, the technical staff of both parties collaborated to co-design the new products</p> <p><i>(Co-ideation and co-design)</i></p>	<p>* A restaurant master-franchisee described how the area manager spontaneously offered input on the master-franchisee's ideas for new products. The area manager participated in evaluating the new idea and redesigning it before submission to the franchisor</p> <p><i>(Co-evaluation and co-design)</i></p>	<p>* Several franchisors in retailing, cleaning services, and business services, have established clear procedures during annual visits and audits of foreign franchisees to help evaluate the implementation of newly introduced ideas</p> <p><i>(Co-evaluation)</i></p>
4. Co-management of problems and failures	<p>* A hotel franchisee solicited the franchisor to address performance problems in one of the franchisee's main hotels. The</p>	<p>* A retailing franchisor offered help to a franchisee that had been under-performing for several years to devise a plan to</p>	<p>* Several franchisors declared using annual audits and reviews of franchisee data (sales, customer surveys, etc.)</p>

Table 5 (continued)

Co-creation domain	Franchisor role in the initiation of the co-creation		
	Passive	Active	Proactive
	<p>franchisor's international director helped the franchisee devise a plan to revamp the hotel. The franchisor's technical staff - mainly interior designers - supervised the implementation of the revamping</p> <p><i>(Co-devising corrective plans and co-implementation)</i></p>	<p>terminate the operations. The area manager also participated in finding another retailer, with which the franchisor is engaged in a joint-venture, to buy the assets of the franchisee</p> <p><i>(Co-decision to cease operations)</i></p>	<p>systematically to detect problems and then work closely with the foreign franchisee to investigate them further</p> <p><i>(Co-detection of problems and difficulties)</i></p>

franchisor participates by overseeing the foreign partner's ideas and execution. *Collaboration* is the most balanced approach: both parties are involved in a teamwork fashion (Clarkin & Rosa, 2005) in the different aspects of the activity and neither party is clearly dominant in participation ratio or decision-making.

Hands-on franchisors are dominant in both participation ratio and decision-making. The franchisees' role is minimized, even when they are the ones initiating co-creation by requesting the franchisor's input. An area manager of a beauty salons franchisor exemplifies this by noting: "The Saudi partner came to us with the idea of adding a 'hand and foot spa', apparently very fashionable over there. Something we don't do. We checked it out and said 'fine, great idea'. But it was out of question to let him handle that and get cheap Chinese equipment. We took control of the whole thing, got our machines, developed our service script, and delivered back to him". This quote illustrates how co-creation initiation and control can be orthogonal dimensions, contradicting previous work amalgamating both dimensions in one overarching 'leadership' dimension (Nambisan & Nambisan, 2009).

Finally, the *brokering* approach typically manifests when co-creation is at the network level and not the franchise relationship level (Jaakkola & Hakanen, 2013), involving for instance other franchisees or external partners, in addition to the franchisor and the franchisee. Franchisor control, in terms of both participation ratio and decision-making, is limited, since its main role is bringing together the different parties rather than working directly with the franchisee.

4.2.3. Interaction intensity with franchisees in co-creation activities

Similar to Ng et al.'s (2016) finding in financial services, co-creation activities varied in terms of interaction frequency between franchisors and their foreign franchisees. However, our data reveal other associated elements to this variation in interactions. Co-creation activities entailing a high interaction frequency also tended to require more franchisor-franchisee contact time, as exemplified for instance with multi-day visits of franchisor representatives to the foreign franchisee or of the latter to the franchisor's headquarters. Such interactions not only are longer but also entail direct, face-to-face interactions, instead of mere written communications. More frequent and extended interactions also involved a larger number of people, on both the franchisor and the franchisee side. Hence, this dimension goes beyond interaction frequency, denoting varying levels of franchisor-franchisee interaction intensity (Bennett & Robson, 1999; Gruner & Homburg, 2000).

Co-creation activities presented earlier in Table 1 offer examples ranging from very limited interaction intensity (e.g. franchisors offer advice via ICT) to high intensity (e.g. franchisor's personnel remain on-site, sometimes for several weeks, to ensure operations' success during the launch period).

4.3. Franchisor co-creation styles

Using franchisors as the units of analysis, we identified seven co-creation styles, designated hereafter as the *mentor*, *custodian*, *broker*, *partner*, *strategically focused*, *controlling principal*, and *chameleon*. To do so, we mapped for each franchisor the co-creation domains and activities in which it is involved, and its positioning on each of the three co-creation dimensions. None of the franchisors adopted a single position on any of the co-creation dimensions (e.g. only a passive role in co-creation initiation) with all its foreign franchisees and in all co-creation activities. Two situations emerged instead: some franchisors predominantly adopted a specific position on a given dimension (e.g. being predominantly passive in terms of initiation), whereas others adopted different positions on the same dimension depending on the situation. In the first six aforementioned styles, franchisors had clearly predominant approaches. Franchisors in the *chameleon* style did not have a predominant position on any dimension.

For each style (Table 6), we identified in addition to co-creation activities and dimensions, franchisor mental representations of their role in the relationship and that of their foreign franchisees. Prior co-creation research based on practice theory considers stakeholders' mental representations part of the constellation of practices (Russo-Spena & Mele, 2012). Furthermore, representation practices affect stakeholders' exchange practices (McColl-Kennedy et al., 2012), in other words how they actually co-create in terms of both activities and styles.

4.3.1. The mentor

Mentor franchisors adopt a minimalistic approach on all co-creation dimensions. Their style derives from their representation of themselves as advisors and of their foreign franchisees as autonomous and capable partners, selected in the first place to be able to fulfil such role. A business development manager of a food retailing franchisor illustrates this by noting: “[foreign franchisees] are ‘big boys’, they know their market very well, they know the business, they have the resources, and this is actually why we chose them in the first place. We expand via franchising to have capable partners that can do the job, and that we don’t need to babysit”.

With this mental representation, mentors are predominantly passive regarding co-creation initiation. However, they sometimes adopt an active stance when they consider that their input could help the

franchisee maximize value creation. Regarding the control dimension, they are predominately in a supervision approach, with very limited involvement in either decision-making or co-creation activities' enactment. In some cases, they adopted a brokering or a minimal collaboration approach, but only based on a franchisee's request.

Finally, both their interaction intensity with foreign franchisees and the domains of co-creation activities are limited and, as illustrated in the following quote from a franchisor's international development manager, tend to diminish with time: “We're mainly there for them in the ‘ignition phase’. When you have the right partners, they don’t tend to need your help anyway once they're on track. From my experience, it becomes rare. Anyway, they know that we're always there, just in case”.

4.3.2. The custodian

Similar to mentors, custodians adopt predominately a supervision approach. They have limited interactions with the foreign franchisees who play the main role in the joint activities. However, unlike the more passive mentors, custodians adopt a systematic approach to co-creation in two ways: a) they have proactive routines allowing them to be automatically involved b) in a large number of activities, pertaining to most of the co-creation domains.

Custodians' representation of their own role is their main driver to be involved systematically – albeit to a limited extent. They view themselves as watchdogs, providing the brand with the opportunity to grow via franchising, all the while protecting it from non-brand-oriented actions or franchisee shirking on quality. Franchisor awareness of globalization and foreign markets' growing interconnectedness exacerbates this need to protect the brand, as illustrated by a retailing franchisor who notes: “Especially with the Internet, the development of social networks, if you have a problem in Russia, it will be known in the whole world, people will see what happens on the Internet. [...] Definitely, you need to keep an eye on everything and stay a bit involved to protect the brand”.

4.3.3. The broker

Brokers share many common characteristics with mentors. They are predominantly passive regarding co-creation initiation, though they sometimes also adopt an active approach. Both their interaction intensity and international co-creation domains are also limited. Furthermore, brokers exert limited control over co-creation, in terms of

Table 6
Typology of franchisor co-creation styles.

	Mentor	Custodian	Broker	Partner	Strategically focused	Controlling principal	Chameleon
Franchisor representations	Franchisor as advisor of autonomous and capable foreign franchisees	Franchisor as watchdog whose role is to balance network growth and brand protection	Franchisor as coordinator of the international network and relationship broker	International franchising as horizontal and collaborative rather than a vertical principal-agent relationship	Franchisors view certain activities as strategic and warranting high involvement in co-creation	Foreign franchisee as potentially opportunistic partner that requires close monitoring	Relational governance adaptation is key to maximize performance
Predominant role in co-creation initiation	Passive	Proactive	Passive	Mix of roles depending on the domains of co-creation	Proactive in the strategic areas; passive in other areas	Proactive	Adapts to each partner and situation
Predominant control approach over co-creation activities	Supervision approach. Brokering or collaboration are based on franchisee requests	Supervision approach. Brokering or collaboration are based on franchisee requests	Brokering approach	Collaboration approach. Includes co-production in addition to co-creation	Hands-on or very strong collaboration in strategic areas; various approaches in other areas	Hands-on, mainly in terms of decision-making	Adapts to each partner and situation
Predominant level of interaction intensity	Very limited; tends to diminish with time	Limited	Limited	High	Variable	High	Adapts to each partner and situation
Domains of cocreation	Limited; tends to diminish with time	Wide range	Limited	Depends on the partner and situation	Focused on strategic areas	Wide range	Adapts to each partner and situation

both activity enactment and decision-making. However, whereas mentors limit their control to supervising and advising foreign franchisees directly, brokers bring together the foreign franchisee and other stakeholders – other franchisees, advertising agencies, real estate developers, etc. – offering them the opportunity for network level co-creation.

Franchisors in this group represent themselves as “coordinators of the international network” and “relationship brokers”. The interviews reveal two motivations to engage in brokering. Some brokers lack the R&C – especially in terms of an internationalization team or department – to engage further in international co-creation. Other brokers’ main focus is the domestic market, as illustrated by a franchisor’s international director: “Foreign markets are not our top priority as we have a lot to do in France. [...] When you know people who could help, or even at the group [i.e. parent company] level if they have connections, we coordinate things to help the franchisee without having to ‘have a finger in the pie’”.

4.3.4. The partner

Partner franchisors strongly view international franchising as a horizontal, collaborative relationship with a foreign partner, rather than a vertical, principal-agent relationship. A restaurant franchisor described the relationship as “closer to a joint-venture than to our regular franchising relationships in France”. Another retailing franchisor highlighted: “they are a partner, an equal, someone to work with as well as from whom to learn”. Interestingly, this ability of the franchisee to be a partner seemed to reflect in the selection of foreign franchisees who were predominantly large companies, often holding a portfolio of foreign brands, franchised mainly under area development agreements or master-franchising.

Regarding the control dimension, partner franchisors adopt a balanced, collaboration approach, in terms of both joint activities and decision-making. This translates in turn into high interaction intensity, with joint work requiring frequent and extended interactions, involving a high number of personnel on both sides. However, regarding the initiation dimension, partner franchisors adopt a mix of roles depending on co-creation domains as well as on the partner. This co-creation dimension is hence not a defining feature of this style. Similarly, the number and diversity of co-creation domains also varied within this group of franchisors.

It is finally noteworthy that partner franchisors were the only ones to discuss, in addition to co-creation, examples of co-production – i.e. joint processes in the franchisor’s sphere (Grönroos, 2011a). This is for instance the case of a franchisor in the cleaning industry who developed new services and processes for its domestic market through reverse-innovation with the help of foreign franchisees who first introduced those services on their markets.

4.3.5. The strategically focused

The defining characteristic of strategically focused franchisors is that they have a clear set of activities that they consider as strategic and where they have a consistent, high involvement co-creation style. In those strategic areas, the franchisor adopts a proactive approach, initiates co-creation, and plays a hands-on role in both decision-making and enactment of joint activities. A fast food chain’s international director exemplified this by noting: “Every year, we develop three to four [advertising] campaigns for each [international] zone. We take into account what the franchisees have been telling us on their markets, and we consult with them, more or less. But advertising, that is ‘us’. My teams and our agency [...] We are much more flexible in other areas that are less key, or less core if you want”.

In the non-strategic areas, franchisors of this group adopted a different approach that gives foreign franchisees much more autonomy (Kaufmann & Eroglu, 1999), and translating in a mainly passive approach regarding co-creation initiation. However, when sharing examples of such franchisee-initiated co-creation, interviewees mentioned various control approaches – including supervision, collaboration, and

brokering – depending on franchisor assessment of each situation.

Finally, it is noteworthy that the number of domains and sub-domains of such strategically focused co-creation also varied from one franchisor to another in this group.

4.3.6. The controlling principal

A single franchisor, in business-to-business services, displayed a co-creation style that we designate as the controlling principal. This was a relatively young (age: eight years) franchisor, which international expansion started only three years after launching in the domestic market. The international franchises, at the time of the study, were limited to two neighboring countries. The main driver of this franchisor’s co-creation style was a preference for monitoring foreign franchisees rather than simply supporting them, as exemplified in this quote from the general manager: “We’re pretty much involved in many things they do. We call a lot, we meet, there is a lot of WhatsApp calls to keep an eye on things and keep the situation under control”. Such preference for close monitoring derived in this case from a view of foreign franchisees as potentially opportunistic partners.

In addition to a high interaction intensity, spanning many co-creation domains, this franchisor exhibited a high level of control, especially in terms of decision-making.

4.3.7. The chameleon

“Internationalizing a franchise, there are a thousand ways and there are no two similar patterns [...] that’s why I am telling you, there is no single model, people who work in international development will tell you all there is no single model” (General counsel, cosmetics retailer).

The above quote exemplifies the pragmatic approach of chameleon franchisors, who do not have a predominant approach on any co-creation dimension. Instead, they pragmatically adapt their co-creation approach to individual situations, moving between the previous styles. Their main motivation for such relational governance adaptation is maximizing their performance (Ghantous et al., 2018) in any given situation.

5. Discussion

Maintaining co-creation’s theoretical and practical relevance requires zooming in on co-creation practices at a micro level to understand its complexity within a specific context (Ellway & Dean, 2016; Leroy et al., 2013; Makkonen & Olkkonen, 2017). This research answers calls to avoid the conceptual ‘black-boxization’ (Leroy et al., 2013) of co-creation and parallel calls to understand what co-creation means in practice, by focusing on what actors *do* when co-creating (Lombardo & Cabiddu, 2017; Payne et al., 2008). By investigating international franchisor practices, it extends the knowledge on how service providers can support their customers’ value creation, whereas prior research had mostly focused on understanding what customers do (Moeller et al., 2013; Ng et al., 2016). Beyond the dearth of co-creation research in franchising, the importance of answering these calls in this context stems mainly from the fact that franchising research has typically treated co-creation as a black-box inasmuch as the collaborative nature of franchising, and even more so international franchising, has seldom been challenged.

This paper contributes to opening franchising’s co-creation black-box by providing two complementary typologies of franchisor practices that address the research gaps related to *what* and *how* franchisors do to co-create with their international franchisees. Answering our first research question, we provide a typology of four domains of franchise relationships where co-creation activities could take place. These domains overlap only partially with those reported in prior research. For instance, franchisor co-adaptation sub-domains mirror three of the five innovation “Co-s” reported by Russo-Spena and Mele (2012). Other domains, such as training, are specific to franchising in comparison to other supplier-buyer relationships that do not entail knowledge transfer.

Interestingly, this typology also shows that co-creation permeates the entire franchise relationship and its lifecycle, as franchisors can enact joint activities with foreign franchisees from the pre-launch phase all through the last stages of relationship dissolution.

The second typology answers our second research question by uncovering seven co-creation styles based on three dimensions related to franchisor's role in initiating co-creation, control over it, and intensity of interaction with foreign franchisees. These franchisor styles differ in two ways from those uncovered in recent research. First, only a limited number of franchisor styles (e.g. mentor, partner) echo those reported by Ng et al. (2016) for financial service providers. Second, and more noteworthy, while financial service providers seemed to adapt their style to their customers' individual needs, most franchisors in our study, except for the *chameleons*, have a marked preference for a predominant style. Finally, while the style typology was built around the three underlying dimensions, it is noteworthy that each style clearly reflects a specific franchisor representation of their role and of the relationship. This is in line with practice theory's prediction of the representational-normalizing-exchange practices link (McCull-Kennedy et al., 2012), where representations affect interactions with others and in turn activities.

In addition to contributing to international franchising research, the two typologies, through their marked differences with prior findings on co-creation activities and styles in domains other than franchising (e.g. McCull-Kennedy et al., 2012; Ng et al., 2016, 2019), contribute to co-creation research by offering additional evidence regarding the contextual nature of co-creation practices (Russo-Spena & Mele, 2012).

Finally, this paper also contributes to international franchising research addressing the broader topic of franchisor support to foreign franchisees (e.g. Doherty, 2007; Ghantous et al., 2018). Franchisors who cannot co-create with foreign franchisees, often due to a lack of R&C, and/or who do not want to co-create, as such collaboration does not match with their preferences, still supported foreign franchisees in alternative ways based on value facilitation rather than co-creation. To palliate the lack of co-creation, they empowered franchisees by providing complementary facilitating resources, such as online resources, while leaving franchisees to extract value separately, in their own sphere, without further franchisor involvement. These findings challenge the dominant approach that takes co-creation for granted in franchising (e.g. Grace & Weaven, 2011; Paswan et al., 2014), corroborating the alternative view that co-dependency does not always translate into co-creation (Grönroos, 2011b).

5.1. Managerial implications

Prior franchising literature offers limited insight on how value is co-created, making the replication of successful co-creation strategies within franchising difficult (Corsaro, 2019). Our findings offer franchisors a detailed account of the domains and activities where they could engage in co-creation with foreign franchisees, as well as different possible paths to enacting co-creation. Two implications are particularly noteworthy for franchisors.

First, our mapping of the actors and R&C indicates that franchisor co-creation decisions go beyond a franchisor's preferences, philosophy, and corporate cultural. Specifically, the success of co-creation requires the preexistence or acquisition of specific R&C. Co-creation enhancers (Moeller et al., 2013) could palliate the lack of certain required R&C. Franchisors could involve third parties from outside the franchise relationship – e.g. other franchisors, real-estate developers – in co-creation at the network level, reducing the need for franchisor own R&C. They could also rely on mediated interactions with foreign franchisees, through ICT, as less resource-consuming co-creation channels than direct interaction. However, such palliative enhancers require in their own right other forms of R&C. For instance, network level co-creation requires both relational resources with third parties and specific networking capabilities to broker the co-creation between a foreign

franchisee and third parties.

Second, the success of a co-creation style depends also on foreign franchisees' R&C and preferences (Ng et al., 2019). For instance, franchisors' *mentor* style requires foreign franchisees with sufficient capabilities and experience to carry out successfully the local replication of the franchise with minimal franchisor co-creation. In turn, franchisors' *partner* or *controlling principal* style require franchisees without marked preferences for autonomy, since high levels of franchisor involvement could otherwise become source of channel conflict (Perrigot & Basset, 2018) instead of positive relational governance. Furthermore, prior research implies that providers adapt by choosing "a suitable [co-creation] style for each customer" (Ng et al., 2019, p.168), as is the case for the *chameleons* in our study. *Chameleons* need in-depth knowledge of their foreign franchisees' R&C and preferences (Ng et al., 2019) in order to choose the appropriate co-creation style for each franchisee. Many franchisors, however, adopted predominantly one of the six other styles. Such franchisors should pay specific attention when selecting their foreign franchisees and consider the fit between their own co-creation style and franchising candidates' R&C and co-creation preferences.

5.2. Limitations and further research

Four limitations of this paper offer particularly interesting future research avenues. First, in-depth interviews were the sole data collection method. While allowing for a comprehensive mapping of co-creation practices, interviews do not assess the extent of franchisors' adoption of particular styles. For instance, a single franchisor resorted to the *controlling principal* as a predominant style, and the research's qualitative nature does not allow for concluding if such a choice is truly marginal. Future quantitative research could both corroborate the co-creation practices and inform on their prevalence in business practice, leading in turn to more focused managerial recommendations.

Second, our findings point out the role of time in some co-creation practices. For instance, *mentor* franchisors tended with time to have less intense interactions and in fewer co-creation domains. Furthermore, practice styles may alter over time (Chandler & Chen, 2016). Since time was not a focal point in this work, our results do not comprehensively account for its role. Longitudinal studies, either quantitative or as qualitative case studies, could better inform on how franchisor co-creation activities and styles evolve.

Third, this research investigated franchisor co-creation practices without considering their impact on the end value. As mentioned previously, practices that do not fit with the foreign franchisee's capabilities and preferences might not generate the expected value and could even affect negatively the franchise relationship quality (Perrigot & Basset, 2018). Future research should investigate the impact of franchisor practices on value creation and/or destruction (Makkonen & Olkkonen, 2017), and the conditions leading to either outcome.

Fourth, our findings indicate differences in co-creation practices depending on the form of foreign franchising. Most notably, master-franchisees required a specific co-creation area to help them in selecting their own local franchisees. The present research did not seek to understand the differences in co-creation practices across different forms of franchising. Furthermore, franchisee informants only included direct and master-franchisees. Other forms of franchise partnerships could reveal a larger diversity in co-creation practices. For instance, area-development franchisees, which typically tend to be larger companies with prior experience with other brands, might require and/or prefer less co-creation from franchisors. The present work could hence serve to develop a finer-grained understanding of co-creation practices that takes into account the nature and specificities of international franchising agreements.

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Appendix A. Franchisor informants

Informant	Sector	Network's Size (in units)	Network's Age (in years)	International Age (in years)	Number of countries
International area manager	Hairdressing & styling	322	51	45	42
International area manager	Food retailing	659	112	30	32
Export manager	Auto services	156	53	48	12
General manager	Construction works	89	25	18	4
General manager	Traditional restaurants	140	29	12	5
International marketing manager	Construction works	224	46	29	8
International manager	Cleaning services	1594	65	51	30
Business development manager	Food retailing	56	22	18	5
Export manager	Food retailing	231	105	50	14
Business development manager	Construction works	17	11	2	3
Export manager	Fast food restaurants	291	42	16	7
International development manager	Hotels	193	23	17	13
Export manager	Traditional restaurants	89	32	14	12
Counsel	Hairdressing & styling	1915	53	41	80
Export manager	Personal equipment	468	27	18	9
Franchising manager	Business services	71	16	9	6
General manager	Personal services	152	17	1	2
General manager	Hairdressing & styling	41	5	3	1
Export manager	Hairdressing & styling	288	19	8	6
Export manager	Furniture / appliances	54	26	13	4
Export manager	Retailing (other)	663	72	43	25
Export manager	Furniture / appliances	57	13	10	6
Export manager	Traditional restaurants	153	41	35	15
International manager	Auto services	1300	64	58	33
International manager	Fast food restaurants	235	33	12	7
International area manager	Hotels	76	18	4	5
International area manager	Retailing (other)	166	12	8	8
General manager	Business services	13	8	5	2

Appendix B. Franchisee informants

Informant	Country	Sector	Number of years with franchisor
Master-franchisee	Germany	Personal services	26
Master-franchisee	Germany	Business services	13
Master-franchisee	Germany	Real-estate	7
Master-franchisee	Germany	Personal services	11
Master-franchisee	Germany	Hairdressing & styling	8
Franchisee	Germany	Hairdressing & styling	8
Franchisee	Germany	Hotels	12
Master-franchisee	Brazil	Cleaning services	19
Master-franchisee	Brazil	Hairdressing & styling	25
Master-franchisee	Brazil	Fast food restaurants	4
Franchisee	Brazil	Hairdressing & styling	8
Franchisee	Brazil	Hairdressing & styling	5
Franchisee	Brazil	Cleaning services	13
Franchisee	Brazil	Cleaning services	11
Franchisee	China	Food retailing	4
Franchisee	China	Personal equipment	8
Franchisee	China	Hairdressing & styling	6
Master-franchisee	Switzerland	Hairdressing & styling	30
Master-franchisee	Switzerland	Hairdressing & styling	1
Master-franchisee	Algeria	Furniture and house equipment	12
Franchisee	Singapore	Traditional restaurants	7
Franchisee	Portugal	Personal equipment	3
Franchisee	Belgium	Construction works	2
Franchisee	Greece	Personal equipment	8
Franchisee	Madagascar/Réunion/Mauritius	Personal equipment	4

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