

Methodology used for Franchisor-Facilitated Surveys for FranSurvey®

FranSurvey® was founded on the fundamental premise that sound business decisions are based on solid business research. Rigorous standards and strict methodology are basic cornerstones to our business philosophy.

I. Commitment to High Quality Research

Franchise Research Institute® (FRI) is committed to producing research results on which our clients can depend. Our methods are ethical, thorough, up to industry standards, and transparent to our clients. FRI provides correct and unbiased interpretation of results in our reports, and stands ready at any time to answer clients' questions about their results or the methods upon which they are based. To be fair and ethical to the responding franchisees, who have been promised strict confidentiality, the survey responses will only be made available to the franchisor (or any others) in a form that will make it impossible to identify individual responders.

II. General Methodology

This survey was performed as a computer-driven Internet survey, which may be accessed at www.FranSurvey.com. Respondents were contacted as described below, given a unique password, and directed to an FRI website containing the survey. Respondents entered their passwords, completed the survey, and the results were electronically entered into a data file for analysis.

III. Contractors

Franchise Research Institute® personnel contact respondents by E-mail, fax, mail and telephone conduct follow-up reminders where necessary and hire and supervise several sub-contractors to provide computer, Internet services and statistical consultation when appropriate. All other work, from understanding the client's needs,

to delivering results and consulting on their implications, were performed by FRI personnel.

IV. Quality Control

FranSurvey® and **Franchise Research Institute®** personnel pre-tested the on-line questionnaire with their own staff as well as other professionals in the franchise industry. It was determined that the questionnaire was correctly accessible on-line, that the questions were understandable and caused no difficulties in responding, and that the responses were being correctly entered into the data file by the interviewing software. The standard **FranSurvey®** questionnaire, which is the backbone of this questionnaire, has been field-tested by more than 10,000 franchisee respondents in the past.

V. Sampling

First, **FranSurvey®** defines the appropriate population about which the client wishes to make inferences. This *defined population* can be either:

1. All of the client's franchisees in a given geographical area (such as the U.S.), or
2. All of the client's franchisees in a geographical area that have owned the client's franchise for 7 years or less.

In the first case, the inferences about the opinions and satisfaction of the franchisees can be generalized to the entire population of the client's franchisees in the chosen geographical area. In the second case, inferences can be made only about the more recent members of the franchisee population in the area, i.e., those having joined in the past 7 years.

Why would a client franchisor want to survey only the last 7 year's worth of new franchise owners? In some cases, the client's policies; ownership; business conditions; contracts with franchisees; typical

franchise establishment designs, locations, or markets; or business practices have changed substantially in recent years, and the client may wish to judge their success only for recently-joined franchise owners. The results of the survey on these newer owners may give a more accurate impression to a prospective franchise owner of how his or her own satisfaction may be manifested a few years after ownership commences.

FranSurvey® results in any published form will indicate which population was surveyed, in terms of geographical area and tenure as franchisees.

Regardless of which defined population is used, FranSurvey® usually attempts to recruit every single franchisee in the defined population currently under a given brand contract to the franchisor for the survey. The sampling procedure used here is called a census, and gives extremely accurate results as long as the response rate is reasonably high. In every case, the sampling procedure, the total population and the number of responses received, as well as the corresponding response rate will be listed on the final page of each individual company's report.

If the number of total franchisees in the defined population for any specific franchisor is large enough, then a random sample will be chosen for the survey. With a large population, a random sample of sufficient size will give very accurate results at lower cost than a census.

Each franchisee in the defined population, no matter how many units he or she owns, is given equal weight in sampling and analysis unless otherwise stated in the report. The sampling procedure used here is called simple random sampling, and gives us an opportunity to project the results from the sample to the entire defined population of franchisees.

The list of franchisees in the defined population and their contact information will be provided by the franchisor. From this list **FranSurvey®** will select either all, or a random sample of those

franchisees and contact them by a combination of methods, including mail, E-mail, fax and by telephone. All recruitment pieces will contain an explanation of the survey, encouragement from the franchisor, instructions for completing the questionnaire on-line, and assurance of confidentiality by FRI.

To ensure that as many selected respondents as possible complete the questionnaire, those who have not completed the survey by 5 to 7 days after they should have received the recruitment E-mail, fax or mailing will be contacted by FRI again, if possible, by a method determined by FRI. Up to four reminder attempts to ensure compliance of each franchisee recruit will be made, until the franchisee completes the questionnaire or makes a definite refusal.

To ensure as much as possible the truthfulness of the franchisees' responses to the questionnaire, respondents will be assured on recruitment and reminder that their individual answers will be kept confidential, including confidential from the franchisor. Further, TakeFranSurvey.com has a link with its Statement of Ethical Standards in the Treatment of Research Respondents located directly above the "passcode box", which emphasizes our commitment to the ethical treatment of respondents.

VI. Accuracy of Estimates and Sample Characteristics

The final sample of completed questionnaires should be large enough to allow us to estimate what the entire defined population of franchisees would answer to within $\pm 4\%$. In many cases, the accuracy will be better. This kind of accuracy arises from controlling *random sampling error* by taking an adequate sample size. It does not control for inaccuracy introduced by *non-response*. We explain how we control for that below.

Some franchisees we try to recruit will not complete the questionnaire, for a variety of reasons. These are called *non-responders*. The percent of franchisees we try to recruit who actually do complete the questionnaire (the *responders*) is called the *response rate*. If the response rate is lower than about 70%, and we believe

that the non-responders may have different opinions or levels of satisfaction than the responders, we become concerned that the percentages and averages developed from the responders may present a somewhat *biased* picture of the opinions and satisfaction of the franchisees as a whole. This means that the percentages and averages developed on the completed questionnaires are somewhat higher or lower than they would be if everyone we had tried to recruit had answered the questionnaire. The non-responders may have been more satisfied than the responders, or less satisfied; it is difficult to suggest in which direction the results are biased, or how much, without further research or analysis. In the case of a lower-than-satisfactory response rate, we may use one of several possible approaches to provide greater accuracy, based on discussions with the franchisor:

- A concerted attempt to recruit a small random sample of the non-responders to complete the questionnaires. The percentages and averages computed on this small sample, properly tested statistically, can provide an indication of the direction of any bias. In this case, we can say that the results of the survey are probably close to the true opinions and satisfaction of the defined population of franchisees as a whole, or that they are probably a little lower or a little higher than the population.
- Examination of the percentages of survey respondents on “demographic” questions to see if they are a rough match to the defined population. “Demographics” in this case are number of units owned, age, and so forth. If the responders, for example, are disproportionately single-unit franchisees relative to the entire defined population of franchisees, FRI can either (1) weight the responses of single-unit responders less than those of multi-unit responders to make the overall percentages and means more accurate, or (2) present the results of single- and multi-unit franchisees separately, allowing the reader to understand each group separately. Weighting would be done when the demographic match of the responders to the defined

population is moderately close, and separate analysis when the match is poorer.

VII. Analysis Methods.

The survey report provides simple analysis of percentages and means for each question. The percentage responses supplied for each question will be from those individuals that chose to supply a specific response. The sampling error accuracy for the means and percentages will be reported. When requested by the franchisor, additional analyses for sub-groups of franchisees can be done as long as the subgroups are large enough to keep the answers of any individual franchisee from being suggested by the subgroup analysis.

FranSurvey® is a research reporting service and the **Franchise Research Institute®** is a research organization both owned by Johnson Franchise Consulting, Inc., a Nebraska corporation.

Methodology Consultant for the Franchise Research Institute®

Dr. Dwayne Ball

Dr. Dwayne Ball received his Ph.D. in 1982 in mathematical and statistical psychology from Ohio State University, with a minor in consumer behavior research. He served 4 years as a consumer research manager for Procter and Gamble, was a visiting professor at the University of Canterbury in New Zealand in 1986, and now is Associate Professor of Marketing at the University of Nebraska - Lincoln, where he has taught marketing research, consumer behavior, database marketing, and related topics to undergraduate, masters, and Ph.D. students for over 15 years.

Dr. Ball has consulted with many large and small companies and government agencies, and has taught numerous business seminars on marketing research, database marketing, and customer relationship management, both here and abroad. In 1999, Dr. Ball was given a Fulbright Award from the U.S. government to teach and study at the Institute for

Statistics and Information Management in Lisbon, Portugal, where he has returned annually to give seminars on market research, database marketing, and customer relationship management. He was designated a Fulbright Senior Scholar by the U.S. government-sponsored Council on the International Exchange of Scholars in 2001.

Dr. Ball has published articles in the *Journal of Marketing Research*, the *Journal of Consumer Psychology*, the *Journal of Business Research*, and many others, and has given numerous papers at national academic meetings. His research interests include the validity of multivariate statistical techniques used in market research, the measurement and role of major life themes in consumer behavior, and the protection of academic freedom.



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