



Franchising our heritage: The UNESCO World Heritage brand



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ABSTRACT

The UNESCO World Heritage List has been continuously growing since the first sites were listed in 1978. It has frequently been highlighted as a marker of quality and authenticity, and UNESCO underscores that designation is important for tourist visitation. Given the vastness of the List, and its expected continued growth, it becomes relevant to understand the mechanism by which UNESCO and the States Parties work to promote the dissemination and use of the World Heritage brand. This paper proposes that the relationship between these entities is best expressed through a franchise model wherein UNESCO is the franchisor and the States Parties franchisees. Therefore, through an analysis of UNESCO World Heritage policy and practice documents combined with general franchising theory, this work seeks to emphasize the appropriateness of this business model in understanding the management practices of both UNESCO and the States Parties.

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1. Introduction

United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage (WH) site status has often been lauded as a symbol of quality, with [Ryan and Silvano \(2011, p. 306\)](#) calling it a “coveted brand and seal of approval.” Therefore, it is unsurprising that there has been a consistent increase in submissions for inscription, with 1640 sites in 175 States Parties¹ currently on the tentative list. This is in addition to the 1052 sites that have already been listed. Given the vastness of the WH List, and its expected continued growth, it becomes important to understand the mechanism by which the UNESCO WH Committee and the States Parties work to promote the dissemination and use of the WH brand. Therefore, this paper proposes that the relationship between these entities can be conceptualized as a franchise model wherein UNESCO is the franchisor and the States Parties franchisees. The concepts of franchising and UNESCO WH are rarely, if ever, discussed simultaneously. In fact, the idea that UNESCO works as a franchisor has only been mentioned twice. [Probst \(2007\)](#) presented the concept in relation to a cultural event which was part of a UNESCO initiative to fundraise for art-based strategies in Africa. This idea was in part derived from an opinion piece by [Wolfgang Kemp \(2005\)](#) wherein he notes that UNESCO licenses out its name. However, neither of these authors expanded on their ideas. Therefore, this work seeks to emphasize the appropriateness of this business model in

understanding the management relationship that exists between UNESCO and the States Parties.

2. The franchise format

A franchise can be identified as a business relationship, supported by a contract, wherein one organization, a franchisee, purchases, through initial fees and, later, royalties, the rights to the brand and business model of another organization, the franchisor ([Badrinarayanan, Suh, & Kim, 2016](#); [Blair & Lafontaine, 2005](#); [Combs, Michael, & Castrogiovanni, 2004](#)). These relationships are mutually beneficial for both parties and can be especially valuable when expansion is sought in international markets ([Eroglu, 1992](#); [Quinn, 1999](#)). As stated, the basis of the franchise relationship is a contract that outlines the expectations for both actors as well as creating the power dynamic which will be in place during the duration of the arrangement ([Rubin, 1978](#)). This includes the give and take visible in terms of ownership and product quality control ([Brickley & Dark, 1987](#)). Selection of appropriate franchisees, therefore, is of paramount importance. [Brookes and Altinay \(2011, p. 345\)](#) recommend “having a set of selection criteria and selection process in place” in order to assure that the appropriate franchisees are chosen. According to the empirical results found in [Jambulingam and Nevin \(1999, p. 389\)](#), these criteria should include “high [levels of] perceived innovativeness, and a high personal commitment to the business” in concert with more specific criteria derived from current successful franchise partnerships. In relation to their study of franchises in the tourism industry, [Altinay et al. \(2013, p.184\)](#) emphasize the importance of both franchisors and franchisees being well informed of “the feasibility of the franchise concept in their

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¹ There are currently 193 States Parties that have ratified the WH convention. Of these, 189 are full members of the UN, with only Liechtenstein, Nauru, Somalia, and Tuvalu not being signatories. The other 4 States Parties are comprised of 2 permanent observers to the UN (the Holy See and Palestine) and 2 non-member states (the Cook Islands and Niue).

locations.” These specific aspects will heighten the probability of a successful partnership for both parties.

Once the partners are selected and the contract is signed, there are certain requirements which both parties must fulfil. One of the most important of these, for the franchisor, is the expected inflow of cash. Franchisees make two separate payments throughout the contract period, an initial start-up fee and recurring royalties paid ad continuum (Blair & Lafontaine, 2005; Shane, 1996). In terms of the initial franchise fee, Shane (1996, p. 77) highlighted that, based on his data, this “fee averages one-half of the total franchisor-specific investment.” However, Lafontaine and Shaw (1999, p. 1044) indicate that the introductory payment amounts to only about 8% of a franchisee's total financial contribution. Therefore, royalties from usage of the franchisor's trademark or brand name are much more significant for the franchisor, often being a portion of total sales (Rubin, 1978). This system limits the franchisor's risk as “the proportional variability of franchisee sales is smaller than the variability of profits” (Caves & Murphy, 1976, p. 579). Tikoo, & Nair., (1999) advance this idea further by recommending that the rate be variable in order to not result in a stagnation of eventual sales. It is these two economic aspects which can often be most appealing to a franchisor.

For the franchisees, the brand, or trademark, of the franchisor is often considered the most important aspect of the partnership (Hunt, 1977; Nyadzayo, Matanda, & Ewing, 2011). However, as Nyadzayo et al. (2011, p. 1108) note, “too often franchisees complacently expect the brand to sell itself based on the assumption that it is well-established.” This can, in part, be remedied through the use of contractual requirements surrounding advertising fees, which are used to promote the brand at the national, regional, and local levels (Blair & Lafontaine, 2005). It has also been noted that franchisors can assist in the construction of good brand citizenship from franchisees, specifically in terms of promotion, in order to enhance the overall brand equity (Nyadzayo et al., 2011). This can be achieved by “encourag[ing] existing franchisees to embrace the culture of self-driven positive brand-related attitudes” (Nyadzayo et al., 2015, p. 1893). Research by Badrinarayanan et al. (2016) indicates that brand resonance can be a particularly useful tool for franchisors in order to promote voluntary brand enrichment. Increased brand recognition is of particular importance when franchise companies choose to expand into international markets. For example, Lin, Lin, and Ryan (2014) found that recognizable franchisees were more likely to be used by foreign tourists who were visiting an area for the first time. However, in order for there to be a successful foreign expansion, the franchise system must promote the quality associated with the brand being purchased by the franchisees.

The franchise business type can be “characterised by a high degree of standardisation” (Quinn, 1999, p. 346) which functions as a benchmark of the franchise, a quality indicator. Rubin (1978) observed that quality must be maintained across all franchised units in order to preserve the brand's standing among its customers. Therefore, franchise contracts frequently require adherence to meticulously outlined quality standards, which are “especially important in businesses in which individual units cater to non-repeat customers” (Brickley & Dark, 1987, p. 403). According to Brickley, Dark, and Weisbach (1991), sub-par quality levels at one franchised unit can have negative impacts on other franchisees in terms of a loss of customer volume as well as on the franchisor's trademark itself. Furthermore, in business format franchising it becomes critical to ensure uniform, high levels of service quality as fluctuations result in increased levels of customer dissatisfaction (Jeon, Dant, & Gleiberman, 2014). Thus, it can be seen that consumers expect a certain level of quality when dealing with a franchised brand, and a deviation from this quality level can significantly impact their perceptions of the brand.

As quality and brand maintenance are important franchisee responsibilities, it is unsurprising that problems could arise when they are not maintained, which can result in termination of the franchise contract. As Blair and Lafontaine (2005) observed, termination is not immediate, as

most franchisors will spend a period of time attempting to convince the franchisee in breach of contract to alter their behavior. However, failure to comply often results in the commencement of termination procedures. It is important to note that while breach of contract allows for termination of the franchise agreement, it is up to the discretion of the franchisor, which is especially problematic as “termination could impose a substantial financial burden on the franchisee” (Makar, 1988, p. 760). Additionally, due to certain legal “good cause” requirements in several countries, notably in several states in the USA, contract termination can be particularly expensive for the franchisor in terms of both legal fees and, potentially, court-awarded damages to the franchisee if “good cause” is not found (Brickley et al., 1991). This can often be proven by “comparing the performance of the terminated franchisee with that of other, similarly situated franchisees” (Emerson, 1998, p. 596). Thus, termination is often a final resort of the franchisor as it is costly for all involved and must be well supported from a legal standpoint.

3. The World Heritage franchise system

While the above discussion focuses exclusively on the franchise model from a purely business perspective, the following sections will address the application of these structures and processes to the existing WH operational framework. This is particularly important as several authors (Logan, 2012; Meskell, 2015; Meskell, Liuzza, Bertacchini, & Saccone, 2015) note the increasing focus of the States Parties on the perceived potential economic benefits of listing. In fact, Logan (2012, p. 120), in his analysis of WH Committee sessions, stated that “World Heritage [is] seen by many as a brand and inscription little more than a branding exercise.” Meskell (2015, p. 4) emphasizes the word “properties” in her discussion of WH, referring to them as “commodities that mobilise national and international flows.” Therefore, although the WH Convention arose from a desire to conserve and preserve natural and cultural heritage of global importance, the modern usage of listing by many States Parties has appeared to shift away from this focus towards one motivated by politics and economics.

In the following section, the franchise model, as outlined in the literature, has been applied to existing UNESCO WH policy and practice. This data was derived from an analysis of relevant documents which are readily available from UNESCO. More specifically, the following analysis will be broken into segments concentrating on the identified distinctive features of franchise relationships: selecting partners and the contract structure, contract fees and royalties, advertising and trademark regulations, quality control measures, and eventual contract termination.

3.1. Signing the contract

The WH Convention was adopted on November 16, 1972. This international treaty laid the groundwork for the protective soft legislation surrounding WH sites and their management and established the WH Committee, which is the group that organizes the WH List. However, UNESCO is not actually responsible for the selection of the nominated sites. Instead, it is the responsibility of the respective States Parties to nominate those sites that they feel best represent the ideal of world heritage by illustrating each site's Outstanding Universal Value. This is defined as “cultural and/or natural significance which is so exceptional as to transcend national boundaries and to be of common importance for present and future generations of all humanity” (UNESCO, 2015, p. 11). In order to be considered for listing, sites must first go through a bidding process, wherein a State Party submits a nomination form demonstrating that they meet the WH criteria set by the UNESCO WH Centre. According to VanBlarcom and Kayahan (2011, p. 146), “the bidding process entails the preparation of a management plan, conducting supportive studies and consultation provided by third parties.” These criteria and requirements are specific in nature in order to ensure that the selected sites best represent the idea of Outstanding Universal Value. This mirrors the process involved in the pre-contract interaction

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