

Guide to B2B eCommerce for Franchisors



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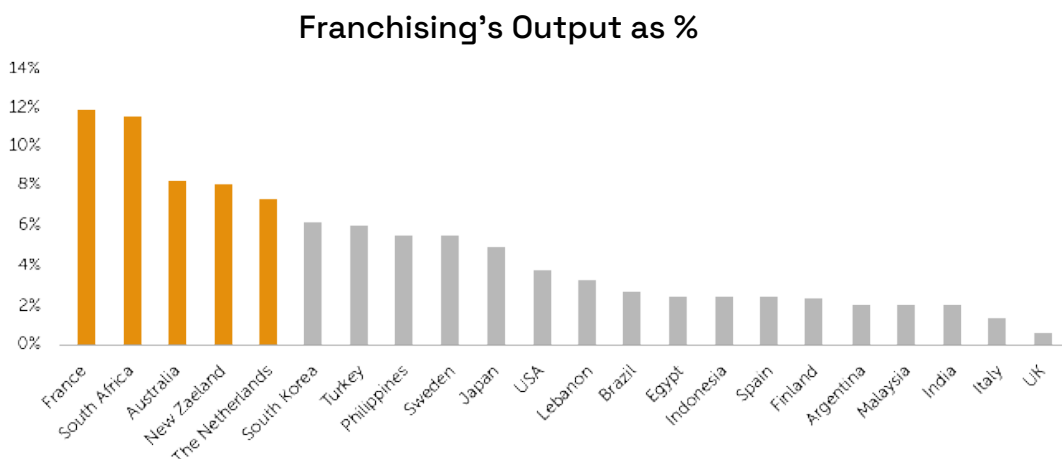
There's no doubt about it – eCommerce is now a part of how business gets done in the 21st century. The internet evaporates distance, eliminates time barriers, and enjoins people everywhere. B2C eCommerce started it all and then groomed B2B buyers and sellers to expect the frictionless experiences they enjoyed as consumers. Now it seems that every business relationship is impacted by the digitalization of sales. That includes the franchisor and franchisee relationship as well as relationships between your franchisees and their customers.

This guide includes what you need to know about B2B eCommerce for franchisors. It will help you understand the current eCommerce environment, how eCommerce can be a powerful tool in improving and enhancing the franchisee experience, the role it plays in a digital transformation, and four different eCommerce models franchisors are using to grow their business. You'll even find real-life examples of how successful franchisors are using the power of eCommerce to their advantage.

Whether you have established eCommerce channels or are looking for ways to grow your business through digital transformation or enhance the franchisee experience, this guide has something for you.

The State of eCommerce in Franchising

Franchises impact many aspects of the economy. They contribute to everything from jobs numbers to the Gross Domestic Product (GDP) of a country.



[Source](#)

According to the [Internal Franchise Association](#), in 2020, franchises in the United States contributed \$670 billion of economic output into the U.S. economy and represented 3% of the total nominal Gross Domestic Product. And that's during a global pandemic! They estimate that by the end of 2021, all economic damage to franchises because of the pandemic will be erased.

Before COVID-19 closed markets down, franchises made a significant contribution to the GDP of countries all over the world.

While franchise employment declined to 7.5 million as a result of COVID-19, it is already on the rebound. Clearly, it takes more than the SARS COV-2 virus to keep franchises down.

And when it comes to owning franchises, the owner/operator population is getting younger and more digitally savvy. As of June 2021, Millennials and Gen X'ers edged out Boomers in franchise interest.

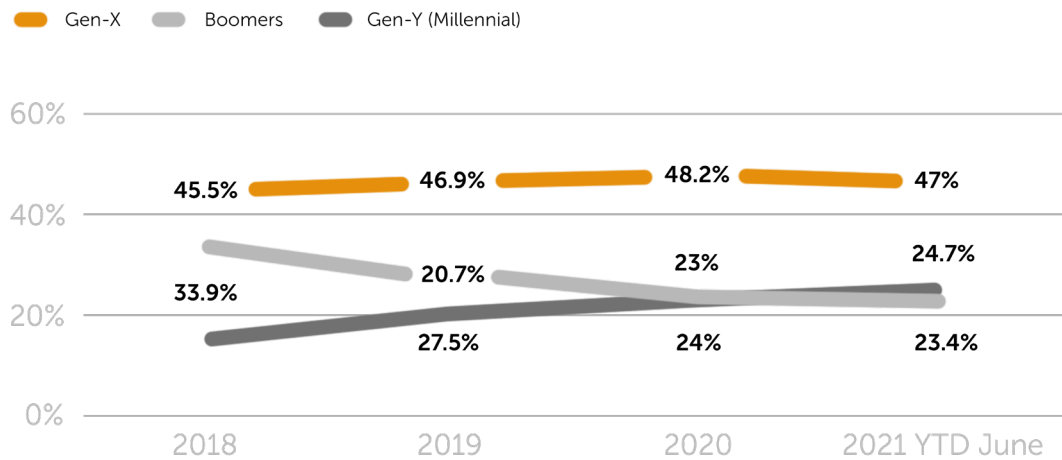
These younger franchise owners are more comfortable with social media, internet marketing, and eCommerce. They want an eCommerce option to promote their products and services as well as an eCommerce option for maintaining relationships with their franchisor. They expect digital touchpoints as the norm and not the exception.

For the franchisors that are investing in technology, the rewards are tremendous. Dan Duffy, CEO of United Real Estate, a real estate brokerage franchisor, credits his company's [investment in technology](#) over 15 years for the company's 127% growth in sales in just one year. It may have taken time, but for this franchisor, the technology investments are paying off in a big way.

Whether you want to use eCommerce to streamline the franchisee experience, support franchisee sales, or build and scale your brand, eCommerce is a powerful tool.

Millennials Edge Out Boomers in Franchise Interest in 2021

Percentage Share of Total Franchise Inquiries



[Source](#)

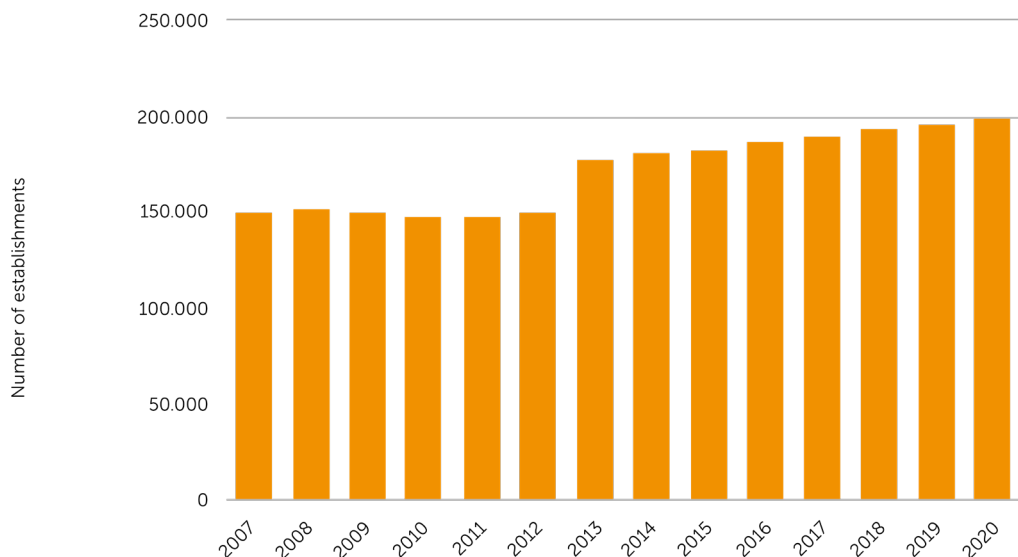
Streamlining the Franchisee Experience with eCommerce

The franchisor-franchisee relationship is different from any other business relationship. It is akin to the parent-child relationship. The franchisor is committed and invested in the success of the franchisee but will not jeopardize the health of one franchisee over another or allow one franchisee to disrupt the entire corporate family.

The franchisee looks to the franchisor for guidance but is ultimately responsible for their own success or failure. Nurturing and maintaining this relationship is key and when implemented thoughtfully, eCommerce is a powerful tool for reducing friction. You can make day-to-day activities easier for franchisees and support the marketing efforts of individual franchises, no matter where they are located. quotidien des franchisés tout en soutenant leurs efforts marketing partout dans le monde.

eCommerce to Support a Procurement Hub

Quick service restaurants (QSRs) represent a major player in the franchise world. In 2020, there were almost 200,000 QSRs in the US.



[Source](#)

For these QSRs, managing the direct spend, indirect spend, and the procurement process are pain points for owners. When franchisors can digitize purchasing and stabilize supply chains, everyone wins. An eCommerce portal provides a means for franchisees to place their orders, check order status, and pay invoices from any device from their desktop to their smartphone.

McDonald's serves customers in over 100 countries through a network of restaurants of which 80% are owned by franchisees. McDonald's is famous for maintaining complete ownership of its supply chain. From growing and processing their own beef to processing their own spices, McDonald's controls their entire supply chain through contract producers. So, it only made sense to further streamline procurement for their franchises by developing a proprietary eMac Digital system. This system digitized the procurement process for their franchises and provided valuable insight into the supply chain from end to end. Because the QSR giant is in the burger business and not the technology business, it made sense for them to [spin off eMac Digital](#) in 2003. But that doesn't mean they ditched the system. Instead, they retained eMac Digital as a contract supplier of their digital systems. By digitizing procurement and refining processes, they managed to [cut supply prices by 15%](#).



[Source](#)

Technology benefits more than just QSRs. Franchisors in the hospitality market are discovering the power of eCommerce to benefit their franchisees. Hilton created used eCommerce technology as the backbone of its [procurement program](#). Franchisees get cost savings and convenience and Hilton better monitors contract compliance.

Whether it's through their eProcurement program or [Hilton Supply Management](#), franchisees worldwide can purchase online leveraging the combined purchasing power of Hilton worldwide. Both systems act as an electronic marketplace, and franchisees can place orders for approved supplies from preapproved vendors at pre-negotiated prices. Everything from property management services to energy is available. If it is something a local franchisee may need, they can find it online through their eCommerce network.

Not only does the procurement hub make purchasing easier, but it is also serving as an additional way to standardize the customer experience across this giant hospitality franchise network. With Hilton controlling everything from the toiletry and linen options to the color created by the lightbulbs, travelers receive a more uniform experience no matter where in the world they stay.

A well-designed eCommerce hub that supports an eCommerce procurement hub will enable:

- Product information localized by language and currency
- Marketplace capabilities
- Intelligent search
- Quick ordering and reordering
- Order tracking
- Invoicing and order history
- Support for franchisor and franchisee hierarchies



eCommerce to Support Localization

Multinational franchisors are using eCommerce to support the franchisor relationship through localization. This allows each franchisee to gain access to information in their language and use their local currency.

And if the franchisor offers franchisee websites, localization is key to the success of these franchisee-owned websites. Local end-customers will need access to products available in their area, the ability to select from the appropriate local shipping options, as well as seeing a website that has been customized to conform to the prices, language, currency, and hours of operation for the local franchise.

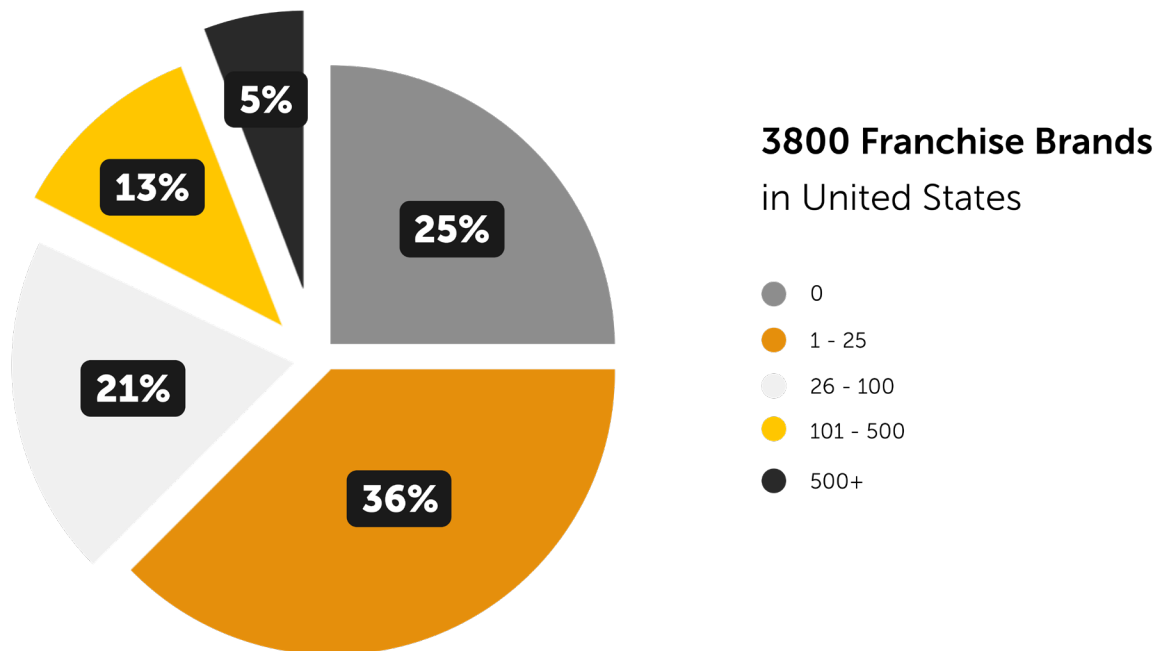
With a B2B eCommerce platform that provides you the power to localize at scale, it's possible to create individual, localized websites for each franchisor no matter where they are in the world and still maintain control with a single back-end.

eCommerce To Streamline Operations and Build Your Network

An eCommerce system with an integrated CRM like OroCommerce provides powerful tools to manage franchisor-franchisee relationships. Combine with a flexible workflow engine and you've got a means to onboard new franchisees, track sales performance and communications, maintain a library of contracts and agreements, track royalties, and generate management reports.

You can keep track of franchisee communications in one place. This provides visibility into which franchisees reach out most often and may need additional support and which franchisees seem to be running on auto-pilot and operate on silent mode. Both of these scenarios highlight franchisees that are in need of communication, and a CRM will ensure they receive the appropriate attention.

A successful franchise network depends on achieving royalty self-sufficiency. According to [Franchise Performance Group models](#), this is the best measure for franchise sustainability. It generally takes 50 to 100 units or territories to attain this goal. So, it's important to build your network.



[Source](#)

Yet of 3,800 franchise brands in the US, only 34% have sold this many units. When it comes to expanding your franchise footprint, eCommerce is the way to grow.

Using eCommerce, you can not only track and nurture your leads, but you can also deliver timely content and even onboard your new franchisees. Your webstore is more than a store, it's a communications hub for training videos, FAQs, chatbots, even provides a way to share what it is you look for in potential franchisees and the characteristics of successful franchise holders, complete with testimonials and case studies



eCommerce as Part of a Digital Transformation

When evaluating technologies to be included as part of a digital transformation, you'll naturally want to focus on those activities where improvements will directly impact the effectiveness of the franchisees and employees in the head office. That's where eCommerce shines. An eCommerce platform with flexible workflows lets you optimize processes and then digitize them in a manner that makes sense for your company. From ordering ripe tomatoes to a refrigerator repair, eCommerce for your franchisees makes running their operations easier.

Adding eCommerce to your franchise network can be a powerful component of your digital transformation if you are centered on improving the customer experience. Most buyers have a digital-first mindset these days.

Smart franchisors capitalize on this. In 2018, when CarreFour, the France-based international supermarket franchisor with 12,000 stores in 30 countries announced their [CarreFour 2022 plan](#), expanding their digital footprint and improving the eCommerce experience for the customer was key. By [June of 2020](#), 7% of all CarreFour food sales in Brazil were made online and in the cities of Sao Paulo and Curitiba, online sales of non-food items made up 31% of sales. CarreFour's digital transformation included expanded eCommerce offerings such as their Home Delivery and Click & Collect programs to give shoppers even more options when buying their groceries online. This is another example of the power of localization to tailor the customer's experience by location. Since not all locations in their global store network offer the same delivery options, it was important that they have the ability to localize delivery by website.

Meanwhile, back in France, in June of 2020, CarreFour customers were given the ability to shop from home using Google Home or Google Assistant. French grocery shoppers could simply say, "Ok Google, je veux faire les courses" (Ok Google, I want to go grocery shopping) and then proceed to build their shopping list by just saying the items they want to purchase using generic terms and brand names. When complete, shoppers just finalized the order on the website and could choose to pick up their order or have their groceries delivered by the closest store.



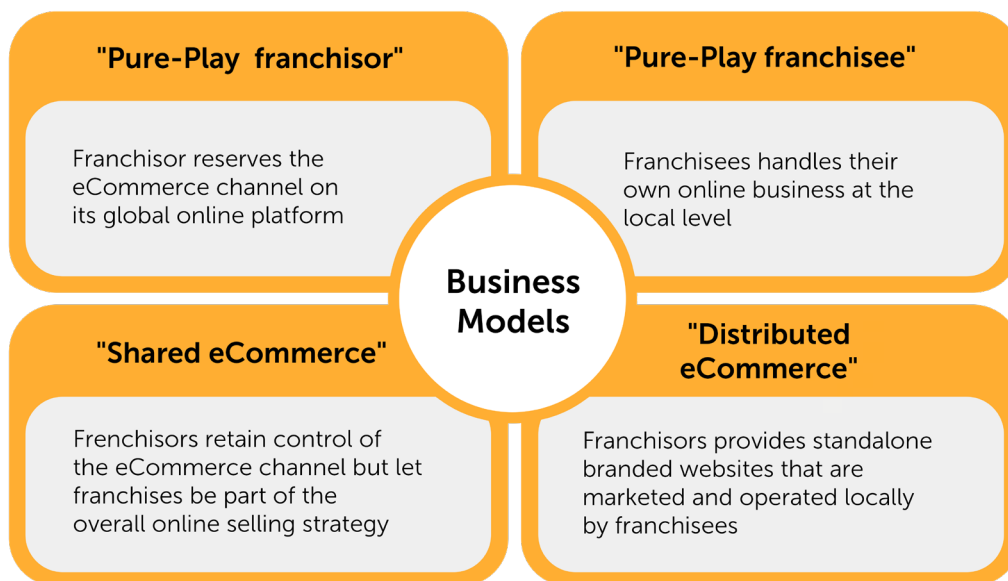
eCommerce As a Way to Grow Your Franchise Business

Just because a business is a franchise doesn't mean it can afford to ignore the market's desire for omnichannel experiences.

Harvard Business Review study found [76% of shoppers prefer an omnichannel experience](#).

This means visiting brick-and-mortar locations as well as researching and purchasing online. Successful businesses of all stripes must engage in eCommerce. Franchisors have four options when approaching eCommerce.

4 online business models



Pure-Play Franchisor Model

Unless your franchisor-franchisee agreement prohibits it, as a franchisor you have the right to engage in eCommerce and control all eCommerce associated with your brand. That's at the heart of the pure-play franchisor model.

With this approach, the franchisor maintains total control of all global eCommerce. All sales through eCommerce flow to the franchisor, no matter where the sale takes place. This model completely centralizes eCommerce. In addition to operating your franchisor business, you now must commit resources to licensing if appropriate, as well as setting up the eCommerce platform and operating the eCommerce business. This includes all marketing, order fulfillment, and customer support. You will be the online face of your franchise business. Customers may think they are interacting and ordering from the local franchisee, but they will be interacting with the franchisor.

On the plus side, this model is the least complex to implement and will possibly incur the least direct cost for the technology. On the downside, you are now in the business of competing directly with your franchisees. It's not uncommon for your franchisees to see your eCommerce business as siphoning off sales from their territory. This can have a negative impact on goodwill and irreparably damage franchisee relationships. And if you use eCommerce to promote web-only deals, you'll further alienate your franchisees. Disgruntled franchisees aren't good for the local store, and they aren't good for the network.

In addition, if direct customer interaction is not your organization's strong point, you may actually end up harming your brand. Remember, even digital sales still require human support.

So, if you aren't prepared to invest heavily in customer support and dealing with direct sales, it doesn't make sense to invest in the pure-play eCommerce model as a franchisor. It's a distraction from your tasks of building the network and supporting your franchisees.



What you need from an eCommerce platform

If you proceed with the pure-play franchisor model, you will need key B2B eCommerce functionality. This includes customizable catalogs and localization so you can tailor the offering to the customer's location. The products, prices, shipping options, currency, and language need to be appropriate for the region. You'll also want to reduce friction in ordering. That means functionality for guest checkout, one-page checkout, and quick reorder forms. If you sell to other businesses, you'll also need to allow users to set up their own accounts, permissions, and hierarchies, and will need to integrate with eProcurement systems and punchout catalogs.

Because you'll be responsible for all the marketing, you'll want functions to support customer segmentation, search engine optimization (SEO) tools, and email marketing. Promotions management tools such as one-time coupons, buy X/Get Y, order discounts, line-item discounts, and shipping promotions are needed as well.

Since you'll be handling order fulfillment, you'll need tools that provide inventory transparency to buyers, handle multiple warehouses, and offer multiple shipping options. You'll need the ability to integrate with your ERP, WMS, PIM, and other business systems

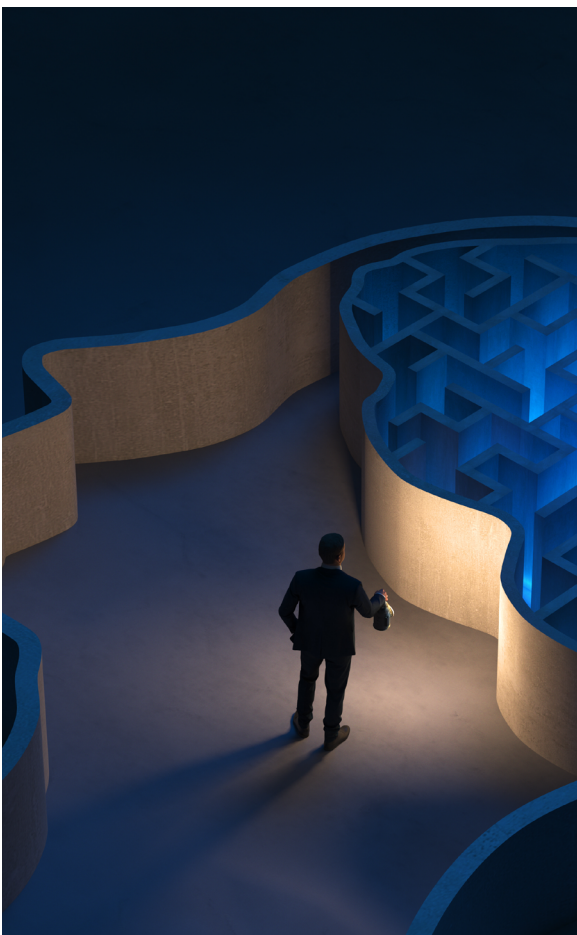
Like all eCommerce platforms, you'll want a CMS that allows for media-rich content that can be customized by the user and user portals to place orders and check on order status.



Pure-Play Franchisee Model

At the other end of the spectrum is the pure-play franchisee model. This represents the internet at its wild, wild west best.

With this model, you grant each franchisee the rights to develop their own website, their own catalogs, and their own internet promotions. When you adopt this model, you give your brick-and-mortar operations the ability to completely control their own omnichannel offering. Your younger and more tech-savvy franchisees will jump at the opportunity to expand their business with eCommerce. Your older and tech-leery franchisees might take a hard pass at the opportunity. This model poses the least financial commitment to you as the franchisor, as you move all costs for developing and maintaining eCommerce to the franchisees that decide to move online. If you have a hands-off approach to your franchisees, this model may more closely align with your business philosophy.



However, this hands-off approach leads us to the greatest downside to this model. As the franchisor, you've lost control of the customer experience and you've given up some control of the brand. With each franchisee creating their own website, you can't guarantee the customer experience. There's no brand consistency, even if you implement corporate identity standards. Customers may end up dazed and confused by multiple websites representing the same products in very different ways. And one franchisee may encroach on another's territory. This creates a source of friction between franchisees. This model may represent the wild west of the internet, but remember, the wild west was a brutal place, and only the fittest survived. You may avoid the costs of web development but pay the price in chaos and discord within the network and befuddled customers on the outside looking in on the bedlam.

If this is your approach, you'll need to create an additional eCommerce agreement that spells out the specifics of the rights to internet sales and marketing. This will need to include all the legal, technical, and commercial specifications, as well as addressing ownership of the domain, the content, and rights to the associated intellectual property.

What you need from an eCommerce platform

While each franchisee will be responsible for picking their own eCommerce platform and developing their web presence, as franchisor and mentor you'll want to give them some direction. You may set standards for website functionality and thus hold some modicum of control over the plethora of websites that will be created. For example, to create a frictionless customer purchase experience, you'll ask them to offer at a minimum:

- Mobile-friendly experience
- Guest checkout
- Customer portals
- One page checkout
- Shopping/Wish lists
- Quick reorder forms
- Personalized product catalogs
- Multiple price lists
- Content that supports multiple media types
- Intelligent on-site search
- Digital RFQs

And that's just to provide an acceptable customer experience. You'll also want to recommend they pick an eCommerce platform that provides them with the marketing and sales tools they'll need for successful internet sales. This includes:

- Coupons and other promotions (BOGO and Buy X get Y)
- SEO tools (meta tags, meta titles, meta descriptions, and page slugs)
- CMS that supports video, PDFs, and other media-rich content
- CRM to track leads and nurture relationships
- Custom reporting for insights
- Email engine
- Social media integrations

And because it's your brand on the line, you'll want to advise them to consider data security and compliance with PCI DSS, GDPR, HIPPA, and other regulations regarding secure processing and storage of customer information. To protect the franchisor from liability, the site must clearly indicate it is owned and operated by the franchisee.

Shared eCommerce Model

This is like pure-play franchisor eCommerce with a twist. One of the downsides to the pure-play model is the loss of goodwill when franchisors directly compete with their franchisees. With a shared eCommerce model, the franchisor acknowledges the importance of the brick-and-mortar franchisee to the total operation and the financial loss they may incur as the franchisor moves online.



The franchisor compensates the franchisee either with a fixed amount or a volume amount in recognition of the online sales from that franchisee's territory. The franchisor retains control of the website and all eCommerce operations but operates in conjunction with the physical locations. For example, the website customer may order online and have their order picked up at a local store. Savvy franchisees will set the pickup location at the back of the store to spur additional in-store sales. Or the potential customer may need to come into a store to see all available options in a product.

On the plus side, with this model, the franchisor retains control of the online experience, and the franchisee benefits from additional foot traffic generated by the online presence. On the downside, the franchisor is still responsible for full web presence development and maintenance costs while sharing some portion of the revenue generated.

However, if you are moving online as a franchisor, it pays to maintain the goodwill of franchisees and make them a part of the entire eCommerce strategy. This model will do just that.

This is also a model that can help you weather unpredictable circumstances. When the COVID-19 pandemic rocked the globe, French home and garden [franchisor Villa Verde](#) was better poised than the competition to weather the storm. Their investment in B2B eCommerce enabled their franchisees to continue to replenish stock and their investment in B2C eCommerce allowed them to take and ship orders even when governmental authorities ordered the franchisee stores closed. In this case, it was eCommerce that provided the resiliency the brand needed to survive.

What you need from an eCommerce platform

When it comes to the selection of an eCommerce platform, this model is a bit more complex and will require a B2B eCommerce platform that is flexible and customizable enough to address the complexities.

To begin with, if each franchisee location will be considered a stocking location for order fulfillment, you'll need an eCommerce platform that can handle multiple warehouses and multiple locations. This may lead to hundreds of thousands of SKUs, so you need the processing power to handle the vast amount of data. You may need to integrate with many different warehouse management systems and ERPs. Each store's POS may need to be integrated as well. So, the API should be an important consideration.

This is where a platform that's based on open-source code will be invaluable. Proprietary code can't be accessed, and integrations are difficult if not impossible. The vendor may offer plug-ins and extensions, but if you aren't using the largest and most popular office systems, they probably won't be available. On the other hand, open-source code is transparent. It is generally supported by a large community of users and offers more extensions, plug-ins, and connectors than proprietary code. It is also much more flexible, so it's easier to integrate.

In addition to integration functionality, you'll need all the functionalities listed in the pure-play franchisor model. This includes functionality critical for a frictionless customer buying experience:

- Responsive design
- Multiple shopping lists
- Quick order forms
- One page checkout workflows
- Easy reordering
- Guest checkout
- Personalized catalogs and price lists
- Multiple payment options
- Digital RFQs

You'll need marketing features that include:

- Customer segmentation capability
- Coupons
- Promotions
- Upsell/cross sell
- Online quoting

- Localization
- SEO support
- Email capabilities

And you'll need support for administrative functions such as::

- Multiple tax rules
- Multiple payment integrations
- Configurable products
- Customizable dashboards

Successful shared eCommerce requires a B2B eCommerce platform that is flexible enough to conform to any scenario and powerful enough to handle the complexities of large organizations and networks.

Like the pure-play franchisee model, this model requires an additional agreement to codify the responsibilities of the franchisor and franchisee and define the terms of compensation paid to the franchisee. This compensation may be a flat rate or a percentage of sales.



Distributed eCommerce Model

The distributed eCommerce model takes the best aspects of all the models and uses them to create an eCommerce model that builds the brand, supports franchisee development and growth, and profits both franchisors and franchisees. And the ultimate winner is the customer, who receives a frictionless online experience

In this model, franchisees own and operate their own eCommerce website and they have ownership of the website domain. That's similar to the pure-play franchisee model. Like that model, they are responsible for managing their product catalog, conducting marketing, and providing customer service. The franchisor may even allow the franchisee to add additional content or additional products. The franchisee appears to be the face of the brand.

However, behind the scenes, the franchisor remains in control. The franchisor controls the brand, the pricing, and creates the content. The franchisor also limits the franchisee's online sales to their assigned territories.

Because the franchisor is in control of the website, it's important to develop and implement systems for the franchisees to follow. These procedures should cover how to process the order, order completion, and if appropriate, order delivery. It should also address what content can and cannot be added. Be aware that a web presence exposes the franchisor to vicarious liability under the [control-the-instrumentality-test](#) and [apparent-agency test](#) used by U.S. courts to determine liability. For this reason, the franchisee's website and the app should display text or a message at checkout reinforcing the franchisor-franchisee relationship to the customer.

So, with this model on the front-end, every customer receives the same brand exposure and the same buying experience. That experience can be customized to reflect the items and prices appropriate to the franchisee in their region and any approved additional content the franchisee



may create. While on the backend, the franchisor is creating the main product catalog and the content that displays on the franchisee website.

This model gives franchisees the freedom to engage and profit from eCommerce while the franchisor retains control of the brand image and pricing. Best of all, customers get a consistent experience no matter what website they visit. This is one model where everyone comes out ahead. It is particularly well suited to networks where the franchisor is also the manufacturer, and the franchisee serves as a distributor.

What you need from an eCommerce platform

Like the shared eCommerce model, the distributed eCommerce model requires a highly flexible and powerful eCommerce platform to meet the needs of the franchisor, the franchisee, and most importantly – the customer.

To make this model work well, you need the ability to handle multiple customer-facing websites from a single administrative backend. And that administrative back-end must be able to handle roles and permissions for each website. This way, each franchisee can control some portion of their website while the franchisor remains in control of the rest of the website. Depending on your content management needs, you may need an eCommerce platform that decouples the frontend from the backend for a [headless eCommerce architecture](#).

Because you will need flexibility and the ability to customize, an open-source eCommerce platform will best suit your needs. As mentioned previously, open-source code will give you the greatest ability to conform the software to meet your needs.

So, you'll need functionality to keep customers coming back for more. This includes:

- Responsive experience
- Quick order forms
- Matrix ordering
- Reordering from purchase history
- Request for quotes
- Sharable shopping lists
- Single page checkout
- Multiple payment options
- Multiple shipping addresses
- Guest checkout

Distributed eCommerce requires a heavy emphasis on administrative features:

- Multi-website support
- Multi-organization support
- Customizable user roles and permissions
- Traditional or headless architecture capability
- Flexible workflow engine
- Multiple price lists
- Powerful dynamic pricing engine
- Multiple tax codes and rules

You'll also need powerful sales and marketing tools. Some tools will be limited to the franchisor while the franchisee will need access to the tools they need to support their online sales. This includes:

- Customer relationship management
- Leads and opportunity management
- Multiple product catalogs
- SEO tools
- Embedded forms
- Promotions
- Coupons
- Loyalty programs
- Request for quote
- Quote to cash
- Localization (currency, language, shipping)

To ensure the security and privacy of data, you will want a solution that can be hosted on your premises or in your private cloud, or a secure public cloud. You'll also need a solution that meets the various laws and regulations regarding data privacy and security.

This model will require an additional agreement that includes ownership of the website, domain, and intellectual property and spells out the financial responsibilities and roles for the franchisor and franchisee.

Managing a Move to Franchise eCommerce

The digital era requires a change in the way businesses operate.

Companies that can't adapt to change and adopt new technology will follow the path of Blockbuster. At its peak, Blockbuster had over 9,000 stores and only 300 were company-owned. Today, the only remaining Blockbuster is operated as a novel [Airbnb stay in Oregon](#).

Unfortunately, people resist change. Making a move to franchise eCommerce is a big change and you must prepare carefully. If you are using any model except the pure-play franchisor model, you'll need to involve franchisees early on in the process. It's important to get buy-in from early adopters and use their enthusiasm to infect others with the desire for change. Be prepared to work closely with franchisees to identify, develop, communicate, and implement the eCommerce model you select.

Piloting the change

If you have corporately owned units, pilot the eCommerce model with these units. It will help collect solid data for the business case you take to franchisees. By starting with company-owned stores, it shows a good faith commitment. Franchisees wouldn't expect you to continue with a program that was detrimental to your own company stores.

If you don't have company-owned stores, you may pilot the eCommerce model with a few select early adopters. These are franchisees that are committed to network growth, aren't afraid of technology, and are looking for ways to scale their own business. In other words, these are highly motivated franchisees that understand the power of technology. It is best to select early adopters that are representative of your other franchisees, otherwise, when it comes time to make the case for change, you'll be faced with charges of bias.

For your pilot project, take the [minimum viable product](#) (MVP) approach. This allows you to test the viability of your eCommerce project while minimizing the costs and risks associated with the new technology. You can test and tweak the customer experience so that when you approach franchisees, you'll do so with a product that's proven to make customers happy. You'll also have proof that your company's customers want to do business online.

Building the business case

When you approach franchisees with the eCommerce concept, you'll need a solid business case. The results of the MVP piloted in your company-owned store or with early adopting stores will provide part of the data.

Your business case must answer the question of why the change and how the change will be implemented. It should also prove how the franchisee will benefit financially from the new technology. Since most franchise eCommerce models require a financial commitment from the franchisee, you must be prepared to show them how they will achieve a return on their investment. Make sure the data from your pilot includes information about the customers and their demographics, how this eCommerce model compares to your competitors, and what's happening with eCommerce in your industry as a whole. This information provides a solid foundation of data that can correct any franchisee misperceptions or address preconceived notions.

The business case should honestly address the costs involved in the pilot study, the ease or difficulty of implementing the eCommerce MVP, and the true value of the change you will be making.

Addressing the why

As franchisees mull over your business case, the biggest question on everybody's mind will be, "why the big change?". So, begin by addressing the why. The why should be well understood and accepted before the technology is rolled out. Rolling out technology and addressing the why at the same time is a recipe for disaster. It's simply too much change for franchisees to digest at once.

Communicate why openly and be prepared to share all your business research outside of the pilot efforts. State the why as a goal. Is the move to eCommerce a move to increase sales, improve operational efficiencies, cut costs, or gain a competitive edge? Expressing the why in the form of a positive goal makes it easier for the franchisees to see how the change makes a positive impact on their business.

Communicating the how

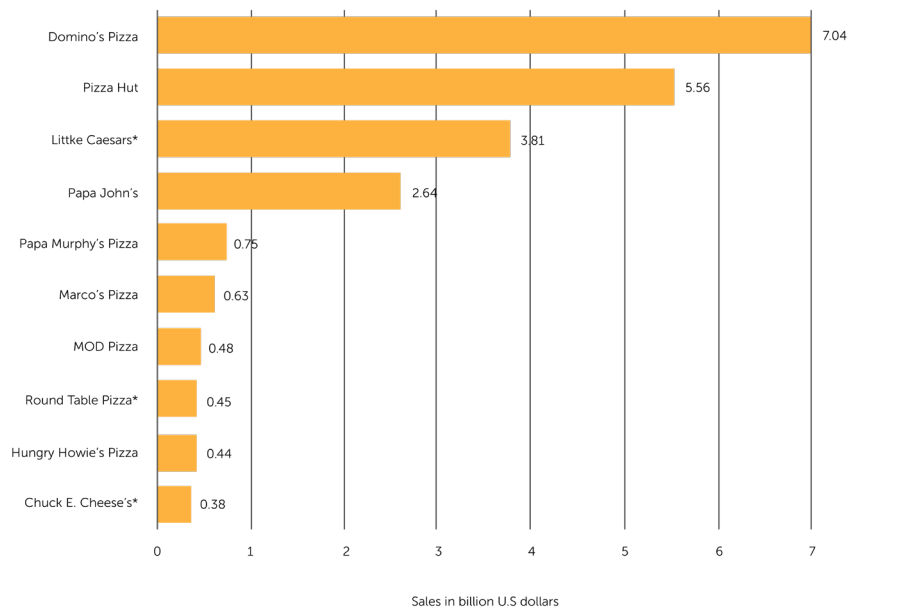
Once you've piloted the program with an MVP to validate the results, built your business case, and communicated why it's time to start onboarding. And franchisees should understand the process well before it begins.

Answer the how question in full before the implementation process starts. When people resist change, it's often because it represents an unknown. By letting your franchisees know an approximate timetable for implementation as well as how the change will ultimately affect their daily business and processes, you'll retain buy-in. Answering how can generate further excitement about eCommerce as franchisees anticipate the gains to be achieved.

Paying for Improvements in Technology

Developing eCommerce won't be free. There are platform licenses, development costs, integration costs, hosting, domain purchases, and maintenance. The total cost of ownership is much more than just the cost of the eCommerce platform. Like everything else in business, the technology that makes your franchises more profitable comes at a cost. It's important that early in the planning stages, you decide how to cover these costs. The most common way to fund technological enhancements such as eCommerce is through a technology fee paid into a technology fund.

According to FranConnect, [61.9% of franchisors charge a technology fee](#). And a little over half of the franchisors that collect a fee do so only on a flat monthly basis. The remainder collect based on a percentage of sales. The highest technology fees are in the lodging sector and the lowest fees are in the automotive sector.



[Source](#)

But not all franchisors that engage in eCommerce use a technology fund fee to cover costs. For example, Domino's, a leader in pizza franchising, heavily invests in technology but does not charge franchisees a technology fund fee. But that doesn't mean they aren't committed to technology. [According to Dennis Maloney](#), Chief Digital Officer, "We used to be a pizza company that sells online, and we needed to become an e-commerce company that sells pizza." Now [60% of their orders are mobile](#) and come through their app. And in 2019, Domino's was the number one pizza franchise in the U.S.

The technology fund acts in the same manner as the advertising fund. Franchisees pay into the fund and the franchisor commits these funds to technology that benefits the entire organization. The payment to the technology fund should not be confused with a software fee. A software fee is merely the cost a franchisee pays to access certain software, such as a POS software license fee. The technology fee covers more than an individual software program, it covers the total cost of the technology that benefits the franchisees network-wide.

Implementing a technology fund

Amending the franchise agreement to include a technology fee will impact the future sale or transfer of a franchise, but it doesn't affect existing franchise agreements. There are two approaches to addressing technology fees with existing franchise agreements. The free ride approach and the incentive approach.

Freeride approach

By waiting until it is time to renew a franchise agreement, amend the agreement to change the territory, or transfer the agreement to another owner, the franchisor allows the franchisee to reap the rewards of the technology without any cost. This approach provides proof of the value of the technology and can make garnering the approval of the fee at renewal or amendment time much easier. The franchisee can see firsthand the competitive advantage they enjoy as a result of the technology, how the technology enhances the brand and network as a whole, and the financial benefits made possible by the technology. All without paying a dime to start. This approach places the full burden of the cost initially with the franchisor and over time transfers it to the franchisees.



Incentive approach

Franchisors can't implement a technology fund fee to their existing franchisees until they either amend the agreement currently in force or sign a completely new franchise agreement with each franchisee.

Incentives may encourage franchisees to buy into the implementation of eCommerce and maintain goodwill with franchisees. By offering incentives to amend or renew agreements, you may be able to overcome any resistance to the technology fund fee.

Types of incentives to consider are :

- Short-term reductions in royalties
- Deferral of fee implementation for a set period
- Reduced or waived early renewal fees
- Increasing the franchise agreement term

These types of financial incentives may be just what you need to dispel push-back.

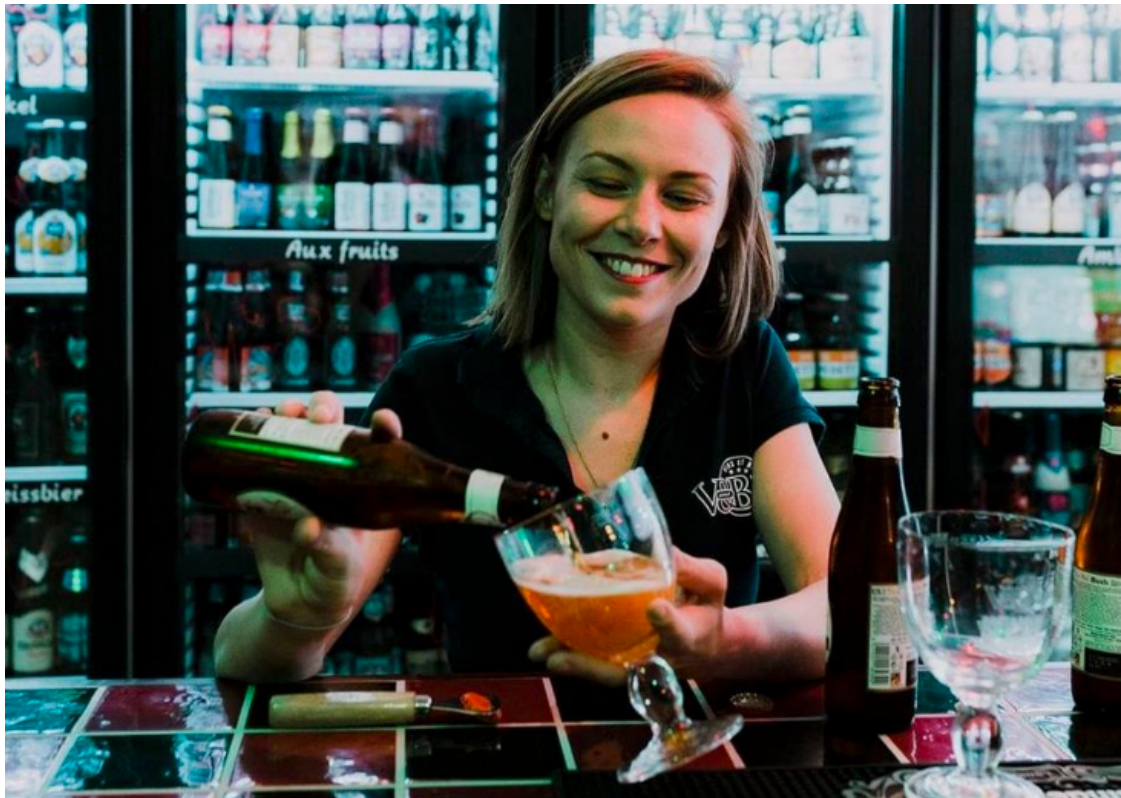
Whichever approach you take, new agreements or amended agreements must include language that specifies how fees will be calculated and how often they must be remitted. Language establishing the fund will need to be included as well. This should establish that the fund is under the sole control of the franchisor and is to be used at the franchisor's discretion to fund the research, development, and utilization of technology that gives franchisees a competitive advantage or improves productivity or efficiency. While the fund may initially be established to cover the total cost of ownership of eCommerce, you will inevitably discover other technologies to implement using the fund. It's best to leave the language as broad as possible.



How V and B Leveraged the Power of B2B eCommerce Within their Franchise Network

V and B operates its unique network of bars and cellars through franchises in over 250 locations throughout France.

They needed a way to modernize purchasing, improve operations, and increase sales for franchisees, as well as the franchisor. Their current systems were outdated, couldn't support their B2B and B2C needs, and hindered growth and efficiency.



V and B selected OroCommerce for its unique ability to serve B2B and B2C businesses with a single installation. Oro Partner, Emakina guided V and B through a digital transformation that introduced Akeneo PIM for better product management and connected eCommerce with CRM, PIM, WMS, and ERP for fully automated order processing.

Franchisees now enjoy streamlined online ordering, flexible payment options, and can even order bulk lots for special promotions such as St. Patrick's Day. V and B eliminated data silos with new integrated systems, so now data flows into the hands of the team members that need it. This improves business intelligence and better informs decisions.

The B2C channel will better represent the brand image and improve the overall customer experience. eCommerce brought positive changes for the franchisor, franchisees, and even the retail customers.



Streamline, Scale, and Succeed with eCommerce for Franchisors

Franchisors globally are leveraging the power of eCommerce to build their network, scale, and digitally transform their businesses, and benefit franchisees and end consumers.

But too many franchisors are discovering first-hand the shortcomings of B2C solutions. They simply can't support the complex relationships that support the franchising business model.

Franchisors need an eCommerce platform that adapts to how they do business, that recognizes the complexities of franchising, and addresses multiple hierarchies in both relationships. They need the power of open-source and a solution that provides 80% of what they need, right out of the box.

An eCommerce solution for franchisors must scale easily, keep data secure, and provide multiple deployment methods. It should handle an infinite number of SKUs and price lists. And it must seamlessly integrate with existing business solutions.

Whether your goal is to create an online procurement hub or improve the customer experience, Oro can help.

About Orocommerce

Optimize your B2B operations and develop your digital channels with OroCommerce

There are many e-commerce platforms in the market today, but only one platform was designed with the needs of the B2B market in mind. This is OroCommerce.

With OroCommerce, you get :



- An open source solution to be quickly operational. And this, thanks to its robust architecture, its powerful workflow engine and its modular design built with the objective of a fast ROI.
- The freedom to deploy in the OroCloud environment with advanced monitoring and 24/7/365 support, from any other public or private cloud, with any host and from your own IT department.
- UA growing ecosystem filled with dynamic, proactive partners and 24/7 support with the Enterprise Edition.
- A ready-to-use solution capable of managing all e-commerce scenarios. Whether B2B, B2C, B2B2C or marketplaces, you can opt for traditional or headless architecture. OroCommerce is ready to do business your way.
- Full marketing and sales support with standard (or built-in) CRM module, integrations for all major marketing platforms and more.

Do you feel inspired? Contact us to find out for yourself how choosing a solution designed for B2B can increase your business results.

[CONTACT US](#)

Need help?

Emakina is The User Agency: we combine user insights, creativity and design thinking with strong technological know-how to create personalized and impactful digital user experiences.

At Emakina, we understand how important it is to stay informed about the latest B2B practices and trends. Our goal is to delight our customers and their users, wherever they are. We help companies accelerate their business through digital and technology.



About Emakina, the User Agency

Emakina is a full-service digital design agency part of EPAM Systems Inc. (NYSE: EPAM). Emakina's marketing and technology experts work closely with clients to develop creative solutions for ambitious business challenges, ranging from websites to applications to cutting-edge eCommerce projects leveraging powerful content and campaigns.

Emakina is dedicated to the customer and places customer expectations and requirements at the heart of every digital experience. The company provides cutting-edge, connected, and impactful experiences through platforms, solutions, and campaigns across the relevant touchpoints of the digital age. For more information, visit www.emakina.fr

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