

DJUST.

Future of Franchise in B2B Commerce

Short Guide

An expert's guide to choosing the right eCommerce solution for your franchise, embracing the digital agenda and the many benefits of eProcurement.



Today's franchises face two choices

McDonald's. Domino's. KFC. Subway. Taco Bell. What do all these **successful franchises** have in common?

Yes, you may feel guilty for ordering their food, but what really connects them is how they've embraced digital solutions to thrive in an evolving world.

The need for speed, hyper-personalization, supply chain efficiency and customer satisfaction is presenting both established and growing franchises with an array of organizational challenges. As a result, franchises now face **two choices**:

1. Continue to **operate with the same legacy systems** they've always used, miss out on growth opportunities and ultimately fail.
2. Adopt digital solutions, **automate unnecessarily manual processes**, and meet the enhanced demands of modern buyers and consumers.

We prefer the second option.

If you prefer it too, then this eBook will guide you through everything you need to know in order to grow your franchise with B2B eCommerce and eProcurement. **It will show you the many benefits of adopting digital solutions, the different business models you can choose between, and why a dedicated B2B offering is always the best option for franchises.**



Franchises & procurement: the basics

What is a franchise, and why is procurement so important?

Before we delve into the future of the franchise model, let's revisit a few fundamentals...

What is a franchise?

A quick Google search will tell you that a franchise is "an authorization granted by a government or company to an individual or group enabling them to carry out specified commercial activities, for example acting as an agent for a company's products."

Put simply, it's a **network of businesses** in which an established owner sells the rights to use their company name to budding entrepreneurs. That means every franchise is made up of at least two parties:

- Franchisor: The owner of the business that **grants the license**.
- Franchisee: An individual which **operates under the business license**, sells its goods or services to the public, and pays the franchisor an agreed fee.

The more franchisees that invest in a franchise, the bigger that franchise becomes, and the harder it is to oversee important processes like procurement.

What is a procurement?

'Procurement' is a fancy word for purchasing goods and services. In the franchise model, this means following strict **procedures and ordering** from preferred suppliers, as well as a number of manual, time-consuming tasks:

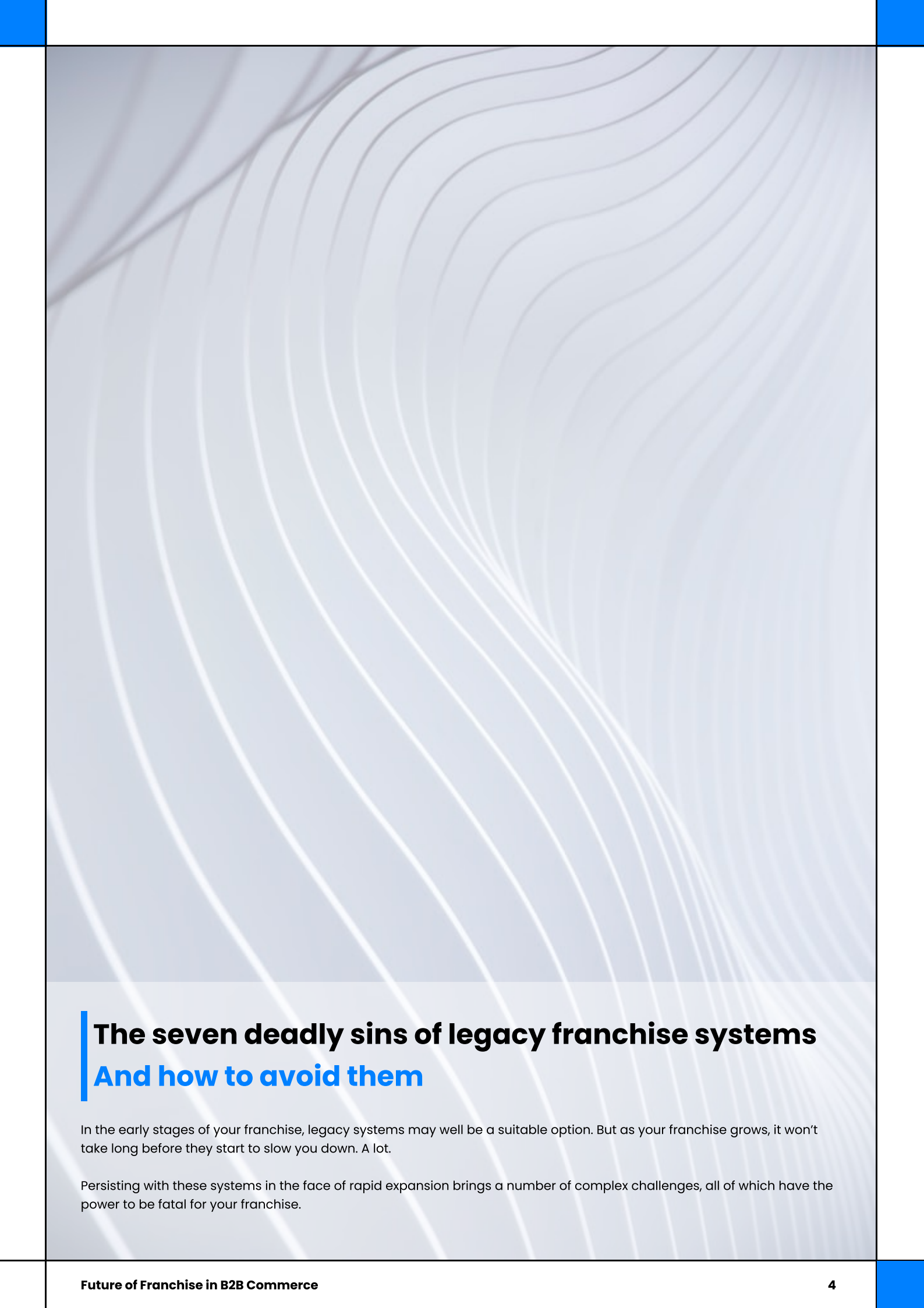
- Requisition
- Authorization
- Purchase Order
- Inspection and Receipt
- Payment and Invoice Approval
- Documentation

These manual tasks are what we call '**Legacy Franchise Systems**', and if you're thinking that they could be easily automated, then you're right.

Did you know ?

The US is home to an estimated 753,770 franchise organizations, generating sales of over **one trillion dollars**.

Source: FranSmart



The seven deadly sins of legacy franchise systems **And how to avoid them**

In the early stages of your franchise, legacy systems may well be a suitable option. But as your franchise grows, it won't take long before they start to slow you down. A lot.

Persisting with these systems in the face of rapid expansion brings a number of complex challenges, all of which have the power to be fatal for your franchise.

Sin 1 – Slow, manual tasks

Every second someone in your franchise spends on an unnecessarily manual task is a second wasted. Such inefficiencies will grind your franchise to a halt. Instead, automating repetitive tasks and other day-to-day activities will give every member of your franchise more time to focus on what matters — growing your brand.

The result? Reduced productivity and stunted growth.

Sin 3 – Poor data management

Without effective digital solutions in place, your franchise will be less able to track important metrics such as customer retention, seasonal trends and inventory health. Introducing dedicated reporting and analytics capabilities will help you uncover previously unseen insights across your entire franchise network.

The result? Poor decision making due to reduced visibility and inaccurate insights.

Sin 2 – Archaic, analogue processes

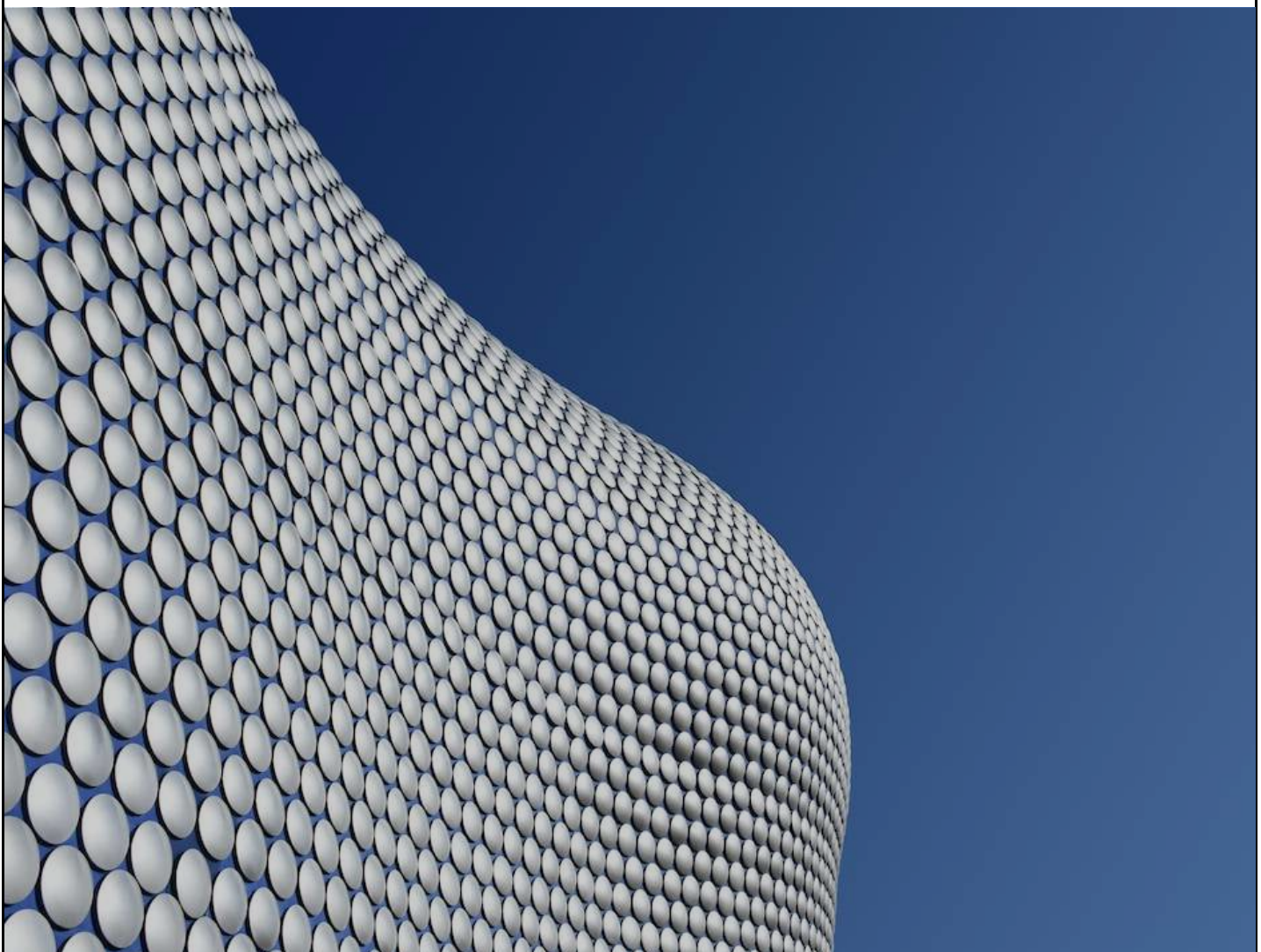
Traditional B2B buyers may have preferred to place their orders over the phone, but the new generation of younger buyers expect to complete all their procurement tasks online. Investing in digital processes and solutions is therefore crucial if you want to meet the demands of your customers, as well as your own procurement teams.

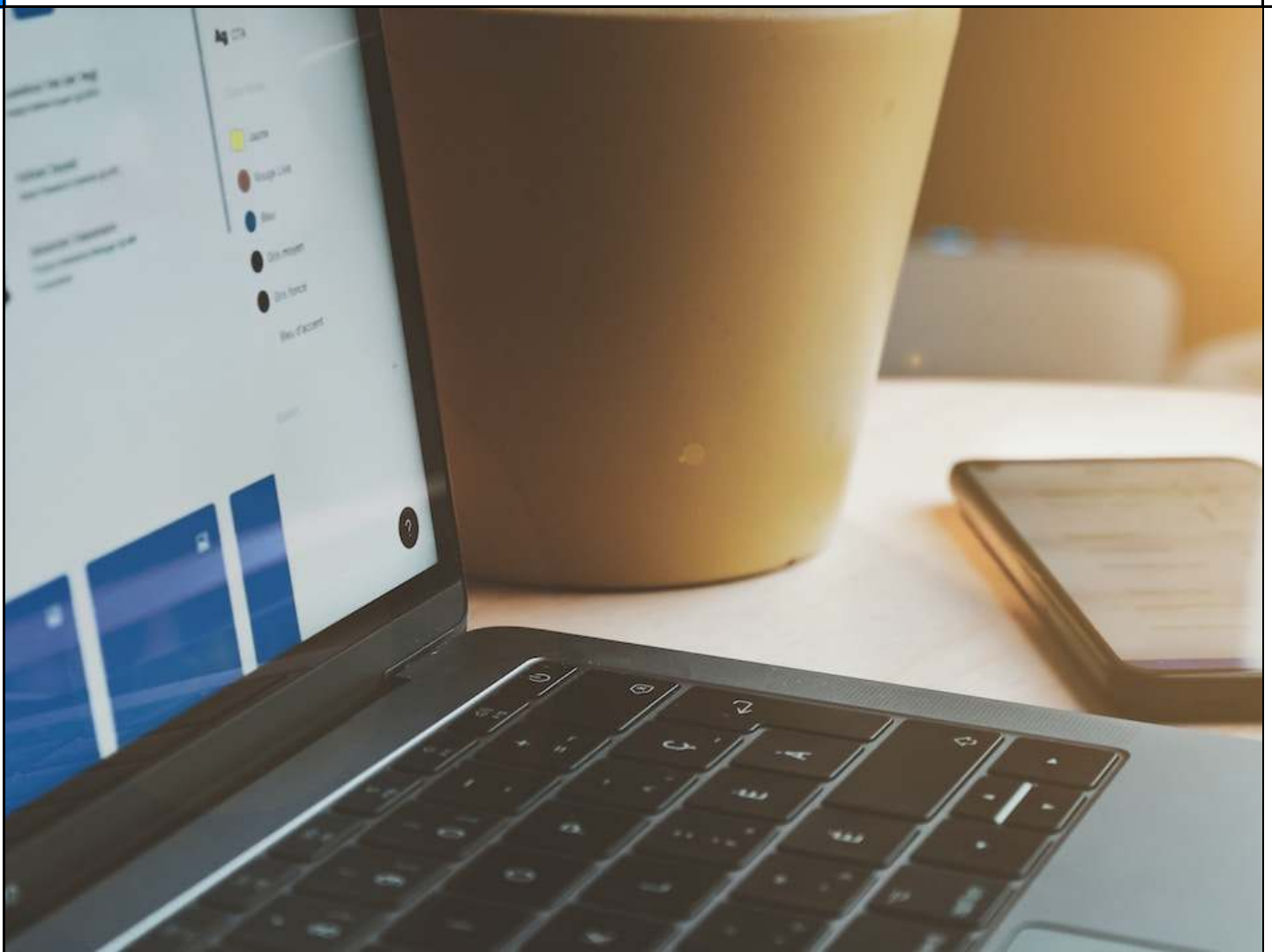
The result? Unhappy customers, unhappy franchisees and a limited digital footprint.

Sin 4 – Zero centralization of orders

Failing to run all your orders through one central system can lead to an overly complex and underperforming supply chain, where each franchisee orders solely for themselves. Centralizing your orders means you can manage them in one place, improving visibility and reducing procurement/delivery costs.

The result? A bloated supply chain and cost inefficiencies.





Sin 5 – Decentralized control

The more franchisees you add to your network, the harder it is to manage them all, and the more likely it is that they'll each start doing things differently. While this may give your franchisees more autonomy, it reduces oversight, leading to discrepancies across your network of businesses.

The result? Inconsistent quality, branding and customer experiences.

Sin 7 – Ineffective customer support

If you can't effectively communicate with your customers via their preferred digital channels, then you aren't going to be able to provide adequate support when they need it most. All of your franchisees should have the tools and the training to provide quality customer service as standard.

The result? Underwhelming experiences and a reduction in customer loyalty.

Sin 6 – Customization challenges

Another downside of poor data management is that it limits your ability to customize your offering for different buyers, therefore making it harder to 'sweeten the deal' when making a sale. With better customer insights, you can provide targeted product lists, as well as time-sensitive price promotions and bulk orders.

The result? Generic, non-personalized products, offers and experiences.

Did you know ?

For the first time in history, **more millennials are seeking franchise** ownership than baby boomers.

Source: Franchise Insight

The solution?

A B2B eCommerce and eProcurement platform

While legacy systems will hold your franchise back, the right B2B eCommerce and eProcurement platform can streamline every aspect of your franchise, from procurement to fulfillment.

These new digital capabilities will enable your franchise to operate more efficiently without overspending or overcomplicating basic tasks. And those aren't the only benefits...

The many benefits of B2B eCommerce and eProcurement:

- Improved process visibility
- Better collaboration
- Seamless experiences
- Extensive scalability
- Increased efficiency and productivity
- Broader revenue streams
- More accurate data
- Simplified vendor management
- Workflow automation
- Product information localized by language and currency
- Quicker ordering and reordering
- Real-time order tracking
- Invoicing and order history
- Helpful support for franchisor and franchisee hierarchies
- Possibilities for distribution of content and communications
- Better onboarding
- Closer quality control
- Powerful reporting and analytics

Did you know ?

E-procurement sales **topped \$1 trillion** for the first time in 2022, **growing 18%** year over year.

Source: Digital Commerce 360



Three examples

How it all works in real life

The many benefits of B2B eCommerce and eProcurement may sound great in theory, but how do they actually work in practice?

Take a look at some of the potential use cases below. Which ones sound like they could help your franchise the most?

1) A manufacturing brand enabling high volume orders

Rather than ordering hundreds of items over the phone, a dynamic eProcurement platform enables this fast food chain to rapidly browse and purchase vast quantities of line items per order — all online, and all self-serve. Powerful data analytics indicate the optimal order volume for each item, maintaining healthy stock levels while also reducing excess inventory. High volume orders now take seconds, freeing up time for everyone.

2) A restaurant chain streamlining order procurement

With a digital order management solution, employees at this restaurant chain can complete all of their procurement tasks from a simple, hand-held device. Orders can be placed on the go, at any time of day, and from a designated selection of franchisor-approved suppliers. The device centralizes suppliers, products and offers, saving time and costs across the board.

3) A fashion retailer opening up a new online revenue stream

By rolling out a B2B eCommerce platform across the entire franchise, this retailer enabled all of its franchisees to expand sales online. Individual franchisees can now manage their own website and inventories, optimizing them for their local customers, while the franchisor ensures consistent pricing, branding and quality. Meanwhile, customers can browse identical but highly localized websites, and choose to have their products delivered or collect them from their nearest store.



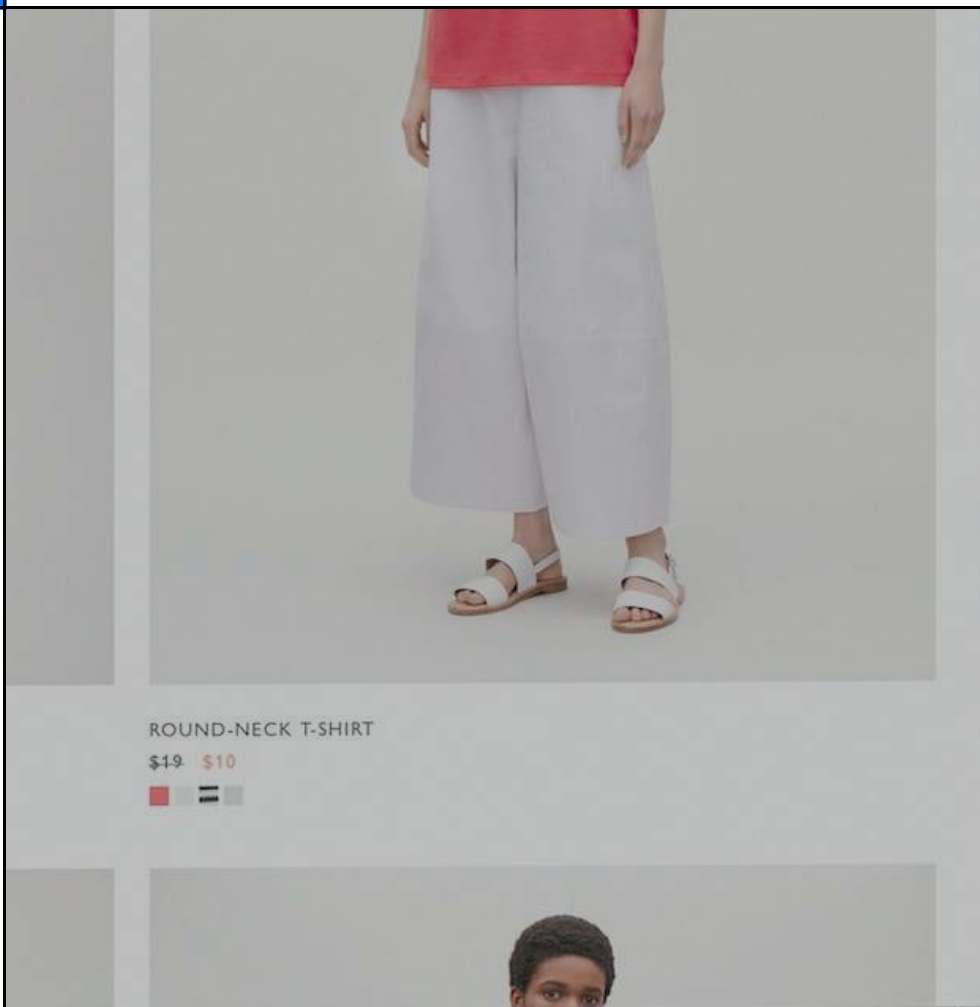


Four Models

For implementing a **B2B eCommerce solution**

When bringing a B2B eCommerce solution to your franchise, there's one important question you'll need to answer sooner rather than later: are you looking to do everything yourself, or do you want your franchisees to take the reins?

Depending on your answer, there are four different online business models you can choose between, each with their own perks and drawbacks — although there's one clear favorite.



1. Pure-Play Franchisor Model

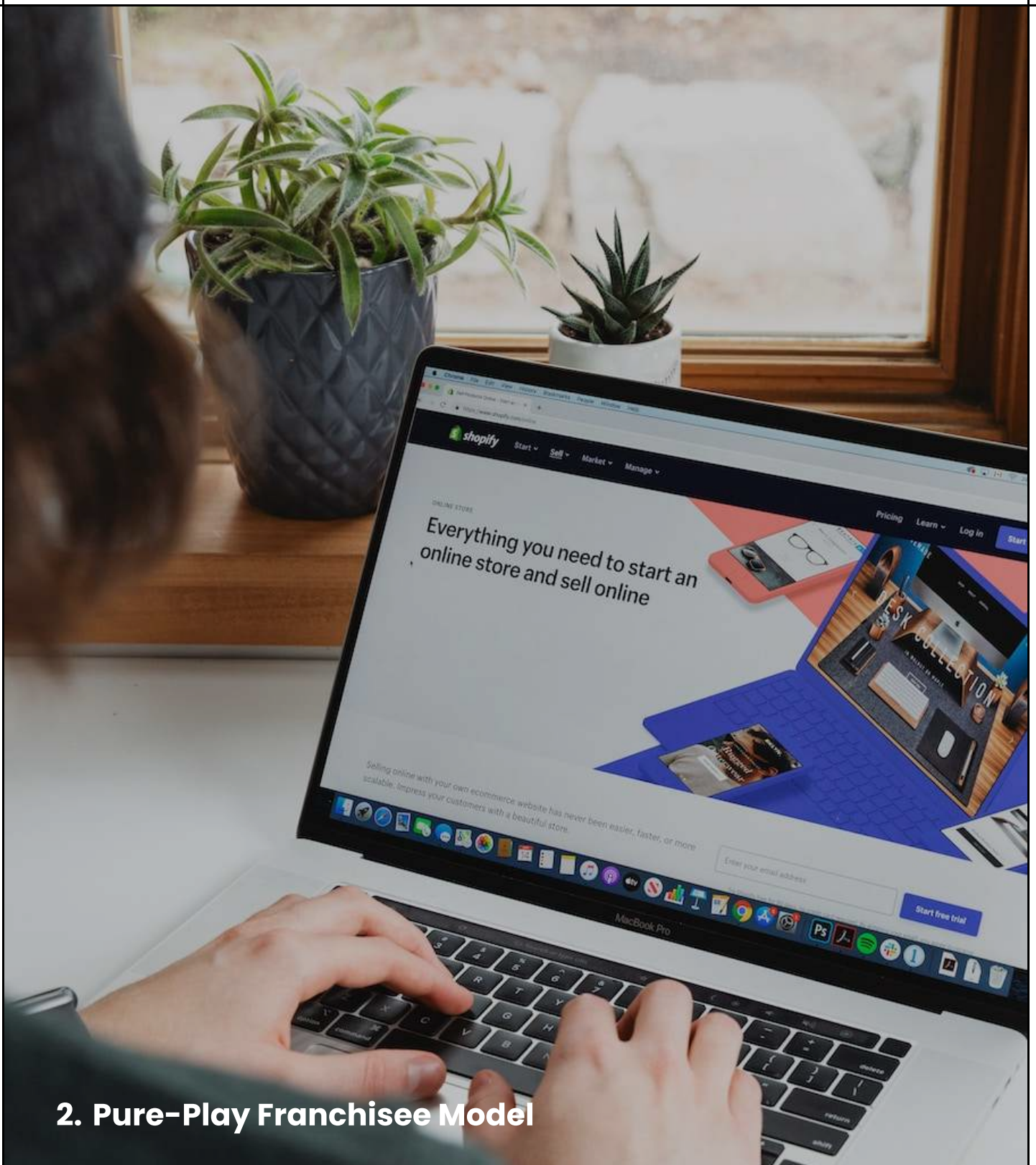
If you want complete control, then this is the model for you. Everything is centralized, with all sales flowing directly through the franchisor's global eCommerce platform. From managing inventory to customer support, you'll be in charge.

Benefits:

- Centralized control for ultimate consistency
- Easier to set up and implement
- Higher revenue shares for the franchisor

Drawbacks:

- Higher revenue shares for the franchisor
- Responsible for all customer support on digital sales
- Time consuming to oversee
- Higher maintenance costs
- Distracts from growing your franchise network



2. Pure-Play Franchisee Model

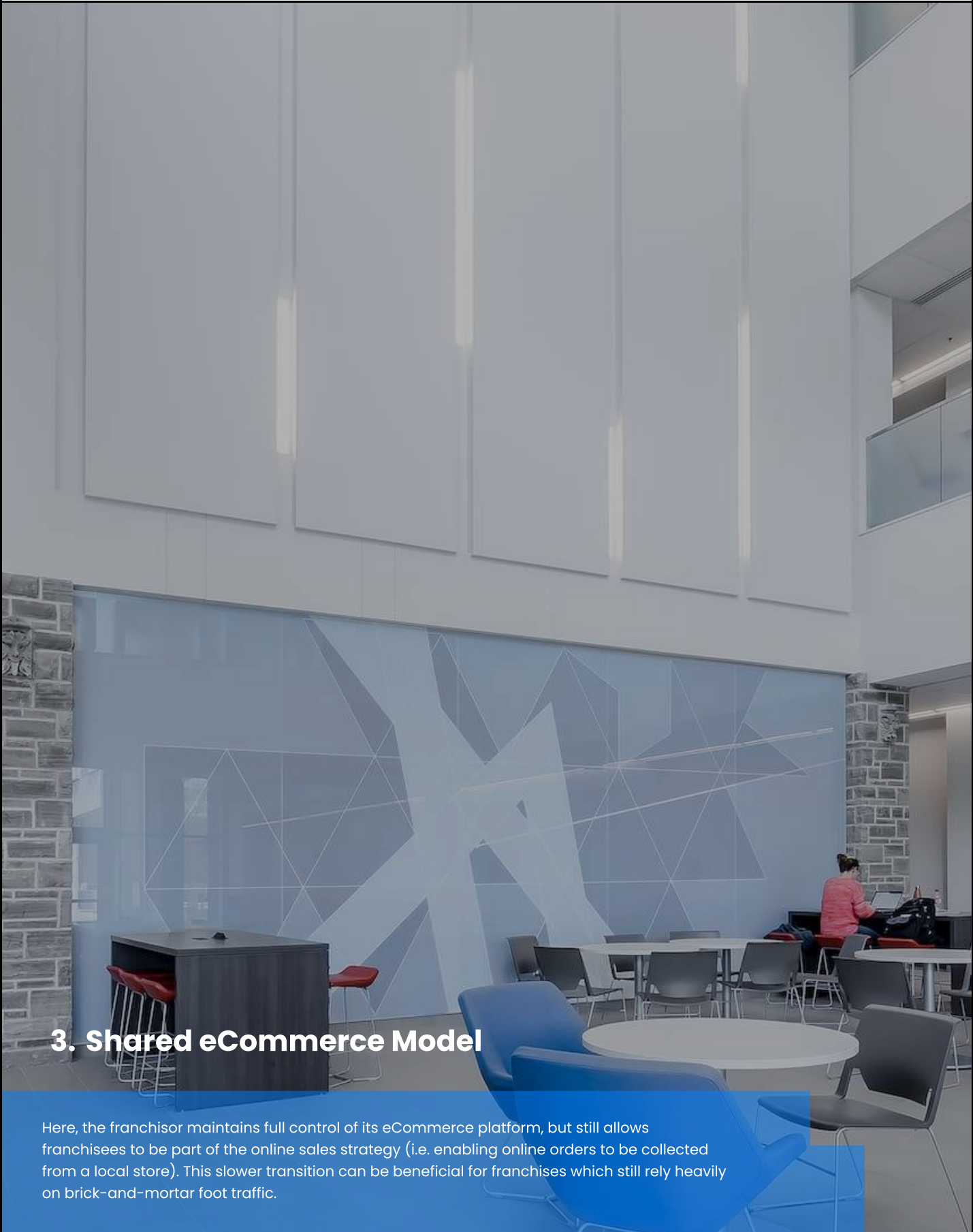
This model gives franchisees the keys to handle their own online business within their designated jurisdiction, with free reign over products and promotions. It can be a powerful solution... provided your franchisees are equally tech-savvy.

Benefits:

- Less upfront financial commitment
- Improved trust and autonomy for franchisees
- More localized offerings
- Higher revenue shares for the franchisee

Drawbacks:

- Decentralized control
- Inconsistencies in terms of brand and quality
- Varying customer experiences
- Franchisees might impact each other's territory



3. Shared eCommerce Model

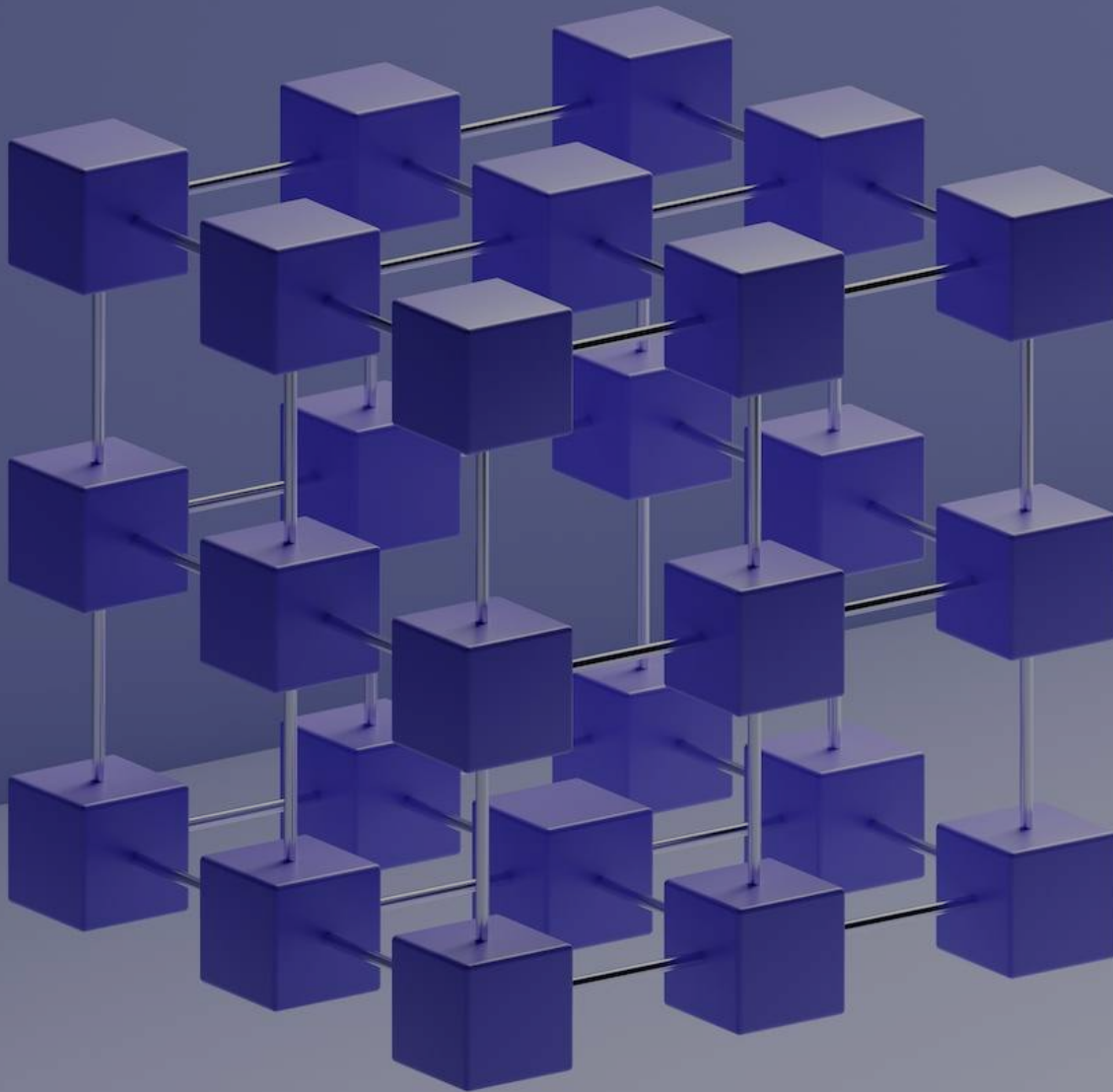
Here, the franchisor maintains full control of its eCommerce platform, but still allows franchisees to be part of the online sales strategy (i.e. enabling online orders to be collected from a local store). This slower transition can be beneficial for franchises which still rely heavily on brick-and-mortar foot traffic.

Benefits:

- Centralized online control
- Sustained local foot traffic
- Improved goodwill amongst franchisees

Drawbacks:

- Full development and maintenance costs for franchisor
- Lower revenue share for franchisor



4. Distributed eCommerce Model

Welcome to the best of all worlds. In this model, the franchisee owns and operates their own website, and provides their own customer service. However, the franchisor controls everything behind the scenes, from products to pricing to procurement protocols.

Benefits:

- Frictionless customer experiences
- Centralized control
- Less time consuming
- Improved consistency in terms of brand and quality
- Assigned franchisee territories
- Fairer share of revenue for both franchisor and franchisee

Drawbacks:

- Not many

How leading franchisors take the leap

Every digital transformation follows the same journey

When you look at some of the world's biggest franchises, their eCommerce and eProcurement set-up can often seem like light years ahead. But don't lose faith, because all franchises follow the same tried and tested process...

Step 1 – Select the right platform and model for you

As we explained in the previous section, the distributed eCommerce model is the best option for most. But if your network is still small, then the Pure-Play Franchisor Model might be right for you. On the other hand, if your franchisees share your commitment to technology, then the Pure-Play Franchisee Model can also be effective. Just make sure that, when it comes to choosing a solution, you choose one which is built for B2B.

Step 2 – Test it

Before rolling your new tools out across your entire franchise, it's worth testing them on a few select franchisees. Start with a franchisor-controlled store – because if it doesn't work for you, it won't work for anyone else. Beyond that, trial the system with a range of tech-friendly and tech-phobic franchisees, so you can get a clearer view of the potential benefits and hurdles in front of you.

Step 3 – Prove it works

Use your test period to gather as much data as possible. Track KPIs in terms of sales, order fulfillment, customer satisfaction and any other metrics which are important to your business. Remember, don't do this in isolation; Look to your competitors for your true benchmarks. With all these insights, you'll be better placed to convince your franchisees to buy-in...

Step 4 - Get your franchisees to buy-in

Even just one rebellious franchisee could put the brakes on your eCommerce transition. So make sure you can answer the following questions: How will this benefit the entire franchise? How will it benefit individual franchisees? How will it benefit your customers? How long will it take to implement? And how much will it cost?

Step 5 - Decide on how to pay for technology costs

eCommerce comes with a cost, so it's important to understand how your franchise will pay for those costs. A lot of franchises do this by implementing a 'technology fee'; by charging franchisees a set fee every month, they spread their eCommerce costs across the entire franchise. It's an effective and sustainable solution, and offering incentives should help persuade any franchisees who are hesitant to pay for it.

Step 6 - Roll it out

Once you've proven that it works, you've got wide-scale buy-in, and you've confirmed how you'll pay for it, it's time to implement your new eCommerce and eProcurement solutions. Be patient. Monitor their performance constantly, and make sure no unexpected issues arise undetected.

Did you know ?

61.9% of all franchisors now collect **technology fees**.

Source: FranConnect



Time to punch-out?

An easier way to procure your goods

As your franchise grows, so will the number and variety of your suppliers. Ordering supplies from all of their individual stores, eCommerce platforms, marketplaces or customer service centers is sure to get confusing.

But it doesn't have to be.

With a 'punch-out' system, you can browse a supplier's online catalog and order the products you need without ever leaving your own eProcurement platform.

Here's how it works:

1. Open your eProcurement platform and search for a supplier.
2. Select your chosen supplier. The platform will now forward you to their eCommerce store or marketplace.
3. The system automatically authenticates and logs in your account.
4. Add the products you need to your cart as if you were using the actual online store. Suppliers can still provide custom products and pricing within this method.

Advantages to punch-out

- Simplified and streamlined
- Enables real-time procurement
- Better user experience
- Improved order accuracy
- Single buyer account
- All in one platform

Did you know ?

91% of business buyers prefer purchasing online.

Source: Amazon Business

Choosing the right eCommerce solution

It's got to be B2B

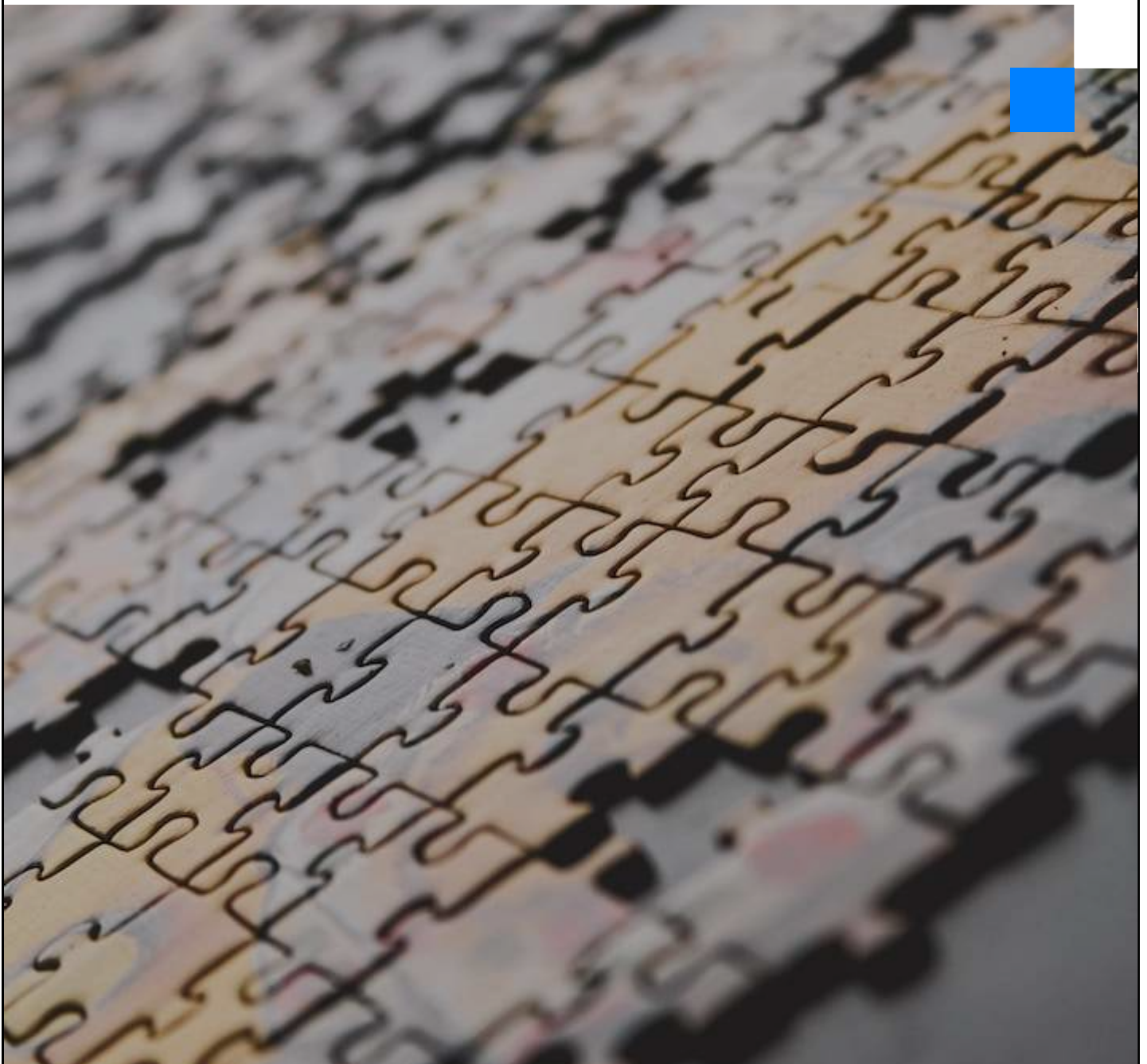
In the previous pages we've discussed almost everything a franchise needs to know about eCommerce and eProcurement. But there's one huge question we've yet to answer... what's the biggest mistake you can make?

Simple. Choosing the wrong solution.

In their ambition to transform at pace, many franchises opt for a B2C solution. However, while these may be popular, they simply can't handle the complexities of a franchise model.

Above all else, franchises **require flexibility, scalability, and security**. All out of the box. The only thing which can provide this is a **dedicated B2B solution**, which makes finding one an essential component to a successful digital evolution.

A powerful B2B solution will enable you to offer **infinite SKUs and pricing variations**, and it will seamlessly integrate with your existing technology environment. Both of these features are crucial for franchises, where expanding quickly and adapting to the unique requirements of your different territories is paramount.



So, when choosing your B2B solution, **make sure it offers:**

- Multi-warehouse management
- Efficient order & inventory management
- B2B corporate account management
- Airtight security and permissions controls
- Multi-channel CRM
- Genuine API integration
- Localized currencies, pricing, and shopping lists
- Dynamic pricing
- Automation possibilities

One solution that can do all that? **DJUST.**

DJUST is the dedicated solution that helps companies launch their B2B eCommerce and eProcurement platforms faster. Grow your franchise with next generation solutions for:

- B2B eCommerce
- Marketplace
- eProcurement
- Sales automation

The DJUST logo is displayed in large, white, sans-serif capital letters. The letter 'J' is stylized with a blue square at its base. The background of the lower half of the page features a close-up, low-angle shot of a curved surface covered in a dense, repeating pattern of dark, oval-shaped tiles, creating a textured, scale-like effect. The sky is visible in the upper left corner of this section, showing a clear blue gradient.

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Take your franchise to new heights

With the best Digital Commerce Platform
built for B2B

Speak to us today
contact@djust.io

