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COMPETITIVE INTELLIGENCE IMPACT IN THE GROWTH OF FRANCHISING NETWORKS

O IMPACTO DA INTELIGÊNCIA COMPETITIVA NO CRESCIMENTO DAS REDES DE FRANQUIAS

Abstract: This paper endeavored to identify how the competitive intelligence process influences the growth and performance of franchise networks. The research employed a qualitative method and the field work was done with 15 franchisors from different sectors of activity. Two data analysis techniques were utilized: discourse analysis and critical incident technique. As a result, five critical incidents were found, that is, five competitive intelligence processes which would lead to the growth of a franchise network. In addition, three direct effects on performance were discussed: 1) increase sales and revenues; 2) increase the number of franchise units; 3) boosts chances of survival and growth of the network in local and external markets. On the other hand, it was possible to notice the existence of a dissonance between the perception of the franchisors regarding the rigor and structure of competitive intelligence process in the multiple franchise networks in the market.

Keywords: Competitive intelligence, Competitiveness, Franchising, Company Growth

Resumo: Este trabalho buscou identificar a relação entre o processo de inteligência competitiva e o crescimento e desempenho das redes de franquia. A pesquisa utilizou o método qualitativo e o trabalho de campo foi realizado com 15 franqueadores de diversos setores de atividade. Duas técnicas de análise de dados foram utilizadas: análise do discurso e técnica do incidente crítico. Como resultado, foram encontrados cinco incidentes críticos, ou seja, cinco processos de inteligência competitiva que levariam ao crescimento de uma rede de franquia. Além disso, três efeitos diretos na performance foram discutidos, a saber: 1) aumento de vendas e incremento em faturamento; 2) crescimento do número de unidades; 3) aumento das chances de sobrevivência e crescimento da rede de franquia nos mercados locais e no exterior. Por outro lado, foi possível perceber a existência de uma dissonância entre a percepção dos franqueadores com relação ao rigor e estruturação do processo de inteligência competitiva nas diversas redes de franquia.

Palavras-chave: Inteligência competitiva, Competitividade, Franchising, Crescimento da firma.

I INTRODUÇÃO

Amongst the feasible strategies for company growth is the activity through franchises. Several companies have selected franchising as a strategy for developing markets, geographically expanding and seeking new markets for their products and services.

According to the International Franchise Association - IFA (2016) franchise or franchising can be described as a contract or licensing between two legally independent parties, involving a constant relationship, network production, unified marketing strategies and marketing knowledge transfer, brand credibility, administration, production, and commercialization techniques.

Franchising has been responsible for great financial movement, job creation, and has become essential in the development of small and medium-sized companies in Brazil. According to the Brazilian Franchising Association - ABF (2020), the revenues of the Brazilian franchising sector in 2019 amounted to 186 billion Reais, comparable to a growth of 6.9% in relation to 2018 and 1.361.000 was the number of direct jobs created by the sector in the same year. Parallel to the sector's consolidation, the number of Brazilian franchise networks is increasing as well. In 2019, 163 Brazilian networks operated overseas.

The system's expansion, as well as the internationalization of the franchises, gave the networks the challenge of deepening knowledge about the local market and socio-cultural profile of consumers (Rosado-Serrano; Paul; Dikova, 2018). The costs and risks of developing and managing operations in locations other than those already in existence and in international markets are high and shared between franchisor and franchisee (MARQUES, MERLO; LUCCHESI, 2010).

It can be noted, therefore, that the economic and socio-cultural characteristics of a locality demand change and adaptation of the franchises so that the new units achieve the desired financial and market results. This process of monitoring information from the environment where the company operates, in order to discover opportunities and reducing risks is the basis of competitive intelligence, according to Fleisher and Blenkhorn (2001). From the survey and analysis of information, competitive intelligence aims at making decisions and establishing short, medium and long-term strategies (Prescott, 1995). That is, the result of a competitive intelligence system, according to Fuld (1985), must be the attainment of competitive advantage and improve business performance.

Therefore, the objective of this research is to analyze the perception of franchisors regarding the relationship between competitive intelligence and franchise networks performance.

To achieve the research objective is important to understand how the Brazilian franchise networks are working the competitive intelligence system and how it impacts the networks performance and growth, in the franchisor's view.

The study will be carried out using qualitative research techniques, based on interviews with franchisors from different sectors of activity.

With the economic representativeness displayed and with the evolution of interest in the franchise sector, it was possible to perceive that the researchers have been giving it more and more attention to the issue.

Strengthening the need for more research in this field, Dant, Grünhagen, and Windsperger (2011), in developing a work agenda, aim at trends in franchising in India, China, and Brazil. According to the authors, these countries may have an explosive expansion, unlike the United States, where saturation is already seen in several sectors. Therefore, for these authors, it is urgent to expand the understanding of the franchise system outside the North American context.

In addition, Rosado-Serrano, Paul and Dikova (2018) suggest that it is necessary to provide a greater understanding of the use of theories, methodologies, and the emergent phenomenon of international franchise partnerships in multiple industries.

Reasoning about the progress of these studies is how this research is supported. As the expansion of this business model occurred mainly from the last quartile of the twentieth century, it can be considered a relatively new class of organizational operation, and in recent years it has attracted the attention of researchers and managers. It is, therefore, necessary to expand the franchising study perspectives.

From this work, we expect to contribute to the deepening of the discussion about the management of the competitive intelligence process in the context of franchises. The research can demonstrate the importance and effective impact of competitive intelligence for the survival and growth of a business.

2. THEORETICAL FRAMEWORK

2.1 Franchising AS Business Model

Franchising can be recognized as a business model in which an organization, called franchisor, carries a mix of tested goods or services in one or several markets and establishes a contractual relationship with other self-financed and self-managed firms, called Franchisees. The latter operate on the market under the trademark of the franchisor to produce and/or market products and services in a format specified by the franchisor (STANWORTH; et al., 2004; Lei nº 13.966, 2019).

Business franchises emerged around the 1860s in the United States, but it is recognized that the great momentum in the model occurred after the World War II. In Brazil, the history of franchising is more recent, since it was only in the mid-1980s that its expansion occurred (BEERE, 2017).

In the last ten years, it was possible to observe that the number of franchise networks increased almost 300%, reaching 2,917 brands in 2019, placing Brazil in fourth place in the world ranking, only behind China, South Korea and the United States (ABF, 2020).

The business model's expansion in Brazil followed its worldwide expressiveness. Franchising has become increasingly a strategic option on a global scale, accounting for 40% of retail sales in the United States in the early 2000s, 32% in Great Britain, 25% in Australia and 24% in Brazil (RIBEIRO; MELO, 2007).

In the Brazilian context, the increase in franchise networks, in part, has been explained by the growth of malls. By 2019, there were 577 enterprises in activity, according to the Brazilian Association of Shopping Centers - ABRASCE (2020) and it is estimated that the franchises represent 60% to 70% of occupations in shopping malls. In addition to growth in large centers, there is also a process of internalization. Approximately 40% of the malls to open in 2020 will be in towns that do not yet have any ventures with this profile, according

to the same source. This factor further encourages the opening of new franchise units, as brands can explore other locations where they are not yet present.

Researches such as the ones from the Brazilian Micro and Small Business Support Service (SEBRAE) have also been encouraging people to analyze the franchise alternative as a business option. According to the institution, the mortality of franchises is lower than in other business models. After the tenth year, 91% of the companies remain in business. According to data collected, the mortality rate of companies, in general, up to the second year of operation is 23%, while in the franchise system, this same index is 3%. (SEBRAE, 2016).

Recognized as an option that has advantages and challenges, the franchises have been the target of several types of research that attempted to understand the reasons that lead companies to franchise their business. Dant (1995) found nine motivations in investigating the reasons for firms to franchise, namely: rapid access to capital; fast access to qualified managers; access to market knowledge; provides rapid growth; promotes economies of scale in production, advertising, and supervision; franchisees tend to work more than employees if they see growth and profitability of their unit; It is considered a better option than the stock market; spare resources because capital and labor are linked to the same source. Each of the aspects listed can be understood as an advantage seen by the firm and that would lead to opt for the franchise.

For the franchisee, Toledo and Proença (2005) suggest that the central motivation when deciding to buy a franchise is to obtain advantages through an established and proven business, a well-known brand, and continuous assistance from the Franchisor.

If these data corroborate the belief that it is beneficial for firms to operate in the franchise system, on the other hand, there are difficult aspects for the continuity of the model that need further attention, such as cultural sensitivity, institutional distance, management motivation, network complexity and relationship between franchisor and franchisee (DAVIDOVITSCH CALDAS;(SILVA, (2009), ROSADO-SERRANO, PAUL; DIKOVA, 2018). In this study, research on competitive intelligence and its impact on the growth of networks was chosen as the focus. Competitive intelligence actions are often a challenge for franchise networks, and different networks maybe are at different degrees of maturity.

2.2 Competitive Intelligence

The term competitive intelligence (CI) has been utilized by the scientific community for three decades, which means that there is a considerable number of books, publications, and articles, regarding the theme. The first institutions to adopt business intelligence were Anglo-Saxon, British and, mainly, American companies, which in the 1960s created marketing intelligence departments (TARAPANOFF, 2006).

Tarapanoff (2006) defines intelligence as the ability to acquire new information and knowledge, to make judgments, to adapt to the environment, to develop new concepts and strategies and to act in a rational and effective way based on acquired information. In the case of competitive intelligence, it can be interpreted as an intelligence process aiming at gains in organizational performance. Fuld (1985) points out that information flows must be analyzed to become intelligence. These flows can be formal or informal and occur both in the internal

environment and in the external environment of the firm. The focus of analysis to be given is to the perception of the environment, with the purpose of ensuring the firm's ability to remain competitive over time.

Therefore, competitive intelligence has a strategic character that can be reflected in decision-making effectiveness. Information and knowledge about companies, products, markets, processes, technology, among others, have the purpose of giving greater support to the strategies established by firms (VALENTIM; et al., 2003).

In this sense, also in the context of franchises, the application of competitive intelligence can impact the competitive advantage's sustainability, from information flows, whether internal or external to the network. Romito, Romito and De Nani (2007) point out that several franchise networks have already realized this and invest significant resources in intelligence and information technology professionals.

Köseoglu, Ross and Okumus (2016) emphasize the need for constant monitoring of the external market, related to competitors and consumers. The development of intelligence by the franchise network is decisive, be it for the correct choice of point of sale, analysis of market and demand by territory, or for understanding and for the relationship with the consumer market.

The selection of the point of sale, for example, is related to the importance of the factor localization in the activities, mainly, commercial ones. Evidence of this importance has been highlighted, increasingly, by the character it assumes in the life of a unit, given the irreversibility of such a decision in certain situations and types of business. In some cases, the franchisee is responsible for selecting the point of the unit and the franchisor must have criteria and information to make the decision to approve or disapprove the suggested location. Research indicates that franchisors who developed well-defined criteria for point selection had few future problems with franchisees (TOLEDO; PROENÇA, 2005).

The knowledge and control of the relationship with the client is another important aspect emphasized by the same authors. It is suggested that the franchisor maintain an active register of customers of the franchised stores, seeking to maintain constant monitoring practices to understand factors such as consumption habit, profile, behavior changes and degree of satisfaction with the units and brand.

According to Tarapanoff (2006), the analysis of external factors will enable us to better understand competition, innovation, research and development (R&D), suppliers, customers, new entrants, products, and services. The analysis of all these factors allows the company to decide how to position itself in relation to a market. Besides a good analysis allows making strategic decisions, like development or abandonment of a product/service, partnerships with other companies, among others.

In addition to this view that places the franchisor as the sole responsible for the intelligence process and where the franchisee takes a passive stance, Marnoto (2007) warns of the existence of 'decentralized' knowledge, also held by individual franchisees. Other franchisees and even the franchisor himself may not have access to this idiosyncratic knowledge.

Franchising networks can, therefore, remain flexible and innovative in competitive environments, from continuous learning of the network as a whole. This conception corroborates with the study by Morgado (2013), in which it is believed that organizational units can produce more innovations and achieve better performance, if they occupy a place in an organizational network, such as the franchise. This is because there is a possibility of

access to knowledge of several other firms, but it requires that they have the internal capacity to absorb this knowledge.

Gigliotti (2010) reports some experiences in which the knowledge of the franchisor did not show strong benefit to the franchisee when the franchisee was very distant geographically. Even with the logic of standardization, eminent in the context of the franchises, it was verified that the tacit knowledge located of the franchisee proved to be relevant to the success of the business.

In this sense, it can be said that the ability of the franchise company to assimilate knowledge and experience of the franchised units becomes important. This opening of the network to the exchange of information can lead to innovations and better performance for the entire chain.

Rodriguez and Fontana (2005) surveyed 26 Brazilian companies and the results of the study reinforced the hypothesis that there is evidence of an association between the use of competitive intelligence and the obtaining of financial advantages. Their results, however, also pointed out that in their sample only a minority of firms made systematic and formal use of a process to monitor and analyze their competitive business environments.

Miller (2002) describes the 1995 survey of the University of Texas that found empirical evidence for companies using competitive intelligence. These companies presented, on average, better financial results compared to others that did not adopt CI processes.

Perin (2001) reinforces the positive relationship between market intelligence, as he calls it, and competitive advantage, but seeks to demonstrate in his thesis that only CI is not sufficient to sustain competitive advantage in the long run, even if it is fundamental. The author, therefore, studies the association of CI with organizational learning, as determining factors for the achievement of the competitive advantage of firms in dynamic and competitive environments.

In the studies carried out by Ferreira and Janissek-Muniz (2013), it was verified that the lack of a monitoring methodology impairs the franchise network in the identification of opportunities or even the reduction of possible risks, making it, therefore, by the perception of the network itself, reactivate the actions and the movements of the market. The authors point out that, in the context of franchises, it is necessary the prior study of their public, to be carried out locally, especially in the case of Brazil, which has continental dimensions. Each region of the country has consumers with diverse characteristics and the composition of products offered by the brand should prestige, as much as possible, these differences.

These studies, together, discuss the business actions that are part of a competitive intelligence process, such as the development of technology and systems for the generation of intelligence, good communication, market research, R&D sector. Furthermore, they reinforce the importance of competitive intelligence for the performance of companies.

3. RESEARCH METHODS

It was decided to use a qualitative approach in this study, which is justified by its complex character, emphasizing the particular context of each reality from different points of view on the same theme. Despite the lower power of generalization, qualitative research, due to the wide acceptance of the processing of social phenomena, begins to be seen as a situation in which processes of meaning production occur (FERREIRA; CALVOSO; GONZALES, 2002, p.243). According to the authors, qualitative methods must be applied in the understanding of complex problems, seeking the identification of repetitive patterns of the reality studied.

Among the alternatives to research techniques, it was decided to use the techniques that were adequate to the object and context of the study. For the field research, semi-structured interviews were chosen. Fontana and Frey (2000) consider that the interview is a "negotiated text", produced from a process characterized as interactive and cooperative. As that every research strategy has advantages and disadvantages, Brujne, Herman and Schoutheete (1991) point out that the relative advantages of interviewing, compared to other techniques, are that the quantity and quality of the analysis units are increased by information and flexibility due to this technique.

As it is a question of qualitative research, where it is not intended to generalize the results, there was no way to determine mathematically the size or number of observations of the selection before it occurred. The criterion used to terminate the data collection stage was the theoretical saturation, which can be defined as the suspension of inclusion of new interviewees when the data obtained are redundant or repetitive, and it is not considered relevant to persist in data collection (THIRY-CHERQUES, 2009). Based on the responses obtained and the saturation criterion, the data collection stage was completed, reaching 15 observations, from August 2018 to August 2019.

The 15 franchise chains were classified into economic segments according to ABF (2020): education and training; personal accessories; clothing; sports, health, beauty and leisure; food; businesses, services, and other retailers.

Regarding data collection locations, this stage occurred in the southeastern region of Brazil, which represents 71% of the number of Brazilian franchisers and 59% of the number of franchised units in the country. It is indicated for future research, data collection in other regions to evaluate if there will be other particularities found.

The script employed in the data collection stage addressed: a) general questions about the profile of the franchisor and the network and b) specific elements of competitive intelligence. This last one is demonstrated in the Picture 1, which shows the observable variables based on the theoretical framework.

DIMENSION	OBSERVABLE VARIABLES	REFERENCE SOURCES
Theoretical dimension: competitive intelligence.	<ul style="list-style-type: none"> • Process and structure: Technology and systems for the generation of intelligence to the franchisee's access. • Planning and collection: sources, such as market research, R & D sector • Communication: dissemination of the results of intelligence actions in the network. • Absorption of knowledge by the franchisor: implementation of locally emerged practices - innovations • Visible results: process of definition of the Point of Sales; Territorial rights; Recent market movements (withdrawal of a product, partnership with another company) • Counterintelligence: measures of defensive intelligence or protection of the business. 	Cohen & Levinthal (1990); Perin (2001); Morgado (2013); Rodriguez & Fontana (2005), Toledo & Proença (2005); Tarapanoff (2006); Romito, Romito & De Nani (2007)

Picture 1: Variables investigated in the research

Source: developed by the authors (2019).

About the data analysis, the critical incident technique and discourse analysis were then used to discuss the results from the views of the franchisors. The critical incident analysis technique is a resource for the qualitative approach, systematized by Flanagan (1973) and based on methods of interpretive origins that aims to help the researcher build a complex and holistic framework by analyzing the detailed report of the views of informants. The authors Moreira and Troccoli (2014) defend the potential of the technique, noting an increase of its use, although they verify that it is still little used in the area of management.

Flanagan (1973) explains that the essence of the technique is the judgments of experiences that are reported by respondents from the respondents' own perspective –incident. Incidents are situations reported by the interviewees due to their consequences for the objectives. To be critical, an incident must occur in a situation where the intention of the act seems clear to the observer. In this sense, it allows the identification of specific behaviors that positively or negatively impact the performance of an activity.

After reporting the incidents, these are grouped into categories, or also called critical requirements. That is, if critical incidents are the relevant situations reported by the subjects interviewed (positive or negative, according to their consequences), the critical requirements are constituted by the set of positive or negative behaviors grouped into a category.

In this study, as an incident, it was considered the synthesis of the franchisor's competitive intelligence activities that had a positive or negative impact on the performance and growth of the franchise. In this way, the critical incidents were sought from the reported cases.

The discourse analysis helped in the interpretation of the interviews and, according to Minayo and Sanches (1993), is the most effective method for the approximate interpretation of reality. It seeks to place the speech in its context to understand it and considers the historical specificity in which it is produced. Thus, the use of the technique allows to incorporate, to the analysis of the speech, the cognitive, cultural and social aspects of the language. Following the steps of operationalizing discourse analysis, NVivo® software has been adopted,

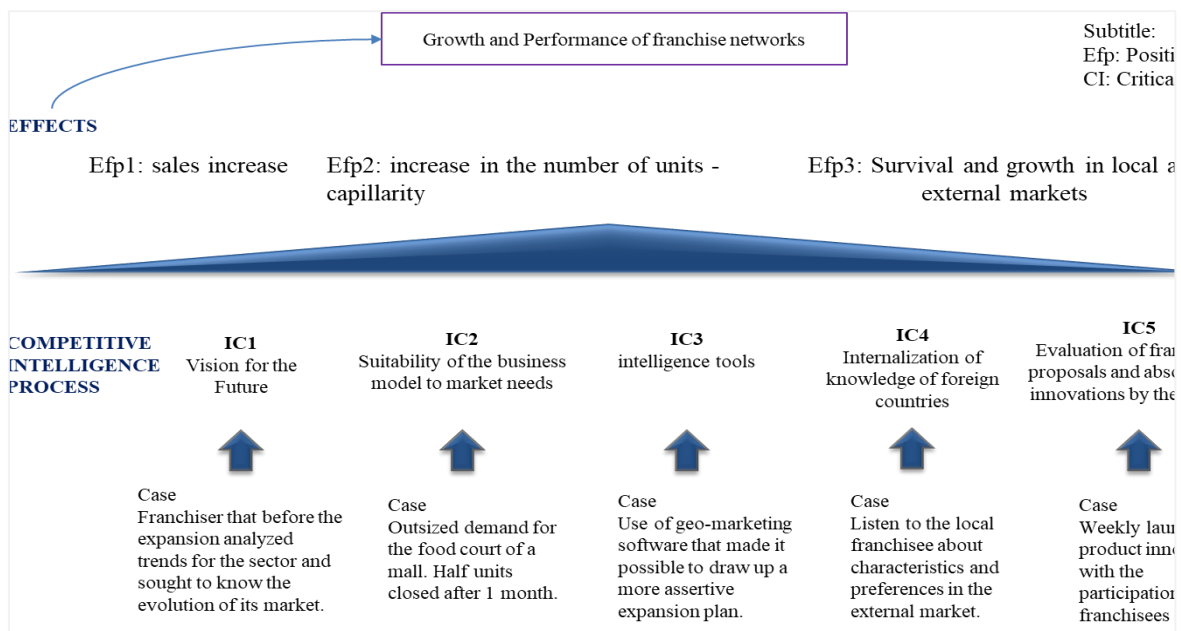
which has been widely used in the administration field and is a means of analyzing qualitative data. The software has the purpose of facilitating and streamlining the analyses but also has the function of both validating and generating confidence, qualifying the material collected.

4. RESULTS PRESENTATION

The franchisors interviewed have training in the area of administration and a period of more than 4 years of operation in the franchising segment. According to the research subjects, the franchising business model presented itself as an opportunity for rapid growth and with little capital investment, corroborating with the elements proposed by the resource scarcity theory (OXENFELDT; KELLY, 1969).

According to the interviewees, the category of competitive intelligence was considered as impacting the growth and performance of franchise networks. According to Prescott (1995), competitive intelligence is related to the anticipated identification of threats and opportunities and may have a double focus, offensive and/or defensive. In the case of the speeches of the respondents, the offensive approach was the most emphasized, and only one network mentioned the defensive aspect, addressing the patents of products developed in the area of cosmetics.

For the competitive intelligence category, 5 (five) critical incidents were identified by the interviewees, according to Picture 2.



Picture 2: Critical incidents related to competitive intelligence

Source: developed by the authors (2019)

The practical cases experienced by franchisors point to five factors that networks must be aware of. As a first point, it is worth discussing CI 1: Vision for the future. This critical incident is directly related to the long-term vision of the brand, that is, to the perspective of the future of the network and to market positioning.

Both franchisees and franchisors need to understand what their market is. What is the trend for my industry? What is evolving in this market? (1)
The role of future thinking is of the franchisor. He needs to be always ahead. He needs to be thinking 5, 10 years ahead. (2)
It's all about Intelligence and Business Plan, on how we (franchisor) set up the business, and the value proposition he's delivering. (3)

(Interview excerpts, 2018/2019)

One of the franchisors stressed that thinking about the future of the network should be one of the primary elements of the culture of a franchise. The argument is that the current skills that ensure the success of the brand will not be the same that will support growth and success in the future. From the perspective of the franchisor, who will demand these skills will be the consumer market and the new technologies.

Culture must be market-oriented: looking from the outside to the inside. We have to "change the mirror through the window". Stop bragging about success, vanity, and always be looking out for the changes that are happening. All the skills that have brought us so far are not the same skills that will guarantee us the future. There is a huge change in the market today.

(Interview excerpt, 2018/2019)

Köseoglu, Ross and Okumus (2016) reinforces the view of these individuals when he says that the focus of analysis to be given is the perception of changes in the environment, in order to ensure the firm's ability to remain competitive over time.

The second critical incident is related to the search for information and planning to adapt the business model to the needs of the national or international market. CI 2: Adequacy of the business model to market needs. Even using spiral growth, the fact that a network is attentive to its value proposition and the particularities of each market makes a difference when assessing network growth.

For internationalization, it is clear that for a unit or for a network to grow, it needs market knowledge, product adaptation. There are examples of large networks that work very hard in Brazil and that suddenly go out of the country and then have to retreat because it does not work. (1)
Today, the internet and the information area have made it possible for networks to maintain the standard X seek innovation and adapt to local realities. (2)
I think that this difference between one unit works and the other does not work out is associated with the local unit manager, of course, and then the franchise's ability to understand the local market, be it cultural, economic, or regional consumer preferences and to assemble a product to meet the demand. (3)

(Interview excerpts, 2018/2019)

This adequacy to the demands of the consumers was very emphasized and some interviewed added the need to also develop activities of market intelligence at the local level. One of them, as an example, included in the network excellence program goals and scores for the unit that periodically practices local market research. The franchisor, in this case, recommends a survey every three months in the unit region, in order to monitor

competitors' campaigns and prices. They implemented a standard search format and, according to the franchisor, this practice changed the franchise's dynamics.

The third critical incident, cited by the interviewees, refers to the use of market intelligence tools for decision making in the short and medium term (CI3). In picture 01, this critical incident was identified as "use of intelligence tools" and was defined by cases that exploited the gains obtained by networks that were prepared and provided with information for territorial decisions and geographic expansion. With the assertive definition of the target locations of new units, often contemplating research that demonstrated potential demand and studies of the target audience, the networks could have a billing above the expected average billing.

For some years now, some companies have been providing market information specifically for the franchising industry. Some companies give away a very rich material. My franchise has used such systems, mainly related to geo-marketing, to inspect opening units sites. (1)
Market delimitation is key to survival. The first element is geographic because it is linked to performance and result. (2)

(Interview excerpts, 2018/2019)

It should be noted that one of the franchisors stated that this critical incident is more easily verifiable in mature networks and in franchisors with the profile of network managers. Thus, networks with an expansionist profile or beginner networks, with little resources to invest in intelligence tools, would still be far from using these practices as a growth factor.

But it's still expensive and not all networks that can get access to some software, for example. And then, as some do not have the system and also can not collect it, I think they do not. The value of these systems tends to be more accessible. (Interview excerpt, 2018/2019)

This argument was confirmed by most of the research subjects since only half of the research networks had a structured competitive intelligence area. This part of the networks surveyed has an area to work with market research, being concerned with understanding the external environment and providing information to the franchisor for decision making.

We have two structures. One of market intelligence that is responsible for market research and analysis, and another structure that works with expansion, and acts more in the area of geo-marketing. One focuses on the market and decisions of positioning, price and other focuses on territory, units replacement. (1) (Interview excerpts, 2018/2019)

The other networks that do not have an area or professionals dedicated to the intelligence activity, said to sporadically hire this service of third companies, as a better way to prepare themselves to implement expansion actions.

The other two critical incidents raised in the category, CI4 (Internalization of external knowledge) and CI 5 (Evaluation of franchisees' proposals and absorption of innovations by the network), address the absorption

of knowledge throughout the network. They concern the evaluation and incorporation of knowledge or innovations from what emerges of the franchised units, nationally or internationally. Researchers admit that this point could lead to differentiation and growth of franchise networks, however, they have a consensus that innovation by local entrepreneurs is not encouraged and does not do much for all networks. Depending on the segment, maturity, and style of management, the franchisees' suggestions are, to a greater or lesser degree, encouraged and accepted.

It is very visible and easier to talk about this (capacity of absorbing local knowledge by the franchisor) when we talk about internationalization. Because we have to give value to knowledge, procedures that are being adopted abroad, to internalize and absorb in their process. (1). (Interview excerpts, 2018/2019).

In the view of the franchisors, there is room in the networks for new ideas of franchisees that can be implemented throughout the network. As such, regional and national councils play an important role in this process, because they believe that giving franchisees a voice as regards suggestions for implementing activities or changing processes is one of the main tasks of the boards.

The franchisees almost always suggest some things to the franchisor. We have a board of franchisees that meets every three months and the franchisees themselves elect the representative of the "platoon". There are six regional representatives and they are franchisees who give confidence to others. They are always successful people who are coming here. We ask franchisees to send demands to them. Improvement questions and ideas, so that the counselors later filter this to bring to this meeting for us to discuss. I would say that our improvements are almost always coming from them. They are in the field and they know it. (1)

One big change now is that the network is looking to understand what makes a franchise succeed and replicate it. And not the opposite, give all the guidelines. It is a learning organization. (2)

(Interview excerpts, 2018/2019)

As it could be seen, one of the franchisees interviewed says they have started to use concepts of the learning organization, and for this, they have stimulated experimentation and exchange of experience among firms. According to Senge (1990), the learning organization seeks to learn through correction and error, flexibility and the use of the creative capacity of individuals, sharing individual insights, experiences, and information, making them collective. This was a differentiated perspective found in the discourses, but like other practices mentioned by the interviewees, it seemed still incipient, with few reports of structuring and still with a process not sedimented and diffused throughout the network.

The discussion about the absorption of innovations by the network was approached in this research because it is intimately within the category of competitive intelligence. This is because competitive intelligence is not only concerned with monitoring the external market. Internal systems within the network, forms of communication, such as councils, among others, can give rise to new knowledge and innovations and is also part of the concept of competitive intelligence.

From the interviewees' point of view, it was possible to observe different types of innovations mentioned by the individuals and it was chosen here to divide them according to the concepts of incremental and radical innovations. The first deals with the inclusion of something new or improved substantially but does not change

the original basic characteristics of the business (Tidd, Bessant; Pavitt, 2008). These innovations and their impacts are important to the franchise network, as they aim at continuous improvement, problem-solving, and their discussions in councils and on the advice of franchisees, for example, are common. This type of innovation was seen by specialists as necessary but does not guarantee growth and differentiation to the network.

Radical innovations, however, are based on a novelty, whether technological or market, that leads to the creation of a new market, and may or may not lead to the discontinuity of the existing market (Tidd, Bessant; Pavitt, 2008). This is perceived by the interviewees as something that can bring competitive advantage and growth of the network but is more related to the critical incident (CI), already addressed: a vision for the future.

Thus, the network's ability to analyze and absorb innovations brought by franchisees can generate franchising an increase in sales and greater profitability, if the implemented changes lead to greater adaptation to market demands. Abroad, this can be decisive for survival, as often the suggestions of franchisees can have an important effect to meet different needs of other audiences. In addition, the network's ability to learn from the franchise can lower the learning curve in the local market or in the internationalization process.

From the five critical incidents listed, it was noted that, in general, the networks participating in the research did not have all the elements of an intelligence process in a structured way. According to Rodriguez and Fontana (2005), the useful aspects of identifying the presence of an intelligence process in a firm can be: a) Organizational culture; B) Process and structure; C) Planning and collection; D) Analysis and communication; E) Counter-intelligence.

The organizational culture element has the objective of identifying the level of competitive culture in the network. Based on the franchisor's discourse, only two of the units of analysis clearly presented this "out" culture. Regarding process and structure, it was verified that half of the networks had some kind of infrastructure for the generation of intelligence, but the primary focus remains the territorial issue.

The planning and collection stage is not structured in a structured way by almost all the networks surveyed. There seems to be a lack of clearer identification of the prioritization of the needs for intelligence and of the sources that the network must use for the collection of information. The analysis and communication seek to understand how the firm analyzes the information collected and how the results of intelligence actions are disseminated in the network. From the discourses, this activity also seems to occur, in general, in an unstructured way. The franchisors said they would pass on some information to the network, but only in cases, they think it might be useful to the units. There was only one network that cited counter-intelligence activities, reporting on defensive intelligence and business protection measures, such as patents.

Although not constituting a structured practice in all the networks surveyed, the importance of competitive intelligence for network growth and performance presented a consensus. Therefore, the proposition of this work, that the adoption of activities of competitive intelligence impacts the growth and performance of the franchise networks, therefore could be corroborated. Respondents argued that the implementation of market intelligence activities can influence the growth and performance of franchise networks, both domestically and internationally.

Finally, it should be said that the aspects discussed in competitive intelligence impact franchise networks in three different ways, according to the research subjects' perspective: 1) it is capable of generating sales increase

or increase in revenues (Efp 1), since decisions are more assertive and efforts more targeted; 2) assists in increasing the number of units - capillarity (Efp 2), since geo-marketing studies and demand surveys may indicate potential locations for new units; 3) increases chances of survival and growth of the network in the foreign market (Efp3). Planning for internationalization and the study of the foreign market increase chances of success in an unknown market. Planning also enables product, service, or price adaptations for offshore units to succeed.

5. FINAL CONSIDERATIONS

According to Sten (1998), the performance of firms is related to several factors that can be classified in external factors and internal or organizational factors. External factors are those variables that can impact the firm's success or failure and are not controlled by it. The economic conjuncture, the economic sector or market, political and legal definitions and demographic transformations are some examples.

The internal factors are related to the resources and organizational skills that can differentiate one organization from the others. They are the result of firms' strategies, which are either emerging or deliberate (Sten, 1998). Process management, internal policies, the form of disclosure, sales and distribution are some of the examples of organizational factors that can influence the survival of a company.

Based on the results of the work, it is understood that the growth and performance of the franchise networks can be partly explained by intra and inter-organizational factors, as Sten (1998) pointed out. The competitive intelligence factor was considered for the analysis in this research.

The primary objective of this work was, therefore, reached by identifying, theoretically and empirically, that one of the organizational factors, competitive intelligence, influences the growth and performance of franchise networks. Competitive intelligence found support in empirical research, which featured 15 franchisors who have been active in the franchise market for more than four years.

The factor was considered as a determining factor for network growth, according to the research subjects, who identified competitive intelligence as a key element for success, for the franchisor's vision for the future and for the adaptation of the business model to market needs. In the long term, according to these interviewees, these elements will bring survival and distinction to the networks, due to the great and rapid changes of the consumer market and the formats of commercial relations. In a consensual way, therefore, all respondents recognized the importance of the factor investigated for the growth and performance of a franchise network.

On the other hand, if there is a consensus about the impact of competitive intelligence on the performance of networks, it was also clear from the data analysis that there is a dissonance between the franchisors' perception of the rigor and structure of this process in the various franchise networks in the Market today.

As a possibility of advances in the study, the suggestion would be to deepen the research in the formats of operation of the process of competitive intelligence by the different franchise networks to verify if there is a better practice or better effect on the growth of the franchise networks.

As this work has the qualitative character, it does not intend to generalize the results, which opens space for future works that can verify the same proposition, in a wider context of number of analysis units and research subjects.

Ultimately, what can be seen is that research does not exhaust itself. It was intended to contribute as a starting point for the development of other works, which may arise due to new questions and that can be studied in greater depth.

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