

Welcome to IF Consulting's weekly e-mail newsletter

June 13, 2003

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

Franchise scheme travels back in time

One of the oldest forms of trade, in existence before money was even invented, is making an impact on the world of franchising.

Bartercard International, based on the age-old concept of bartering, has created an international trade exchange of more than 55,000 businesses across the world. Twelve years in business has seen trade volume approaching US\$2 billion a year.

The scheme is now being franchised, with franchisees setting up regional brokerages, marketing the concept, recruiting new businesses and maximizing the levels of trading. The Bartercard Trade Exchange is a trading system based on Bartercard's own currency, the Trade Pound (T£), which is equivalent to £1 sterling.

Using T£s, which are interest-free, members can buy products or services from other members. Upon using the T£s in their own accounts, members replace them by making sales within the system. Like traditional banks, members can operate their accounts in credit or to agreed overdraft limits.

<http://www.thescotsman.co.uk/business.cfm?id=569322003>

IF Comment

The cliché says "the more things change, the more they stay the same". The cliché is true.

Before there was money, there was barter. A bushel of wheat was exchanged for an agreed amount of labor, a farmer with extra produce traded for a farm animal.

Franchising, while younger than bartering, had its origins after the American Civil War when Joseph Singer licensed peddlers in horse drawn wagons to sell his products door to door in defined territories.

Even the idea of franchising bartering isn't new. It's been tried in a number of countries with mixed success. What is new, however, is the introduction of computer technology to improve communications and fact checking and to facilitate Bartercard transactions.

Is Bartercard a valid marketing channel? Time will tell. Whether Bartercard stays the distance depends on when and how competitors enter the market, worldwide changes in demographics and, ultimately, whether the Bartercard product lives up to its promise.



Marketing Channel
Strategy Consultants
Maximizing shareholder value
through creating the best route
to market

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Snippets

Zara, a clothing chain based in Spain, employs a novel formula for distributing its products. Instead of shipping new products once a season, it delivers to its 600 or so stores every few days. The company is opening stores at the rate of one a week and there are no signs that its growth is slowing.

<http://www.iht.com/articles/98173.html>

Late May, Microsoft dropped retail pricing on Office XP bundles by about 15 percent. The news came just a day after the software giant announced that it would provide free technical support, services and home-use rights for Office 2003 to customers licensing software through two of its special licensing schemes. It would appear that Microsoft has done a great deal on Office XP pricing and licensing for everyone, except there seems to be a notable omission: system builders.

http://www.crn.com/sections/News/Top_News.asp?RSID=CRN&ArticleID=42316

India's Barista Coffee Company (BCC) is changing its marketing channel strategy in a bid to maximize its returns. The company has announced that its first step will be to convert some of its existing company-owned espresso bars into franchisees. Currently, the company has about 130 outlets and almost all of them are owned by the company, but now plans to have a 50:50 ratio between the company-owned and franchised outlets.

<http://www.business-standard.com/today/story.asp?Menu=2&story=15784>

Share the Knowledge.

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IF Consulting publishes "Our View", a quarterly review of topical marketing channel issues. Samples are available on our website. To receive "Our View", please return this email with your address details.

To unsubscribe, please reply with "unsubscribe" AND a copy of the email address to be removed.

IF Consulting is a leading international marketing channel strategy consulting firm with over 30 years experience in a vast number of industry sectors. See our website for further information.

<http://www.i-f.com>