

Welcome to IF Consulting's weekly e-mail newsletter

June 27, 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.

Telecom companies race to franchise Internet bars

It was announced last month that China's second largest telecommunications provider, China Unicom, plans to set up a chain of 700 Internet bars nationwide this year. The first will open in Shanghai in the next few months.

Recent regulatory changes clear the way for China Unicom to be the first telecom company to franchise Internet bars in China, challenging leading Internet bar operator Shanghai Eastday Bar as well as hundreds of independent owners. China Telecom, the country's largest telecom provider, and China Netcom have also applied for licensing to manage Internet bars but are still awaiting approval.

The move by China Unicom is expected to fuel a major price war between the two rivals in Shanghai. However, China Unicom believes that it expects to be far more price competitive, due to its extensive broadband resources.

Six hundred of China Unicom's bars will be franchises.

IF Comment

Franchising and the 5Ps of marketing

Expansion of the channel network at a lower cost supported by an enhanced level of local (owner) operator motivation are the two key benefits of a franchise network.

China Unicom has applied the lower cost of expansion feature of franchising but has also employed another key feature i.e. speed of expansion. In the current market of increased competition from both within the industry and outside of the traditional industry definitions, speed of implementation better equips an organisation to profit from a market situation and build competitive advantage.

Franchising not only meets the requirement of the 4Ps of marketing i.e. Product, Price, Place and Promotion but also brings another important P i.e. Pace of implementation.

Snippets

A change in the way benefits are paid in the UK has seen the British Government accused of favouring high street banks over the Post Office. Under the new system, which is being phased in across the country over the next two years, benefits and pensions can be paid directly into an individual's bank account rather than at a post office.



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

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http://www.ananova.com/business/story/sm_783233.html?menu=

Following the decision to end a decade long dispute with the Australian franchise holder, all Burger King outlets in Australia will be converted into Hungry Jack's. Burger King Corp's new management said this month it was ceding the Australian market to the Hungry Jack's brand, dissolving a convoluted relationship that at one time went to court in a franchising dispute.

<http://www.smh.com.au/articles/2003/06/01/1054406074309.html>

A British pharmaceutical firm has entered into a joint agreement to market its pioneering cannabis-based treatment for multiple sclerosis sufferers. Salisbury-based GW pharmaceuticals has sold the UK marketing rights of its drug Sativex to German healthcare giant Bayer. On top of a £5 million signing fee, GW will receive milestone payments of £25 million when the treatment gains regulatory approval, in addition to receiving a share in revenues from sales of the drug.

http://www.ananova.com/business/story/sm_783656.html?menu=

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