

Welcome to IF Consulting's weekly e-mail newsletter

November 14, 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.

Brazilian franchisees flipping mad

According to the Wall Street Journal, 37 out of 109 of McDonald's Brazilian franchisees have filed suit against the burger giant. In their lawsuit, the Brazilian franchisees claim that McDonald's cannibalized their sales and overcharged them for rent. Reports state that the chain tripled the number of franchised restaurants to 280 between 1996 and 2000 and became Brazil's largest employer.

Although McDonald's was a tremendous success in Brazil from its entry into the market in 1979 through the 1990s, a currency devaluation in 1999 changed Brazil's economy and seriously affected the franchisees' profit margins.

McDonald's sales in Brazil, once considered a model of McDonald's success, have pulled company earnings down for several years.

<http://www.mcspotlight.org/media/press/mclds/dowjonesbusines211003.html>

IF Comment

Even though we brought you this story just a few weeks ago, we think there's more to it than meets the eye. Here's another take on it by one of our consultants:

If you want your marketing channel to perform – then don't let your channel partners develop a perception that you are directly competing with them.

A marketing channel network comprising franchised and company-owned stores demands stringent rules of engagement and a superior and ongoing commitment to communication.

Successful expansion of a franchise network depends to an extent upon the market growth. However, a best practice franchise program design should consider, and be prepared for, a scenario of a downturn in market demand. In a market downturn, franchise tenure, contract renewal and the strategic mix of a single outlet and multiple outlet franchise are some of the franchising tools that assist in the management of the franchise network's profitability and future success.



Marketing Channel

Strategy Consultants

Maximizing shareholder value
through creating the best route
to market

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Snippets

Overturing the way it previously operated its dealer network, the US arm of the German-based carmaker DaimlerChrysler is encouraging its metropolitan dealers to sell the Chrysler, Jeep and Dodge brands out of one facility rather than from multiple locations

<http://www.bizjournals.com/dallas/stories/2003/11/10/story2.html?page=1>

The inclusion of the word "McJob" in the latest Collegiate Dictionary is causing some trouble for publisher Merriam-Webster. The latest edition of the dictionary defines "McJob" as "a low paying job that requires little skill and provides little opportunity for advancement". In an open letter sent to the media Friday, Jim Cantalupo, chairman and chief executive of the world's largest fast-food chain, McDonald's, took issue with the inclusion of the word and definition.

http://www.usatoday.com/money/industries/food/2003-11-10-mcdonalds-dictionary-spat_x.htm

A recent survey conducted by Ipsos Public Affairs found that although consumers are getting set for a strong online holiday shopping season, they are still worried about the security aspects of buying via the Internet. According to the survey, commissioned by the Business Software Alliance (BSA), more than 63 percent of consumers in the United States will do some online shopping this holiday season. Three quarters of all shoppers surveyed were concerned either a "great deal" or a "fair amount" about a host of security issues.

<http://www.ecommercetimes.com/perl/story/32126.html>

Share the Knowledge.

If you have colleagues who would be interested in receiving our weekly email please forward this e-mail to them.

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.

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