

Welcome to IF Consulting's weekly e-mail newsletter

December 19, 2003

This is IF Consulting's final email newsletter for 2003 as we don't want to overload our readers' inboxes while they enjoy their holiday season.

The team at IF Consulting would like to wish all of our email subscribers the very happiest of festive seasons. We hope that you, and your marketing channels, have a healthy and prosperous year in 2004.

IF Consulting's electronic newsletter, investigating topical issues relating to marketing communications strategy will recommence on January 23.

Fast-food firm flips fortunes for franchisees

Several US Burger King outlets have closed recently and a few franchisees have filed for bankruptcy. Some restaurants have relocated while others are undergoing refurbishment.

Following many difficult years for the fast-food giant, the chain is currently making significant changes to try and turn its fortunes around. Burger King in the US has undergone a restructure with the aim of providing more support to its franchisees. Already new franchisees are joining the chain, no doubt hoping to succeed where others have not.

According to the company's vice president of strategic communication, Rob Doughty, many franchisees have complained of inadequate support in recent years. A number of franchisees, including one with more than 300 restaurants, has filed for bankruptcy as Burger King's sales have declined.

Although the chain has more than 11,300 locations worldwide, its market share has been dropping since 1998. The chain's former owner, London-based Diageo, sold the business last year to a group of U.S. investors. In order to turn the company's fortunes around, the chain's new owners commenced a program of change soon after the sale went through.

http://seattletimes.nwsourc.com/html/business/technology/2001811629_burgerking10.html

IF Comment

A franchise network is a marketing channel; and to be successful a marketing channel, of any format, requires the requisite best in class support from the franchisor.

Franchising is a partnership, to which the franchisor brings the business model (brand, operating system, etc.) and provides ongoing marketing and management support, while franchisees bring the implementation resources and put in the effort to earn incentive compensation for their hard work and equity increase for making their businesses more valuable. In other words, the franchisor provides the recipe and the franchisee does the cooking, and serving.

Franchisee bankruptcies devalue the franchise network and the brand, for both the franchisor and the franchisee. Best Practice franchise programs require the franchisor to monitor the



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Marketing Channel

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Maximizing shareholder value
through creating the best route
to market

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financial health of franchisees' businesses and to provide business planning assistance, or an exit plan, if required.

Franchisee failures are much more a reflection of the franchisor than of its franchisees, bad franchisors have failed franchisees, good ones do not.

Snippets

Bayer, a leader in life-sciences and chemicals, needs to urgently address declining pharmaceutical sales. Currently undergoing a significant restructure, Bayer may benefit from in-licensing drugs from other companies or creating joint-venture partnerships to address short-term revenue issues.

<http://www.datamonitor.com/~0ad078d61794401baf7ae112cc7acf2a~/all/news/product.asp?id=87CC6647-415F-4667-9CAF-AF5F7BA2C461> (Due to the length of this URL, you may need to cut and paste it into the address bar of your browser)

The South African-based automotive replacement parts distributor and franchisee of the American based, Midas, has named business and soccer magnate Jomo Sono along with the group's franchisees as shareholders in the Midas Group (Pty) Ltd. Sono and the franchisees now own 30% and 25% shareholding respectively.

<http://www.bday.co.za/bday/content/direct/1,3523,1503118-6078-0,00.html>

Why would people pay for radio when they have a free alternative? Two satellite radio services, XM and Sirius are available by subscription. Each beams 100 channels of clean, static-proof digital sound, largely free of commercials, and listeners can drive across the country without ever hearing a particular station fade away.

<http://www.nytimes.com/2003/12/18/technology/circuits/18stat.html> (free registration required)

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.

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>