

Welcome to IF Consulting's weekly e-mail newsletter

August 6, 2004

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

Franchising opportunities abound in Middle East

Saudi Arabian franchising looks set to boom. Restaurants, libraries, transportation and maintenance have been tagged by experts as businesses that could benefit from the opportunities offered for worldwide expansion when Saudi Arabia joins the World Trade Organization. In fact, there are around 120 products or services in Saudi Arabia that could be perfect for worldwide franchising.

Some experts have predicted that franchising in Saudi Arabia will increase by 25 percent in the next five years. Tareq Abdul Rahman Fakeeh, General Manager of popular restaurant chain Al-Tazej, believes that franchising is set to become one of the country's strongest markets. "Saudi Arabia is qualified to become the main market in the Middle East next to Egypt and Lebanon," he said. The Al-Tazej restaurant chain already operates in more than 12 countries around the world including the United States, Malaysia and several European, Asian and African countries.

Other Saudi franchise successes include the snack food company "Hot and Crispy" and the beauty products chain "Zohoor Al-Reef". Both companies already operate both locally and regionally.

<http://www.arabnews.com/?page=1§ion=0&article=48957&d=27&m=7&y=2004>

IF Comment

When franchising began growing after the 2nd World War, it was seen as a purely American phenomenon. When IF's founder, Howard Bellin, introduced franchising to Australia, he was told that Australians wouldn't pay up front franchise fees or ongoing royalties and, more particularly, Aussies were too independent to follow detailed operating and procedures manuals. Today, Australia is one of the world's most franchised countries.

Similarly, it was widely thought that American fast food franchises wouldn't work in Asia because of different tastes and food preferences. Today, cities such as Singapore, Kuala Lumpur, Shanghai and Bangkok are awash with American fast food franchises.

Once America proved that all types and styles of their franchises could travel, worldwide franchise development became inevitable. The Saudi Arabian thrust into worldwide franchising may well be a harbinger of many more Middle Eastern franchises to come.

The logic is simple. It isn't where a franchise originates that's important, rather, it is its quality and value for money that determines its success.

Who knows? We may one day see franchises for South African Cape Malay food or kiosks selling Caparinhas, the potent Brazilian alcohol drink made from sugar cane.



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

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Snippets

Small shops are an endangered species in Australia. The rise of supermarkets and chain-owned convenience stores has seen nearly 3000 small shops, including 500 corner stores, disappear in over the past three years. Gary Long, senior consultant with forecaster BIS Shrapnel, observes, "The dominance of supermarkets and the rising numbers of convenience stores have continued to place competitive pressures on other route trade outlets."

http://www.theaustralian.news.com.au/common/story_page/0,5744,10254270^643,00.html

Apple has been stirring the digital music pot, with rivals accusing the computer manufacturer of hogging the pickings at the industry's expense. Apple's iPod music player enjoys an approximate market share of 50 percent. With iPod working only with Apple's iTunes Music Store, iPod owners have flocked to Apple, giving the company a 70 percent share of the legal download market. So far the heavyweights such as Sony, Wal-Mart Stores and Microsoft have been unable to come up with a competitive alternative.

http://www.businessweek.com/technology/content/jul2004/tc20040727_6351_tc120.htm?chan=db

The battle of the bulge is set to commence in Canada with Weight Watchers International Inc. taking CoolBrands International Inc. to court. The diet giant has accused the Canadian frozen treats maker of violating a license agreement if it continues to sell products carrying the diet company's name.

<http://www.canada.com/news/business/story.html?id=44734edd-70cf-4b88-b9f6-384b18a31330>

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