

## Welcome to IF Consulting's weekly e-mail newsletter

April 2, 2004

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.

### The next big thing in India

According to a recent study, franchising is about to boom in India. The research, conducted by TNS India, the Indian arm of the US-based marketing research company, along with Franchise Plus, a new bi-monthly print magazine, indicated there are more than 1000 franchisors in India today, spread across sectors like education, retailing, food and beverage, professional services and healthcare.

Franchising as a business model has been prevalent in India since the 70s; however the annual growth rate, estimated to be around 25 per cent, had been a recent phenomenon. The majority of franchises fall within the education sector, at 40 per cent, with retailing at 30 per cent and food and beverage at 12 per cent. The tail end of the franchise spectrum includes healthcare at 10 per cent and professional services at 8 per cent.

The study showed that 40 per cent of India's franchises have international-level operations, while 42 per cent operate at the national level. Franchise Plus editor Vinod Behl said "Driven by a resurgent economy, booming retail markets and increasing consumer spending, franchising has established itself as a high-growth business in a short time."

[http://www.telegraphindia.com/1040326/asp/business/story\\_3048850.asp](http://www.telegraphindia.com/1040326/asp/business/story_3048850.asp)

### IF Comment

The International Franchise Association (IFA) was formed around 1960, 45 years ago. At about the same time, Harry Kursh wrote a book called *The Franchise Boom*. Ten years after the IFA's formation and Kursh's book, franchising was predicted to take over the world of independent businessmen. While franchising hasn't grown as quickly as predicted, it has expanded throughout Europe and is finally making an impact in developing countries.

Both the Malaysian and Thai governments have departments that specialize in helping their citizens become franchisees. This is the good news. The bad news is that whenever a franchising business system enters new and relatively under developed markets, the crooks are not far behind. So, while India can look forward to a boom in the franchise model of business, it will, sadly, also experience some massive rip offs which will emanate from countries such as England and the US and eventually be copied by individual crooked Indian entrepreneurs. Indians will also find that the mix of franchise businesses will change markedly over time as the hottest segment rarely remains as the most successful segment.



Marketing Channel

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IF Asia Pacific Pty Ltd

An International IF Company

ABN 38 970 704 536

390 St Kilda Road Melbourne

Victoria 3004 Australia

Telephone +61 3 9867 8822

Facsimile +61 3 9866 3969

email [channels@if.com](mailto:channels@if.com)

[www.i-f.com](http://www.i-f.com)

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Europe

Australia

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## Snippets

An Australian Federal Court hearing into a dispute between Caltex and hundreds of its disgruntled franchisees cast a shadow over the petrol joint venture between Caltex and Woolworths. According to this story, Caltex had hoped to resolve the months-old dispute by striking out a damages claim lodged by the franchisees, who say their business has suffered because of the oil giant's deal with Woolworths.

<http://www.thewest.com.au/20040331/business/tw-business-home-sto122395.html>

Computer giant Gateway Inc. announced this week that it will close its 188 retail stores and eliminate about 2,500 retail positions. Further information will be available soon, although the company did say that it was also pursuing wider retail distribution of its PCs, digital cameras, flat-panel TVs and other products in the United States and abroad.

<http://www.forbes.com/newswire/2004/04/01/rtr1321063.html>

Planet Hollywood founder Robert Earl has teamed up with the 11th Earl of Sandwich to build what they hope will become a nationwide chain of quick-serve restaurants. The Earl of Sandwich restaurants will feature the familiar bread and meat concept invented in 1752 by the 4<sup>th</sup> Earl of Sandwich. The current title holder's son says that although he's spent the last decade getting his fast-food franchise off the ground, it has been worth the wait. He envisions a 1,000-store chain in the next five years or so.

<http://www.bizjournals.com/orlando/stories/2004/03/15/daily37.html>

## Share the Knowledge.

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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>