

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

April 22, 2005

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

### The lure of franchising

Franchising's reach extends way beyond the business of fast food; today, the franchise business model has been applied to at least 75 different product and service sectors. The model continues to provide increasing opportunity for companies and entrepreneurs alike, often in seemingly disparate businesses as auto-repair shops, children's art centers, and fitness clubs.

Franchising didn't always enjoy such a good reputation; in the past, it was often associated with dubious 'get-rich-quick' schemes. However, in recent years, federal regulation and oversight of industry trade organizations has seen franchising's status grow. According to the International Franchise Association (IFA), 760, 000 franchised businesses employ 18 million people in the U.S – approximately 14 per cent of the nation's private-sector workforce. Already generating US\$1.53 trillion in economic activity, the IFA expects franchising to grow 6% this year.

So, what's the secret? Franchising's appeal for both companies looking to expand and individuals wishing to run their own businesses can be attributed to a track record of profitability, broad geographical appeal, relatively low initial capital investments, and easily replicated models.

[http://www.businessweek.com/smallbiz/content/apr2005/sb20050412\\_7035.htm](http://www.businessweek.com/smallbiz/content/apr2005/sb20050412_7035.htm)

### IF Comment

The IF Comment has mentioned on occasion the recent boom in franchising. This article provides some reference data. In the US, franchising now accounts for an astounding 9.5% of the private sector's total output. And franchising is growing at 6%, or twice the general economic growth rate. Burger-flipping alone cannot account for such numbers.

Still, the word 'franchise' conjures an image in the mind's eye of fast-moving consumer goods areas, such as the archetypal McDonald's, or perhaps a convenience store.

Franchising is not, however, limited to these and other well-known B2C areas like hospitality and high street retail. The BusinessWeek article describes new B2C franchise growth areas such as concierge services, home assistance, and fitness. Other less well known fields include custom housefittings, legal process serving, tax & financial advice, and real estate.

B2B franchises are growing behind the scenes as well. Franchises serving primarily business instead of retail customers include signage, industrial machine maintenance, business training and Internet services & web design. A number of franchise systems have emerged which serve both B2C and B2B markets, eg, auto glass repair, cleaning & disaster restoration, executive placement, and parcel delivery.



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

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## Snippets

In an attempt to align consumer demand with actual production, the Ford Motor Company is embracing new technology to let virtual shoppers build their own Ford Fusions on the Web. New car buyers can now choose pricing and feature options months before the car goes on sale.

<http://www.ecommercetimes.com/story/41663.html>

Video rental heavyweight Blockbuster has rejected criticism by its largest shareholder Carl Icahn and defended its strategy of investing in initiatives like online movie renting to fend off rivals such as Netflix. The company has also rejected Icahn's call for payment of a big dividend and said his criticism had created "turmoil and uncertainty" that could harm the company.

[http://www.usatoday.com/money/media/2005-04-18-blockbuster\\_x.htm](http://www.usatoday.com/money/media/2005-04-18-blockbuster_x.htm)

Telecommunications heavyweight Cable & Wireless has adopted a two-tier channel model to increase market coverage. The new direction was designed to allow the company to access and support many new resellers, including specialist organizations and those that target smaller businesses.

[http://www.cw.com/media\\_events/media\\_centre/releases/2005/04\\_12\\_2005\\_33.html](http://www.cw.com/media_events/media_centre/releases/2005/04_12_2005_33.html)

## Share the Knowledge

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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>