

Welcome to IF Consulting's e-Newsletter

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

Franchises chew the fat

According to Fred DeLuca, cofounder of Subway, the marketing team behind the fast food chain in the late 1990s was "firmly convinced that consumers were not interested in food that was low-fat." Yet two things happened that helped Subway change its position on the marketability of healthy fast food. Firstly, a Houston franchisee started promoting the fact that Subway's menu included seven sandwiches with fewer than six grams of fat, which led to a significant jump in sales. As a result, Subway incorporated the concept nationally. At that time, Jared, the face of Subway for the last six years, noticed a "seven under six" sign at his local Subway.

Jared, a 20-year-old student was desperately obese at the time: 425 pounds and gaining. His life was full of limitations: he was in constant pain, he couldn't take certain courses because the classrooms couldn't accommodate him and getting in and out of his car was a nightmare. But now, due to his ability to shed pounds while eating nothing but fast food, he stands as a national icon in the US. Six years after making his first commercial, Jared remains in high demand.

Due to the overwhelming public response to Jared, the chain went from quietly tagging some of its sandwiches that happened to be low in fat to passionately promoting the health message as part of its identity. The most significant effect of this shift in approach can be seen beyond Subway's own improved health-conscious menu; it has actually driven other fast-food chains to incorporate healthy choices into their own offerings.

http://www.rakemag.com/stories/section_detail.aspx?itemID=13952&catID=150&SelectCatID=150

IF Comment

Stories abound of franchisees thinking up and developing some of the most successful ideas that have contributed significantly to the growth and expansion of their franchises. One of the most notable is the story of the McDonald's franchisee who first thought of the now ubiquitous Big Mac.

For this sort of innovation to happen, the franchise system must balance the need for standardisation and consistency with franchisee freedom for creative input. The franchise system must also allow for the quick recognition of new ideas. Thus, it is imperative that the franchise system has suitable channels of communication in place to facilitate the transmission of and discussion about new concepts and ideas.

Similar concepts concerned with stimulating franchisees' contributions can actually be applied to non-franchise marketing channels e.g. resellers, dealers and other channel partners. The key difference is that because of the higher level of investment and commitment typically required under a franchise system, the franchisee has a stronger interest in contributing to the



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development and growth of the business. However, there are also many marketing channels that, although not a franchise in the technical sense, do require a substantial commitment from channel partners. In these cases, it makes sense to introduce mechanisms that facilitate the communication and development of new ideas and improvements by the channel partners that can benefit the entire channel system– from manufacturer/supplier to other channel partners.

Snippets

As part of a UK government plan to relieve overcrowded surgeries, supermarkets will be encouraged to accommodate doctors' clinics, allowing patients to get a checkup while they're picking up the weekly groceries.

<http://www.datamonitor.com/~db8cedb183684454b022800c755303e6~/industries/news/article/?pid=DC9B14B0-E8BD-4E18-BAFC-A3D1E361E856&type=CommentWire>

According to a recent ruling by a US federal judge, Nissan does not have to continue supplying its cars and trucks to a dealership that was sold without the manufacturer's approval. Under a franchise agreement between the dealer and Nissan, the dealer was required to give the manufacturer advance notice of a potential sale and a chance to evaluate any proposed transfer.

<http://www.aberdeennews.com/mld/aberdeennews/news/13518246.htm>

Looking into the crystal ball, the iPod's only likely serious competitor in the portable digital music stakes is the good old cellphone. The strongest advantage of the cellphone is not quality, but quantity. Cellphones outsell MP3 players by the hundreds of millions each year.

<http://www.iht.com/articles/2005/12/28/business/ptend29.php>

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