

## Welcome to IF Consulting's e-Newsletter

April 28, 2006

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

### More to franchising than retail

The franchising concept does not only apply to retail. Internationally, retail accounts for approximately 50% of total franchising business. In India, the figure is somewhere between 30 – 40%.

Currently a range of different Indian businesses, from Internet portals to balloon sellers, is adopting the franchising model to grow aggressively. Take, for example, India's leading matrimonial Website, Shaadi.com. In two years, the company has created 83 operational franchisees in 54 different cities. According to the company's spokesperson, the franchise business will be worth more than the current portal business within the next two years.

Gaurav Marya, president of Franchise India Holdings Ltd. believes that while retail franchising in India will grow to equal the global percentage, new categories will also adopt the franchise model. "Even paying bills or providing housemaids are organised businesses internationally and the franchise model is used to expand the business," Marya said. "In India, where retail's share in the franchise business is expected to equal the global mark, new categories such as these are also definitely going to get their fair share."

<http://www.dnaindia.com/report.asp?NewsID=1025239&CatID=4>.

### IF Comment

Although the article's focus is on India, and it provides a relatively limited overview of franchising applications outside of the retail industry, the emergence of B2B franchising is a trend that we have observed globally in many sectors over the last five or six years.

Since franchising is fundamentally a licensing agreement, it can be applied to any channel relationship where the vendor has a brand, a product and a business operating system that are unique enough to be licensable. There is nothing about these characteristics that is exclusive to retailing.

Companies marketing their products or services to other businesses can be attracted to franchising by the higher level of control that it offers, relative to more traditional channel relationships like distributor, dealer or reseller. In fact, some manufacturing companies have also ventured into the development of franchising programs for their servicing and maintenance businesses, in other words to a relationship where there is no actual product flow between the company and the customer.

While B2B franchising may not enjoy the same level of publicity and visibility as traditional retail franchising, it can be viable alternative distribution channel for many manufacturing companies.



**IF International**

Marketing Channel

Strategy Consultants

Maximizing shareholder value  
through creating the best route  
to market

IF International

ACN 004 783 519

email [channels@i-f.com](mailto:channels@i-f.com)

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

USA

Europe

Australia

## Snippets

In an effort to speed up its development abroad, Pizza gurus Papa John's is considering investing money in markets outside the United States and Great Britain. With 325 restaurants already in place, Papa John's International has contractual agreements for 800 more. Outside Britain, all the stores are franchised, but the company believes there are also advantages to corporate investment in international markets.

<http://www.courier-journal.com/apps/pbcs.dll/article?AID=/20060420/BUSINESS/604200345/1003>

Goodyear Dunlop Tyres UK Limited has announced plans to invest in an aftermarket franchise development. With the recent appointment of Peter Tye as Franchise Development Manager, the company plans to develop franchise opportunities in the vehicle servicing and tyre fitment market.

[http://www.autoindustry.co.uk/news/25-04-06\\_2](http://www.autoindustry.co.uk/news/25-04-06_2)

The French minister of culture has announced that the government will continue to support the introduction of a law that would effectively outlaw Apple's popular online music system. Under the new law, all music and videos purchased from the iTunes Website must be made playable on other devices and software programs. Currently, these digital files can only be played using Apple's own iTunes software and iPod devices.

<http://www.iht.com/articles/2006/04/28/technology/itunes.php>

## Share the Knowledge

If you or your colleagues are interested in receiving our e-Newsletter please visit: <http://www.i-f.com/E-comForm.htm>

IF Consulting publishes "Our View", a review of topical marketing channel issues. Samples are available on our website.

IF Consulting is a leading international marketing channel strategy consulting firm with over 35 years' experience in a vast number of industry sectors. See our website for further information.

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