

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.

Selling fries to the French

The bulldozing of a half-built McDonald's restaurant by an objector seven years ago changed the way the chain approached business in France. After the incident, chief executive Denis Hennequin, now president of McDonald's Europe, started ad campaigns telling customers more about McDonald's France, what ingredients it used and what kind of people it employed. Despite the many protests about the so-called 'Americanization of France', it seems the French have not stopped eating hamburgers. In fact, McDonald's operating profit in France last year was second only to that of McDonald's in the United States.

Mr Hennequin has succeeded in selling an essentially American concept to a race who seemingly rejects American culture. He believes his success lies in closely following the McDonald's system: "careful choice of locations and personnel, training of personnel and indoctrination of the McDonald's credo."

Hennequin believes that the French warmed to McDonald's because it was fast, convenient and affordable, despite it being a far cry from their own sophisticated cuisine. It was also child-friendly, not a characteristic of the traditional French restaurant. "If you had kids and tried to go to a traditional restaurant," Hennequin said, "it was a nightmare, not a pleasant experience."

http://www.nytimes.com/2006/06/20/business/worldbusiness/20burger.html?_r=1&adxnnl=1&oref=slogin&adxnnlx=1151112469-tWTtFINhrshMHoteySaA+g

IF Comment

While the McDonald's France story is uplifting and entertaining, McDonald's France has a dark history.

The original McDonald's France franchise was sold to an existing French Canadian franchisee. The standards of the stores he opened were appalling. For example, according to the New York Times, "Six years ago, McDonald's here was a model of everything the company tries not to be. In one Paris McDonald's, raw French fries were stored next to trash bags on the basement floor. To enter the McDonald's near the Gare St. Lazare, customers had to pass through the arcade of a porno movie theater".

McDonald's sued its French franchisee and won. The case went to the French Supreme Court. One of McDonald's main complaints was that the stores were dirty. The franchisee also decided to serve hamburgers with Béarnaise sauce – hardly in line with McDonald's standards.

The franchisee acknowledged that the stores were dirty, but said the French liked them that way.



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The message of this IF Comment is simple. Franchisors who don't select their franchisees carefully will suffer, despite their size and prestige. Also, termination clauses need to be enforceable with minimal litigation

Snippets

Coca-Cola Co. stated in a recent court filing that it felt "ominous" pressure that Wal-Mart - Cola's largest bottler didn't change the way it delivered Powerade to the retailer. According to the soft drink company's Tponse, there was a "serious risk" that Wal -Mart would sell its own sports beverage if bottler Coca-Cola Enterpris TcInc. didn't distribute Powerade to Wal-Mart warehouses instead of delivering directly to se0 T

<http://www.nwanews.com/adg/Business/157151>

Even though consumers are happy to buy gas, check in for a flight or scan their own groceries without any help from a shop assistant, self- food industry have to date been shunned. Although the technology exists for customers to order their food by just touching an on-screen picture, none of the major restaurant chains such as McDonald's, Taco Bell, Burger King and Dairy Queen have taken the step to implement the system.

<http://www.bradenton.com/mld/bradenton/business/14838214.htm>

Irish restaurant suppliers Musgrave are developing a catering cash and carry. The new outlets supply food and catering equipment to restaurants, contract caterers, hotels and pubs throughout Ireland. According to the company's chief executive Chris Martin, "It is a massive market." The group's latest franchise, Daybreak, has already recruited 74 retailers.

http://www.sbpost.ie/post/pages/p/se0_y.aspxqqqid=15114-qqqx=1.asp

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