

Welcome to IF Consulting's e-Newsletter

April 1, 2007

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

A franchise by any other name...

Bob and Jane Bloom are sharing their printer ink shop's secrets of success, including their business plan, supplier list, bookkeeping system and trademarks, without asking for franchise fees, or collecting royalty payments. Their plan is to build a 'chain' of independent stores at a fraction of the price that their franchise competitors can offer.

In an attempt to counter the franchise boom in their relatively new industry, the Blooms are offering a more affordable alternative to franchising. "The cost of getting into business sometimes is too high," said Bob Bloom, co-founder of Ink & Toner USA. "You're not working to make money. You're working to pay off your loan."

The Blooms started their training program last year, using a model based on a license agreement as opposed to a franchise. For US\$20 000, trainees receive two weeks of training and a four-volume manual which includes details for running the business. For ongoing support and materials, trainees need to sign a licensing agreement for US\$2 500 a year.

http://www.palmbeachpost.com/business/content/business/epaper/2007/03/16/a1d_inkstore_0316.html?cxtype=rss&cxsvc=7&cxcat=6

IF Comment

The Bloom's printer ink business takes franchising back to its roots.

A franchise is a license to use someone else's know-how, signs and images. Know-how is intellectual property. Signs and images are industrial property.

Well before the advent of franchising, licensing technological know-how was big business. In the early days of steel making, the Bessemer Converter was licensed by Bessemer to steel manufacturers worldwide. Dolby sound systems, aerosol valves, Velcro and Teflon are all licensed products.

The Blooms have listened to the old song, "everything old is new again"

However, allowing licensees to use the Ink and Toner name without ongoing control may harm the chain if some Ink and Toner shops produce poor quality product. The Blooms do have the option of not licensing the Ink & Toner name unless licensees agree to periodic inspections and pay for those inspections.

As franchise entry costs escalate, we can expect to see significant growth in what some are calling, 'non-franchise franchises'.



IF International

Marketing Channel

Strategy Consultants

Maximizing shareholder value
through creating the best route
to market

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Snippets

According to Forrester Research, online footwear sales in 2002 was about one-fifth the size of the US\$4.4 billion online apparel business. Last year, footwear had surged to \$2.9 billion, or about one-third the size of the \$9.6 billion sold in apparel. Apparently, there is even more growth ahead.

<http://www.ecommercetimes.com/story/cXMUfTWX6KmFzz/Getting-a-Toehold-in-the-Online-Shoe-Market.xhtml>

UK health and beauty retailer, Boots, has expanded its presence in North America by going nationwide in the stores of US retail giant Target. Over 1500 Target stores now stock Boots' products.

<http://www.datamonitor.com/~54be8840481c4ee9b9af8ad310017a74~/industries/news/article/?pid=AE637D5E-4605-4314-92AA-BC3F1D5EAD7D&type=NewsWire>

Franchisees of United Parcel Services (UPS) are claiming that UPS policies force them to take part in the distribution of alcoholic beverages, despite potential harm to underage customers or local restrictions against such services.

<http://biz.yahoo.com/prnews/070311/nysu001.html?.v=87>

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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.

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