

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.

Which way to market?

Despite the number of franchise systems in the US doubling between 2004 and 2005, a growing number of small business owners are finding the transition to a franchise model difficult. A spokesperson from the International Franchise Association said the growth is largely due to smaller companies with fewer than 50 locations. However, for the small business owner, there are both pros and cons associated with adopting a franchise model.

Missy Vatinet, co-owner of Cary's La Farm Bakery, for example, has considered franchising her business for the last seven years. With the business reaching the stage where her management staff runs the bakery, Vatinet has turned her attention to writing manuals that describe how the business is run on a day-to-day basis. "It's not just an extension of what you do," Vatinet said. "It's another business. You are entrusting someone with your brand, and they are entrusting you with, more than likely, their livelihood."

Entrepreneurs do have options beyond franchising if they want to expand a business. Some choose licensing instead, an agreement in which the buyer usually pays a one-off fee rather than a requirement to pay royalties each year.

<http://www.newsobserver.com/104/story/562859.html>

IF Comment

When IF was founded in 1969, almost all ventures involving channel partners were established as franchises.

For years, organizations looking for tied distribution or expansion of their concepts wanted to franchise their businesses. With franchise legislation increasing throughout the world, enlightened entrepreneurs and major corporations have come to realize that a channel partner program is not necessarily a franchise program.

Many major corporations distribute their goods and services through dealers, licensees, distributors and joint ventures. Motorola's two-way radios and Stihl power tools, for example, are distributed world-wide through extensive dealer networks. Telstra Australia uses licenses for its phone shops and software companies use all manner of channel partners.

The message in all this is that the most effective tied distribution is achieved through channel partner programs that best fit particular businesses and that the best channel partner program is not necessarily franchising.

Organizations looking for expansion through channel partners should spend as much time evaluating the various routes to market as they do in developing their channel partner programs.



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

www.i-f.com

Snippets

It is anticipated that a new regulation, due to take effect in May, will bring some order to China's franchise industry. With around 2,600 registered franchise organizations, and over 200,000 retail outlets, China's franchise environment has been described as 'chaotic'. The new regulation requires franchise operators to set up an information disclosure system.

http://english.people.com.cn/200704/11/eng20070411_365480.html

A small business based in Melbourne, Australia has just added a "MobileStore" franchise to its marketing channel stable. Already operating a successful retail showroom, as well as an online Web Store that includes an interactive product catalogue and shopping cart, Lifestyle Innovations believes the MobileStore franchises provide the link between work and leisure lifestyles.

<http://www.ferret.com.au/articles/z1/view.asp?id=37425>

Global beauty group Avon Products has teamed up with French fashion designer Christian Lacroix and Interparfums, its worldwide fragrance licensee, to create two new signature fragrances. Avon said it has been building its premium fragrance offerings over the last years with select partnerships and alliances.

<http://www.datamonitor.com/~4b230f5bfa134457b47b6229562a0dfd~/industries/news/article/?pid=79BC6C7D-2CC5-448E-9C8C-823F46DD796A&type=NewsWire>

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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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