

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.

Dealing with dealers expected to pay off

Canadian Tire Corp. Ltd and its dealers are revising the contract that governs their business relationship. The Toronto-based retailer of automotive, household and sports and leisure products recently announced that the new relationship terms include cost-sharing arrangements on marketing expenses, shared savings from store-based energy initiatives, and participation by Canadian Tire in the growth of dealer profits.

Commencing in 2008, the company expects to boost annual pre-tax profit on its general merchandise business by up to 50 per cent over the next seven years. Integral to the revised contracts is a major new initiative that will enable Canadian Tire Retail and PartSource stores to expand their automotive parts business.

<http://www.smartmoney.com/news/on/index.cfm?story=ON-20070917-000361-0950>

IF Comment

Canadian Tire Corp. Ltd (CTC) is one of the oldest and most successful home grown dealerships in the world.

One of the secrets of CTC's early success was based on offering dealerships to its best employees and helping these employees to fund their dealerships. As these dealers gained experience and improved their performance, they were offered larger stores. CTC's approach was unique for its time and was largely responsible for CTC's current success.

Because CTC is a Canadian company, its success was, to an extent, hidden under a bushel. However, many retail companies working through aligned channels throughout the world have used parts of CTC's dealer strategy.

CTC's new initiative focuses on making dealers more profitable on the basis that more profitable dealers increase CTC's profits.

It has been proved over years that companies which focus on their channel partners' profits increase their own profits.



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Snippets

Although the majority of consumers still prefer going to a store over shopping on the Internet, some retailers are profiting from a slick combination of offline and online shopping. Increasingly, offline retailers are finding ways for consumers to shop online but pick up the goods in stores, thereby avoiding shipping costs as well as being able to choose from a wider selection of items than local stores can stock. Retailers are also profiting through customers' tendencies to add to their purchased once they get into the store.

http://www.nytimes.com/2007/09/24/technology/24ecom.html?_r=1&oref=slogin

Super 8 Hotels in China has refuted claims made by a former franchisee that the global hotel chain has broken franchise agreements. The disgruntled franchisee told local media that he had signed a three-year exclusive agreement with Super 8 China on opening hotels in Hangzhou in 2005. However, in April and July this year, he says Super 8 reportedly opened two new hotels which were said to be too close to his own hotels.

<http://www.chinahospitalitynews.com/2007/09/24/4639-super-8-responds-to-franchisee-departure-in-china/>

In the face of significant competition from online download stores, Australian video rental heavyweight, Video Ezy, is in talks with Apple over ways the companies can build a partnership to deliver movies to the video chain's customers electronically. The chain has long considered a plan to offer customers the ability to upload movies onto an iPod or the like while visiting a store, which could then be taken home to be viewed on a dedicated set-top box.

<http://www.stuff.co.nz/stuff/4208578a11275.html>

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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.

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