

## Welcome to IF Consulting's e-Newsletter

November 1, 2007

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

### The Add-on

Whether it's a way of generating extra income during slow seasons, expanding their client base, or offering complementary products and services, many small, independent businesses are using franchises to supplement their core operations. Through leveraging an established brand and reputation, small businesses can use add-on franchises to add value to their main business.

"What franchise businesses found and what independent businesses are finding [is] that bringing in a franchise is a way to increase customer traffic for that new business and the previously existing business," says David Kaufmann, a franchise specialist and partner at a New York law firm.

There are, however, pitfalls to look out for when adding a franchise to an existing business. Independent business people, used to running their own show, may feel restricted by the guidelines that govern the way a franchise is run. In addition, it does not always follow that an add-on franchise will increase the success of the original business.

[http://online.wsj.com/article/SB119248620837759837.html?mod=SmallBusinessFranchising\\_feature\\_articles](http://online.wsj.com/article/SB119248620837759837.html?mod=SmallBusinessFranchising_feature_articles)

### IF Comment

As we have said many times in the past, the more things change, the more they stay the same.

*The Wall Street Journal* writes of small businesses acquiring franchises as if it were a new phenomenon. Acquiring a franchise to stabilize or increase sales may well be new, but acquiring ancillary businesses is as old as commerce.

The general stores of the 1800's were agents for banks, post offices and even the American Pony Express. For years, car dealers have acquired agencies for extended warranties, window tinting and even road service.

Service stations acquire convenience store franchises and convenience stores take on fuel franchises.

The notion of small operators acquiring franchises to augment their sales is evolutionary and certainly not revolutionary. In supermarket terms, small operators are simply "broadening their shelf facings".

Having said the above, business people taking on business building franchises must be careful to ensure franchise costs don't erode their core business' profits.



**IF International**

Marketing Channel

Strategy Consultants

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through creating the best route  
to market

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## Snippets

Wendy's International Inc.'s largest franchisee is suing the hamburger chain for US\$2 million. A claim that the chain inflated the cost of soda syrup and diverted the extra money to national advertising underpins the suit.

<http://money.cnn.com/news/newsfeeds/articles/newstex/AFX-0013-20310869.htm>

Moritz Trading, the building supplies division of Dublin-based residential and commercial property developer Moritz Group, has announced a move into the retail DIY sector by becoming the Irish franchisee of British retailer Wickes.

<http://www.irishexaminer.com/irishexaminer/pages/story.aspx-qqqg=business-qqqm=business-qqqa=business-qqqid=46371-qqqx=1.asp>

Sporadic protests against retail giants in India during recent months have driven Reliance Retail to change its business model somewhat, to ensure the enterprise isn't derailed before it has really taken off.

<http://sify.com/finance/fullstory.php?id=14552206>