

## Welcome to IF Consulting's e-Newsletter

December 1, 2007

This is IF Consulting's final email newsletter for 2007. We would like to wish all of our email subscribers and clients the very happiest of festive seasons. Look out for IF Consulting's new look electronic newsletter, investigating topical and interesting issues relating to marketing channel strategy, in the New Year. Enjoy!

### The Convenience of Franchising?

Gas station operator BP PLC is planning to turn more than 700 of its company-owned convenience stores into a franchise network across the US. According to a recent news release, the stores will operate under the "AM PM" brand and some will be sold to dealers and large distributors. The AM PM chain, founded in 1978, was acquired by BP when it purchased oil company ARCO in 2000.

In total, BP operates 13,000 gas stations in the United States. Approximately 9,500 convenience store jobs, 350 business support staff and 100 employees from the company's Pipelines and Logistics unit will be directly affected by the change, which is part of London-based BP's previously announced reorganization plan.

<http://news.moneycentral.msn.com/provider/providerarticle.aspx?feed=ACBJ&date=20071116&id=7827737>

### IF Comment

Globalization has been both a negative and positive talking point for many years. Before the word 'globalization' was invented, oil companies were truly global. For example, the Shell pecten is one of the few symbols in the world that is immediately recognizable without the company's name being attached to its symbol.

Whether globalization is good or bad, it certainly creates anomalies. Presumably, BP is franchising its United States convenience stores because it believes they will be more profitable as franchises than as BP operated businesses. Yet, less than a year ago, BP Australia repurchased its 240 franchised metropolitan convenience store network so it could control the businesses more tightly. Australian wages of C-store operators are considerably higher than in the US. Despite the higher wages, BP Australia expects its company-owned network to be more profitable than it was under franchising. In fact, until recently, Australian legislation prohibited oil companies from owning more than a fixed number of sites. BP Australia fought to get the legislation repealed and won.

The only conclusion we can draw is:

GO FIGURE



**IF International**

Marketing Channel

Strategy Consultants

Maximizing shareholder value  
through creating the best route  
to market

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## Snippets

E-commerce retailers are getting ready for the second Monday of December, the biggest online shopping day for the year. EBay has named the day "Green Monday" in reference to the colour of cash, rather than eco-friendly shopping.

[http://www.businessweek.com/technology/content/nov2007/tc20071126\\_113942.htm?chan=technology\\_technology+index+page\\_top+stories](http://www.businessweek.com/technology/content/nov2007/tc20071126_113942.htm?chan=technology_technology+index+page_top+stories)

Having embraced the home delivery concept from the '60s and introduced online ordering in 2001, pizza-making giant Papa John's is leading the entire quick-service restaurant industry across yet another technology threshold as the first national pizza chain to offer text message ordering.

<http://www.qsrmagazine.com/articles/news/story.phtml?id=5862>

According to leading industry figures speaking at Deloitte's 19<sup>th</sup> European hotel investment conference held recently in London, the growth of the hotel market in Europe will be driven by branding and franchising.

<http://www.caterersearch.com/Articles/2007/11/15/317256/future-is-branding-and-franchising-for-hotels.html>

## Share the Knowledge

If you or your colleagues are interested in receiving our e-Newsletter please visit: <http://www.i-f.com/E-comForm.htm>

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>