

## Welcome to IF Consulting's e-Newsletter

February 1, 2008

Welcome to IF Consulting's new look email newsletter for 2008. We hope all our subscribers and clients enjoy the new format, and look forward to receiving feedback, as well as suggestions for topical issues relating to marketing channel strategy that we could cover in future issues. You can contact us [here](#). Enjoy!

### Franchising plans too hot to handle?

Hot Spot, a mobile phone retailing venture, is considering a franchise model to expand its network in India. Plans for Hot Spot also include setting up around 1,500 new company-owned stores over the next 18 months. According to the company's CEO, a greenfield franchise route to open 1,500 new stores is being developed, in conjunction with plans for a similar number of company-owned stores.

Currently, the company operates 250 outlets spread across 20 cities in India with around 100 outlets in Delhi and NCR. Hot Spot, which offers around 250 mobile handset models and as many as 1,000 mobile accessories at its stores, is also reportedly working on a 'down stocking' strategy and local purchasing of products to drive in better margins.

<http://au.news.yahoo.com/080116/3/15jk1.html>

### IF Comment

Over the years, franchising has been seen as a vehicle for exporting American, English and European ideas to developing Asian markets. KFC, McDonald's, Pizza Hut, 7-Eleven and Dunkin' Donuts have aligned Asian cityscapes to those of the West.

History tells us that manufacturing moved from the US North, to the South and, eventually to low labor cost Asian countries. In time, these low labor cost countries; think Japan, Korea, Singapore and Taiwan; became hi-tech countries competing with American and European skill sets. India is currently a low cost supplier of services such as call centers and computer back room operations. Now, we see an Indian mobile phone retailer embarking on a growth plan that dwarfs anything ever attempted in the West.

Hot Spot has 250 outlets. It plans to open three outlets a day every day for the next 18 months. Clearly, India is new to home grown franchising. It boggles the brain to contemplate that a small company can recruit and train three franchisees a day while at the same time finding and fitting out three retail outlets a day. A reality check may well be in order.

Franchising will grow in developing countries, but not without teething problems and some grandiose failures.



**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](mailto:channels@i-f.com)

[www.i-f.com](http://www.i-f.com)

## Snippets

According to this article, a large number of small retailers have both the documentation and aspirations for expansion by franchising, but have found it difficult to either secure suitable retail sites or, more frequently, competent franchisees.

<http://www.insideretailing.com.au/articles-page.aspx?articleType=ArticleView&articleId=2129>

PayPal and its competitor electronic payment services are rapidly growing in popularity with both consumers and merchants. Currently about 14% of online payments in the U.S. are made with credit-card alternatives, such as PayPal, Google Checkout, and Bill Me Later, according to a recent report.

[http://http://www.businessweek.com/technology/content/jan2008/tc20080127\\_692717.htm?chan=top+news\\_top+news+index\\_technology](http://http://www.businessweek.com/technology/content/jan2008/tc20080127_692717.htm?chan=top+news_top+news+index_technology)

Amazon.com is meeting its digital music rivals head on this year by offering music that is free of DRM copy-protection technology that is more a weight on music sales than a benefit to the industry.

<http://www.ecommercetimes.com/story/Amazons-Shot-at-iTunes-Heard-Round-the-World-61404.html>

## Share the Knowledge

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>