

Welcome to IF Consulting's e-Newsletter

April 1, 2008

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

Franchisor faces Frosty Foursome

Three Dairy Queen franchisee associations have recently joined the Michigan Dairy Queen Operators' Association (MDQOA) in its lawsuit against International Dairy Queen (IDQ) and American Dairy Queen (ADQ). The suit is based on a variety of legal issues that threaten to bankrupt or destroy the profitability and value of Dairy Queen "mom and pop" franchise holders.

IDQ's plan to convert existing outlets to its new DQ Grill & Chill or DQ/Orange Julius concepts has the four franchisee associations from across ten US states up in arms. The associations hope to stop what they claim is a forced conversion program and unreasonable requirement by the franchisor. In addition to the mandatory investment of thousands of dollars that the conversion demands, the franchisees allege problems with surcharges added to the prices of certain products.

<http://www.qsrmagazine.com/articles/news/story.phtml?id=6201>

IF Comment

The lawsuit brought against Dairy Queen by its franchisees raises a question of company/franchisee communications; a surprising question because Dairy Queen is one of the world's first food franchises. It was originally founded in 1938 to help dairy farmers sell their milk.

Most successful franchise chains have strong and well-organized franchisee councils. Changes affecting franchisees are discussed at regional and national franchise councils with the aim of reaching consensus and avoiding conflicts such as the Dairy Queen lawsuit.

The lawsuit referred to in the article is not the first for Dairy Queen. Franchisees sued Dairy Queen as far back as 2000. From time to time, legal action becomes a factor in channel partner organizations. Those with open and free communications via franchise councils seem to have fewer problems than those without councils.

The Dairy Queen legal action is particularly surprising because the company is owned by Warren Buffet's company, Berkshire Hathaway.



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through creating the best route
to market

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Snippets

Although huge, multinational franchises continue to invade Thailand, it seems the country still has room for young, innovative, home-grown entrepreneurs.

http://www.bangkokpost.com/280308_Realtime/28Mar2008_real001.php

According to this BusinessWeek article, Google and the two biggest US cable TV companies are among the investors finalizing negotiations to provide up to \$2.5 billion for Sprint and a smaller wireless provider named Clearwire to build the next-generation wireless network.

http://www.businessweek.com/technology/content/mar2008/tc20080326_823091.htm?campaign_id=mag_Mar27&link_position=link23

Canadian Tire Corp. is quietly phasing out the printed edition of the catalogue it has been publishing twice a year for almost nine decades. With a massive current print run of six million copies an issue, the tire giant is about to move its publication entirely online.

<http://www.reportonbusiness.com/servlet/story/RTGAM.20080327.wcantire0327/BNSStory/robNews/home>

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