



FRA((N))EWS

An IFA Newsletter

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marketing

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resources

expansion

strategy

licensing

franchising success

organization

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business

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retail

goal

legal investment



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FRANCHISING AND LICENSING

Two Powerful however Different Ways of Growing a Business

In franchising, it is a recognized legal terminology, in the sense that it subjects the party offering these services to certain rules and regulations, licensing does not come with these issues, but it is necessary to be careful as licensing can also be considered a franchise from a legal standpoint.

In franchising, the relationship between both franchisee and the franchisor are better and thus are very closely linked. As a franchisee represents the extension of the franchisor, they are thereon representing franchisor's brand and image. Therefore they are usually provided some level of training and support. The franchisee gets to retain the rights to the franchisor's logo and trademark. This also goes a long way in providing a visible presentation of the relationship between the two.

Unlike in franchising, the relationship between a licensee and the parent company is not as tight-knit as a Licensee franchisor relationship. As a licensee, here they do not hold the rights to the trademark and logo of the parent company's brand. Further in licensing, the licensees do not get to have territorial rights from the parent company. Instead they get to sell similar licenses and products in the same geographical area. In comparison to franchising, licensees does not receive the same extent of support and training.

On the outer core, it seems that licensing opportunity seems to be less advantageous as compared to a franchising business, licensing has its advantages as well. But in reality, licensing costs much lesser in terms of the initial investment and ongoing charges. Distinctively in licensing, licensees are not required to pay royalty every time a profit is made. Also, once the licensee is able to successfully set up its business and spin off on its own, the relationship between licensee and the parent company is restricted to the frequent purchase of products.



FROM THE CHAIRMAN'S DESK



Gaurav Marya

Dear Friends,

Let me take this opportunity to introduce you to IFA's Newsletter - Fra(n)ews. With Fra(n)ews, we aim to bring forth the latest developments taking place in the franchise sector, thereby increasing awareness in the franchise community. This newsletter would also act as a platform for all the start-ups as well as established brands, to showcase the business potential and seek potential franchisee's attention.

It's my sincere hope that Fra(n)ews would successfully help in disseminating franchise knowledge to the entire franchise fraternity. In addition, I strongly believe that it would assist franchisors in reaching out to their potential investors, and in turn aid the aspiring entrepreneurs to get their desired brands.

Gaurav Marya
Chairman
Indian Franchise Association(IFA)



Brand licensing and franchising always comes across the same way and thus sounds similar to a laymen. But there are quite a lot of differences between the two. To elaborate, Brand licensing is the process of creating and managing contracts between the owner of a brand and a company or individual who wants to use the brand in association with a product, for an agreed period of time, within an agreed territory. Licensing is used by brand owners to extend a trademark or character onto products of a completely different nature.

The concept of Brand Licensing in India is getting recognition vastly with every international brand catering to India through licensing and will reach to its maximum level in the coming years. Indian brands are practicing in licensing after its proved success in the international market. Therefore, The potential for India to be benefited from the Licensing industry is huge.

Brand licensing proves to be a good opportunity as business owners are exploring for alternative business options on account of Economic and competitive pressures. Smart brand owners are realizing that they have something more to offer than their brands alone. Pairing-up the name with its necessary ingredient or brand attribute that makes the brand unique adds real value to a license. Henceforth, the sales of such licensed products have grown considerably in emerging markets. Highlighting areas for the same are Licensing of brands, designs, characters (from cartoons, movies, etc), celebrity names & photographs, events, etc. which are now becoming popular in India where these are used on various products like jewellery (pendants, etc), apparel, lifestyle accessories, toys, gifts, games etc. This has created immense opportunities for Indian brands, manufacturers, retailers, designers, lawyers, financial consultants and licensing agents.



Thus to conclude, brand licensing has truly evolved from being a fringe support activity to a mainstream business.



Indus League takes the franchising route to expansion:

Future Group's Indus League Clothing is taking up the franchising route aggressively to extend their reach in Tier II and III towns. The apparel manufacturer has started off with franchisee stores for their women's apparel brand Jealous 21, with three stores as of now in Lucknow, Satna, and Kota. Mid-October, Indus League also opened its 100th EBO, a Jealous 21 store.

Rachna Aggarwal, CEO, Indus League, revealed, "This year, we have launched 20-25 EBOs till now and there are plans to open 15-20 more by the end of the financial year. As for shop-in-shop outlets, our brands are retailed in Pantaloons, Central, and Reliance. As they expand, we will continue to open our outlets there." Presently, the Jealous 21 brand is sold in 20 EBOs and 140 shop-in-shop outlets. Overall, Indus League has 100 EBOs and 300-350 MBOs and shop-in-shops.

The apparel major has maintained an overall growth rate of 30%, a trend expected to continue this year too. "Each brand is doing well in its own space. While Jealous 21 is the fastest growing brand at 40%, Scullers and John Miller have the largest brand size, and Indigo Nation has the largest number of EBOs", Rachna remarked. (Source:Exchange 4 Media)

Australian franchisors urged to not overlook India, with sector set to grow 35%

Australian franchisors looking to expand internationally should not discount India as a viable market, an expert says, because the country's franchising sector is growing at 35% per annum.

According to Tony Maddock, managing director of Solutions Franchising Group, the retail sector in India – which has the third largest economy in the world – is "booming".

"Franchising is growing at 35% per annum. The growing middle class is a big opportunity. It's also the largest English-speaking continent in the world," he says.

Maddock will travel to India next month to attend Franchise India 2011, an international franchise exhibition held over two days, to research opportunities for Australian companies.

He will then return home to educate local franchisors on the viability of expanding into India, including market entry strategies to ensure success.

Interglobe to launch 48 Hudson News Café:



InterGlobe Retail Pvt. Ltd has signed a franchise agreement with Dufry International to open 48 Hudson News Café in the country. Dufry International is a Switzerland-based company that operates retail outlets under the brand name Hudson News Café.

InterGlobe Retail is a subsidiary of aviation group InterGlobe Enterprises. The company is planning to launch 48 new cafes across all six existing lines of the Delhi Metro and also at airports and other train stations. The new outlets will feature products like reading materials, snacks, bottled beverages, health and beauty aids and other travel convenience items.

Dufry International operates around 500 Hudson News shops in 10 countries around the world.



Shri Lakshmi Cotsyn 'Weaves' its franchise expansion plans. Plans 100 franchise stores

Shri Lakshmi Cotsyn (SLCL), an integrated textile player engaged in manufacturing and processing end-to-end textile products, is launching exclusive retail outlets in tier II cities under its brand name Weaves. The company will roll out 100 franchise-owned stores in 50 cities in the next two years, starting with the first store in Chandigarh. An investment of Rs 10 crore has been made for this expansion, where each store will see an investment of Rs 5-10 lakh. Each store will occupy about 400 square feet space and stock 12-15 categories of home furnishing products like teri-towels, bedsheets, table-mats, footmats and shower curtains.

Sanjay Gupta, president – retail, Shri Lakshmi Cotsyn, said, "It is more viable to run stores in tier II and III cities, as the cost of operation is much lower compared to that in tier I cities. In addition to that, metros and tier I cities are saturated. We've tied up with 40 distributors across India for this venture. In the first phase, stores will come up in Chandigarh, Ludhiana, Jalandhar, Pathankot, Jaipur and Jammu, which will cater to the demand for high-end value-added products in the home furnishing market."

(Source: India Franchise Blog)



Indian Franchise Association Supports Franchise India 2011:

Franchise India 2011, the 9th international franchise and retail show was held on December 2-3, 2011 at Hotel Ashok, New Delhi, India. The show was organized by Franchise India and Bloomberg UTV, supported by LIMA (international licensing industry merchandisers association) and IFA (Indian franchise association). The program was based on premeditated business planning towards the design, development and implementation of franchise strategy.



HOT OPPORTUNITY of The Month: ICBio



Your search ends here, Become our Franchisee partner
ICBio Premier Clinical Research Institute in India,
invites franchisee from all over India

ICBio collaborated with University of Mysore

for conducting Clinical Research Education, and courses are
Certified by University of Mysore



M.Sc., in Clinical Research.
Post-Graduate Diploma in

Clinical Research and Clinical Data Management,
Medical Writing, Clinical Trial Management, Healthcare Administration
Full Time/ Regular



ICBio Courses have been designed and developed in consultation with Industry experts,
to equip graduates of life sciences, Pharmacy and Medicine to meet the need of the industry and
thus improve their job prospects.

More than 100 companies recruited ICBio Clinical Research professionals

ICBio has excellent placement track record,
our candidates are placed in Accenture, Avesthagen, AstraZeneca, Biocon, Clinigene, Cognizant, GlaxoSmithKline, Intas,
Novartis, Novonordisk, Quintiles, TCS, Indegene, ICON Clinical Research, and many more.....

Eligibility:

*B.Sc.,/M.Sc., in Life Science, Biotechnology,
Microbiology, Genetics, Biochemistry .
M.B.B.S./B.D.S./B.A.M.S./B.H.M.S./
B.Pharmacy/M.Pharmacy
Graduates or Post Graduates in Nursing.
/B.E(BT)/B.Tech(BT)*

Note: Final Year students can also apply

Highlights

On Job Training (OJT)
100% Placement Assurance*.
Globally Validated Curriculum
Comprehensive & free study material
Soft Skill Training to face Corporate World.
Get trained by industry experts.

Innovative Centre for Biosciences

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In an Exclusive Interview with



Mr. P. Kishore
Managing Director of Everonn Education Ltd.

Q. Where and how did this concept of Everonn "Edupreneur" come into existence?

A. The Indian Education Sector is growing rapidly. With overall revenues estimated to be USD 84,858 Mn by 2012 (as per the IDFC-SSKI Report 2009), the opportunities across the Pre-school to B-School segments is immense. To make this growth real and sustainable, India needs entrepreneurs in education who participate in this phase. At Everonn we wish to make our business partners more accomplished in terms of knowledge and skill-sets and we wish to partner with such entrepreneurs whose aim is to make India a knowledge powerhouse, which is why Everonn has termed them as Edupreneurs. An Edupreneur is an 'Entrepreneur in Education'. They will be the Ambassadors of learning across the country.

Q. What does your product offer and how does it make it different from its competitors?

A. With over 23 years of experience in enabling education for millions, across the value chain of Education & Training, we offer a product range consisting of Training (IT, Retail, BFSI & Soft Skills), Education (UG & PG University Degree), Testing (in partnership with Global leaders), Coaching (Engineering), Admissions Counselling (International, Domestic), among other services. The Edupreneur will gain a foothold in the fast growing opportunities in Pre-School, Private Schools, College segment. These programs are integrated

and delivered using Everonn's VSAT network, largest in the world dedicated exclusive to education. Further, with the modular building block approach to help optimize investments and maximize operational efficiencies, the business is designed to offer higher revenue realization for every square feet of space utilized.

Q. How long did it take to break even and how did you sustain yourself in the pre-break-even period?

A. It has been a journey of many experiences and trials before break-even happened. This period was pressing, demanding and of course filled with learning experiences that will be remembered forever. Funding during such times came from loans from banks that placed faith in the credibility of the organization.

Q. How did you fund your business?

A. Funding during the pre-IPO days largely was as a result of bank loans obtained as a result of promising business operations that were seen as positive growth drivers.

Q. At what stage did you find your business ready to take off to the next level?

A. Clearly, the need was felt for us to constantly innovate and bring value to our clients in a manner that was significantly differentiating. Once we ascertained such a state of excellence, the world outside began to take notice and thereafter there has been no looking back. Having said that, we understand that excellence

is not a destination to arrive at but a journey that is ongoing.

Q. What has been your experience with hiring your first employees and building a team?

A. There perhaps hasn't been a more fulfilling experience than building the initial team. I remain very excited on the people front even today and will be so for all time to come. Today with over 6600 people, we are a very cohesive and well-knit team of thorough professionals. Fortunately, a very large part of the initial team still continues to be a part of our journey and there cannot be anything more rewarding than a continued demonstration of that faith and commitment.

Q. What are the future plans of the company in terms of expansion through franchising?

A. This coming year will see a great deal of activity at Everonn particularly on the Edupreneur front. Our visioning of the franchisee model is very different and involves significant amount of support and handholding on an ongoing basis, since we understand the importance of branding and the value that good branding brings about.

Q. What is the eligibility criterion for selecting the franchisees of your company?

A. A successful partnership is like a marriage based on multiple critical factors. The first and foremost in that list of factors, is the value system. We are looking at entrepreneurs who not only have a business motive but also a motive to serve the society at large. We are looking at partners who bring with them a vision to educate India, have a clear understanding of local areas and the expertise to exploit business opportunities that exists in that area. He should have a customer servicing bent of mind and should also involve directly in business decisions and operations.

Thus, yes, money and real estate are important but what is being looked at is much more and an accomplished player called Edupreneur™. Also, funding is not difficult in today's world when there exists a business idea worth considering.

Q. What kind of training and support does a franchisee get after partnering with your company?

A. Initial Handholding will include among other things, selection of an appropriate site for operations, Guidelines for Design and implementation of Infrastructure, layout planning, providing guidance on preparation for a successful launch, marketing collaterals, creatives, sales tools and training. This will also involve training on curriculum, Products, Services and operations and help in creating an organization structure and recruitment guidelines. There is of course an ongoing support structure which will address a whole range of requirements on a very day to day basis.

Q. Would you like to give some advice to the young & budding entrepreneurs?

A. Start-ups may fail, entrepreneurs never fail. To succeed, an entrepreneur needs a business idea, passion and commitment.



ABOUT US

Ensuring Best Practices in Franchising



Caution



Advice



Research



Evolve

Indian Franchise Association is India's premier, non-political, not-for-profit body representing Indian Franchise Sector. IFA's endeavor is to promote, promulgate and popularize the concept of franchising as a mode of doing business across the industry verticals and to nurture the entrepreneurial skill of every Indian.

IFA Services

FranRecruit

India's first Professional Recruitment Service exclusively for the Franchise sector.



A bi-monthly e-bulletin covering every aspect of the franchise sector.

FranConsult

Provides head to toe Franchise Development Program Services.

FranExim

Delegation @ India vis a vis Globally

Franlegal

A customized legal solutions provider to the entire Franchise Fraternity.

FranArbitration

A third Party Dispute Resolution Provider.

FranMatch

A match making division between the franchisors and the franchisees.

FranAdvocacy

Recommending issues of the Franchise Sector to the Policy Makers.



India's first Certified Franchise Executive Program.

WebServices

One of the largest referred franchise sites
www.franchiseindia.org

SignatureEvents

An unparalleled business development and networking platform that offers a series of franchise & retail based shows such as Frantalk, FRD, BOS, IEC, CEO Forum.



To avail plethora of services and benefits at IFA, become its MEMBER! Membership is open for: Franchisors, Franchisees, Individuals, Professionals, Advisors, and Educational Institutions. For detail of Membership category and fee, contact: Richa Gupta at: contact@franchiseindia.org

For FranRecruit, a Professional Recruitment Service, please contact: Zarreen @ 9350853111 or at services@franchiseindia.org

Branding Opportunity: Outshine your competitor by positioning your brand at Fra(n)ews, IFA Newsletter or at IFA website www.franchiseindia.org For branding Proposal, please write to pswati@franchiseindia.org



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