



International Distribution Institute

Managing and Controlling Distribution at the Retail Level

Third option: direct or indirect
control of a network of mono-
brand retailers/franchisees?

Tao Xu

DLA Piper LLP (US)



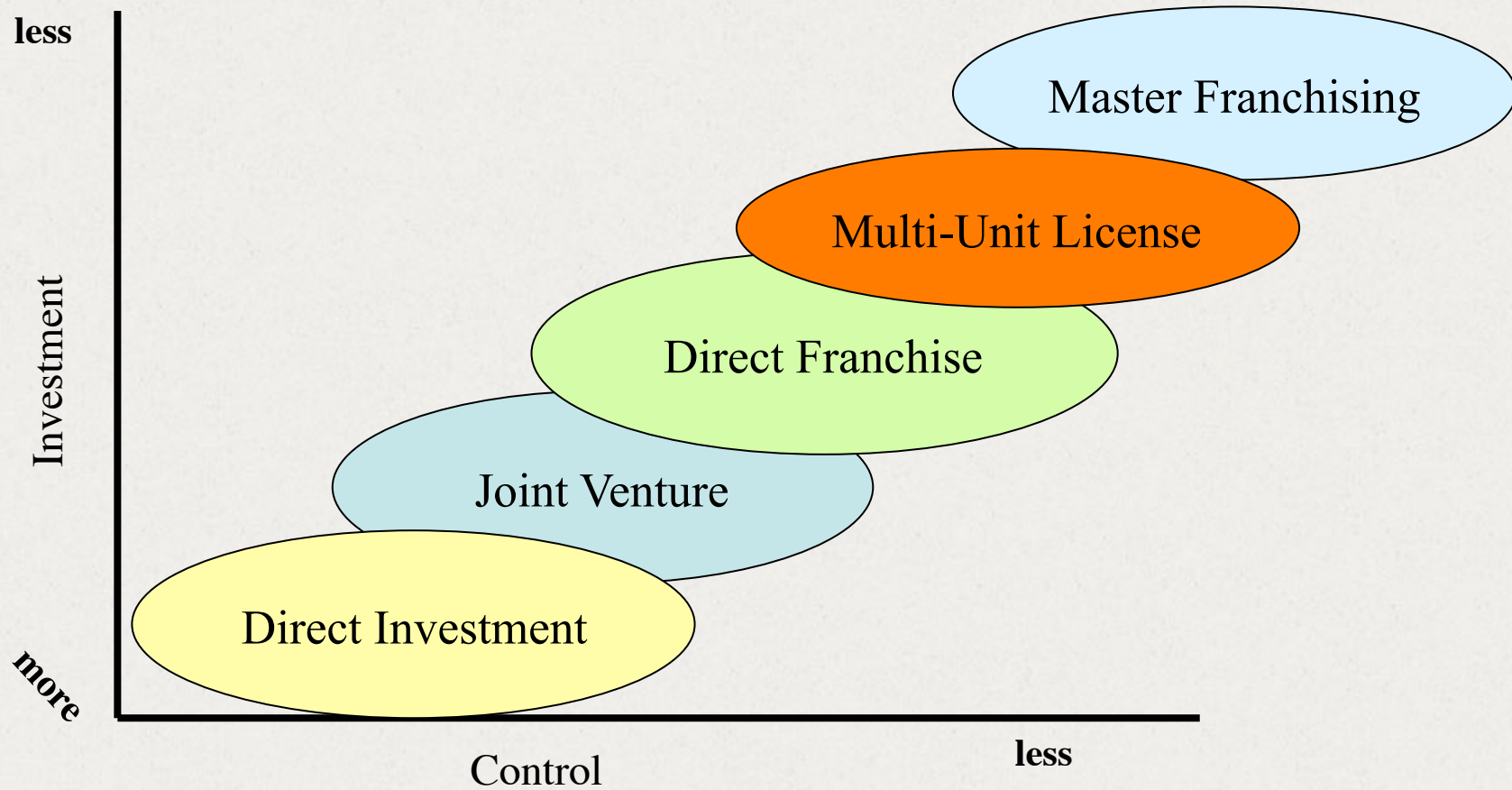
Structuring Choices

- Unit or Direct Franchising
- Multi-unit (Area Development) Franchising
- Area Representative
- Master Franchising
- Sub-Distribution
- Joint venture
- Direct Investment

Choosing an Expansion Model

- Desired level of control
- Nature of the Unit-Level Business
- Profile of the Supplier, the Distributor and the Unit-Level Operator
- Proposed transaction
- Impact of local law

Level of Control



Adapted from Kurt Ullman



Is the indirect model doomed?

-- No! But,...

- Unit economics
- Right partners
- Information gathering and reporting
- Review and approval
- Structural remedies
- The end game