

IF Consulting's Weekly Newsletter: A new direction

May 3, 2002

Welcome to IF Consulting's new look e-mail newsletter. Over the past two years we've explored the entire spectrum of issues surrounding the introduction of the Internet as a marketing channel. We've all learned a lot about where Internet technology fits into marketing channel strategy but now, following feedback from our readers, we're heading in another direction. IF's weekly newsletter will now tackle the topical issues that surround all marketing channels and their underlying strategies.

Another change to the newsletter is that it will now be available as a PDF on our website (www.i-f.com) if you want to download a version for your hard copy file. We hope you find the changes made useful and practical and look forward to receiving your feedback.

The Value of Marketing Channels: Don't ignore the middlemen.

While the importance of customer value and the effect it has on both customer acquisition and retention seems to have been embraced by the business community, the value of marketing channel relationships is often overlooked. Companies that focus on customer value at the end user level and ignore the importance of value at the distributor, dealer or agent or level do so to their own detriment.

Marketing channel systems can be viewed as another marketplace, one in which middlemen (channel partners) operate with relative independence. These channel partners act as filters by, choosing the product lines they carry and promote.. Additionally, an increasing share of customer value is being created and delivered by channel partners, not manufacturers.

It is, therefore, crucial that suppliers treat problems with their channel partners relationships rather than the obvious specific symptoms of decreasing value at the dealer level.

<http://www.apqc.org/free/articles/dispArticle.cfm?ProductID=1413>

IF Comment

As the above article points out, it is imperative for companies that go to market using indirect channels to focus not only on customer value but also on channel partner value. IF's experience validates that major problems arise when channel partners are unhappy about working relationships with their suppliers. In order to ensure that channel partners remain loyal, suppliers need to ensure their needs are met.

Four factors drive channel partner loyalty; profitability, solid support from their suppliers, suppliers with whom it is easy to do business and a strong brand that creates customer pull. Organizations using indirect channels need to satisfy all the latter needs to maintain strong and healthy channel partner relationships.

Ultimately, addressing these four loyalty drivers will help eliminate the issues mentioned in the article, improve the channel system, strengthen the company's market position and increase profitability.



Marketing Channel

Strategy Consultants

Maximizing shareholder value
through creating the best routes
to market

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Snippets

The one size fits all model that most banks in Asia offer may not be able to satisfy their customers' increasing demands for more products and better service. In order to compete, local banks in Asia will have to follow the lead taken by financial institutions in developed countries and tailor their services to individual customers, customer segments, products and channels

<http://www.forbes.com/business/global/2002/04/24/0424mckinsey.html>

Amazon seems to have turned the tables on the analysts that claimed Internet retailers could only survive if they generated a decent profit on every item sold and forgot about trying to build traffic with excessive sales and promotions. Last year the book e-tailer returned to its founding principles, modified slightly to ensure maximum return.

<http://digitalmass.boston.com/news/2002/05/01/amazon.html>

Share the Knowledge

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IF Consulting publishes "Our View", a quarterly review of topical marketing channel issues. Samples are available on our website. To receive "Our View", please return this email with your address details.

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IF Consulting is a leading international marketing channel strategy consulting firm with over 30 years experience in a vast number of industry sectors. See our website for further information.

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