

Welcome to IF Consulting's weekly e-mail newsletter

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

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

Dell ruffles potential partners' feathers

Direct selling specialist Dell has encountered a few problems during its initial attempts to sell unbranded computers through system builders and white box resellers. There are several terms within the proposed contract for Dell's Solution Provider Direct Program that some resellers may find questionable.

According to officials, Dell has been flooded with inquiries to participate in the program. However, before making a commitment, many potential channel partners want the company to make changes to its proposal. As it stands, the contract places certain restrictions on who resellers can sell to, what information they can provide and what type of training they need. There is also no guarantee that Dell won't use its newly acquired customer database to attempt to sell direct to resellers' clients, although Dell denies that this will happen. Finally, much to the annoyance of potential resellers, Dell's 30-day refund policy offered to customers is not available to channel partners that participate in the Solution Provider Direct Program.

<http://www.varbusiness.com/Sections/News/BreakingNews.asp?ArticleID=37164>

IF Comment

This article highlights two critical issues that need to be managed effectively for marketing channels to perform at their best:

1. The need of channel partners to be treated in a fair and transparent way. If other channels (including direct channels) are perceived to be given an advantage, there may well be resentment.
2. The importance of clear communication in channel development and management.

It appears that Dell needs to shape up on both of these issues with its unbranded product offer to channel partners. For example, Dell denies it will cannibalise channel partners' customers. If this is the case, why not guarantee it in the channel partner agreement? Additionally, why isn't Dell prepared to provide its indirect channel with the Dell 30-day refund policy?

There may well be valid reasons behind these decisions, however they appear to not be well communicated to potential channel partners. Dell's potential channel partners want a clear explanation of their role and want to see real value in their association with Dell. Dell is a much larger company with a stronger brand than the channel partners it is targeting, but that does not necessarily mean the channel partners will value the association. In fact, it can create feelings of vulnerability in channel partners.



Marketing Channel
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through creating the best routes
to market

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The roles, responsibilities and rights of each channel to market should be clearly spelt out and communicated to the various channel partners. And remember, just as a company would test market reactions to new products, the same should be done for new channel partner programs to test acceptance by potential channel partners.

Snippets

Apart from a few Internet winners, such as eBay and Amazon, it's not easy to find many pure Internet companies with healthy profits that don't sell sleaze and vice. Why is so much high technology so lowbrow?

<http://www.nytimes.com/2002/08/26/technology/26CYBE.html?todayshadlines>

Amid growing concerns among consumers and government officials about obesity and diet, fast-food franchisor McDonald's is cutting the percentage of fat in its fries. The move will be phased in at McDonald's 13,000 US outlets from next month and subsequently worldwide.

<http://www.guardian.co.uk/business/story/0,3604,785691,00.html>

Airline ticketing giant Sabre Holdings is hoping to attract airlines and other companies looking to replace their human operators with the release of new, automated travel-information software.

<http://business2-cnet.com.com/2100-1017-956640.html?type=pt&part=business2-cnet&tag=feed&subj=news>