

## Welcome to IF Consulting's weekly e-mail newsletter

August 30, 2002

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.

### Chinese authorities banking on foreign investment

The realization that China's financial sector badly needs a lift out of the 19<sup>th</sup> century has prompted authorities to encourage a flurry of deals that could see foreign financial institutions buy stakes in mainland banks, brokerages, and insurance companies.

Currently, customer service is pitiful, back-office systems are decades behind Western standards, and sophisticated financial products are scarce. Half-hour waits at teller windows are not unusual while personal checks and automatic debits for monthly bills are considered a novelty.

The move to allow foreigners to buy stakes in Chinese banks will give local partners access to the know-how they need to rapidly upgrade their services. Modernization of the banking system is critical, as the industry will soon feel the impact of foreign competition. Chinese authorities have agreed to phase in regulations that should allow foreign banks to do everything that domestic banks can—from mortgages to Internet banking—by the end of 2006.

[http://www.businessweek.com/magazine/content/02\\_36/b3798111.htm](http://www.businessweek.com/magazine/content/02_36/b3798111.htm)

### IF Comment

The Chinese banking situation may be greeted with disbelief by Westerners, whose dim memories of banking before the Internet age are not this chaotic. How could anyone not see the obvious ways to improve on customer satisfaction, and thus profits?

However, the Chinese banking industry is not alone. The automotive franchised dealer system, invented by Henry Ford, has worked well for over 60 years. However, there has been a rising resentment over how customers find themselves treated in volume dealerships. Fortunately, for consumers, there are those who are daring to fight the trend. The US company CarMax is winning sales through its no pressure, no haggle, maximum choice, consultative approach to car buying. In the UK, Daewoo has set up no hassle showrooms in shopping malls, where people can evaluate new vehicles at their own pace.

Gas and Electric Utilities have discovered that their "database of one million-plus customers" was merely a mailing list for monthly invoices. Many utilities' computer systems are one way - they send bills, but do not capture customer information. An organization with a more robust understanding of end-customer needs might bundle electricity with other products and take these customers away.



Marketing Channel  
Strategy Consultants  
Maximizing shareholder value  
through creating the best routes  
to market

IF Asia Pacific Pty Ltd

An International IF Company

ABN 38 970 704 536

390 St Kilda Road Melbourne

Victoria 3004 Australia

Telephone +61 3 9867 8822

Facsimile +61 3 9866 3969

email [channels@i-f.com](mailto:channels@i-f.com)

[www.i-f.com](http://www.i-f.com)

USA

Europe

Australia

Latin America

These examples demonstrate a product-centric focus - how do we push as many of our products as possible to the largest number of customers to gain the most profit? The solution is a customer-centric focus - how do customers view your product, how would they like to purchase it, through which channels, together with what other products and services.

## Snippets

Soon, rather than reading memos, you'll be watching them. That's the idea behind VIDITalk and Visual Communicator, new Windows programs from VIDISolutions Inc. and Serious Magic Inc., anyway. Both envision a new era of non-typed communications in which you will fire off video clips of yourself at your desk, captured by a little camera taped to your monitor.

<http://www.iht.com/articles/70779.html>

Once considered channel-unfriendly, leading network-attached storage (NAS) vendor Network Appliance, introduces an aggressive new channel program that is already winning praise from some partners.

[http://www.crn.com/sections/News/top\\_news.asp?ArticleID=37432](http://www.crn.com/sections/News/top_news.asp?ArticleID=37432)

Annoyed online auction consumers are filing more police reports, attempting more often to track down merchants on their own and putting up more Web sites to warn others of merchants they say are unscrupulous. Their reasoning is that auction sites don't have enough employees to enforce millions of daily transactions.

<http://www.ecommercetimes.com/perl/story/19455.html>

## Share the Knowledge.

If you have colleagues who would be interested in receiving our weekly email please forward this e-mail to them.

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.

To unsubscribe, please reply with "unsubscribe" AND a copy of the email address to be removed.

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>