

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.

The Internet: Free insurance for healthy channel partner relationships

A couple of years ago, Blue Cross Blue Shield of Florida (BCBSFL), a major player in insurance, introduced a Web channel for individuals and contracted general agents. According to Al Pratico, BCBSFL's sales director for individuals and small groups, the decision was based upon the fact that the Internet is free.

Unlike many other businesses, BCBSFL devised a strategy that treated the Internet as a complementary channel rather than alternative one. "We didn't want agents to think of the Internet as an alternate channel, but as an additional channel," explains Pratico.

In addition, the insurance company used the Internet to improve relationships with channel partners and included an Intranet to agents in the strategy. Through the Intranet, BCBSFL could offer sales training, underwriting guidelines, commissions, and communications, thereby reducing internal expenses.

<http://www.line56.com/articles/default.asp?ArticleID=4104>

IF Comment

Companies have struggled to successfully integrate the Internet with existing channels for a number of years. Part of the reason is that the web was originally perceived as an alternative channel which was bound to displace some or all of the existing channels. The failure of many web-only based companies has helped to discredit this assumption and to force companies to think of the web as a channel that should be integrated with existing, established channels.

The Internet is, on the whole, no longer perceived as a threat by the channel partners that it was supposed to replace, but as a tool that can greatly enhance channel partners' capabilities and market coverage.

To understand how to integrate the Internet, or any new channel for that matter, with existing channels an organization has to:

- a. identify the market segments that the new channel should be targeting and the channels that already serve them.
- b. establish the functions that need to be performed to serve the targeted market segments (from prospects identification to aftersales service and support)
- c. determine, using the cost-control-market coverage analysis, which channels are best suited to perform the functions that have been identified



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Finally, the organizational, cultural, systems and managerial implications of introducing the new channel must be evaluated.

Snippets

The fast-food sector is looking a little stale, with recently released figures and statements painting a bleak picture for McDonald's, Wendy's and Burger King.

http://www.forbes.com/2002/11/18/cx_dd_1118bk.html

Amazon.com announced this week that it would run many of the operations of CDNow, the pioneering online music store. Formerly rivals, Amazon will now operate CDNow's Web site and it will ship most of the merchandise from Amazon warehouses.

<http://www.iht.com/articles/78261.htm>

Much of the 21 percent increase in worldwide revenue for IBM's xSeries servers can be attributed to sales through channel partners, according to Susan Whitney, IBM's general manager for the Intel-based servers.

<http://www.crn.com/sections/hardware/hardware.asp?RSID=CRN&ArticleID=38650>

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