

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.

Retail Category Management: A win-win for channel principals and partners?

In the past, the bookstore chain Borders Group used to stock its shelves with the widest selection possible in a physical establishment. Now, the business is significantly cutting back the range of books it offers - partly because publishing house HarperCollins told it to.

This scenario is common to the world of "category management". Sometimes controversial, this style of management involves some of the biggest retailers asking just one supplier in a category to figure out how best to stock their shelves.

Retail category management is now standard practice at nearly every U.S. supermarket, convenience store, mass retailer and pharmacy chain. From a dollars-and-cents perspective, category management is a huge success and continues to grow in popularity.

Category management is based on the concept that retailers can boost results by managing themselves not as a collection of products, but of product categories. Instead of one storewide marketing plan, retailers realized they could improve sales by giving each category its own plan - including its own consumer research, pricing strategies and performance goals.

<http://www.business2.com/articles/mag/0,1640,46334,00.html>

IF Comment

While retail category management is no longer a new concept, it does provide an interesting example of how a channel principal can add value to its partners' businesses.

The performance of HarperCollins is directly impacted by the performance of partners such as the Borders Group. The interests of both parties are served by increasing sales to end consumers. The challenges for a channel principal include identifying its channel partners' critical success factors and ways in which it can make its channel partners more successful in business.

From the channel partners' perspective, trusting vendors (channel principals) with category management will help to lower costs but partners should regularly engage in verification of that trust. Channel partners need to develop and implement processes that enforce accountability to ensure market positioning. The bottom line for channel partners - Let them manage it, but make sure you measure it.



IF Consulting

Marketing Channel

Strategy Consultants

Maximizing shareholder value
through creating the best routes
to market

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Snippets

Computer giant Dell has done a deal with department chain Sears, Roebuck and Co. to sell its PCs in ten stores, according to the Wall Street Journal and Reuters this week. The stores-within-a-store will not stock the PCs, but will allow customers to test-drive possible systems, then either phone or order from an online kiosk.

<http://www.informationweek.com/story/IWK20030130S0005?lic=forbes>

Women are naturals at going global: they are starting businesses at twice the rate of men and becoming a major force both in the traditional and the new global e-business marketplace. This article outlines five reasons why women are indispensable in international business.

<http://www.marketingprofs.com/3/delany10.asp>

Online bank ING Direct, has gained a profitable foothold in the United States by attracting customers fed up with the minuscule interest rates offered by most banks. ING Direct products have become increasingly attractive as investors bail out of the declining stock market, only to discover the puny interest rates that banks are paying on savings accounts or money market funds.

<http://www.nytimes.com/2003/01/30/business/30ADCO.html>

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