

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

March 21, 2003

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.

### Virgin's dispute with partner ends in court

An ongoing dispute between Virgin and T-Mobile came to a head this month with Sir Richard Branson's company commencing legal proceedings against its German partner for breaches of their joint venture agreement.

It is believed that for many months the German carrier T-Mobile, which carries all of Virgin Mobile's calls, has wanted either full control of the venture or to terminate it. It has been suggested that the German company's executives were not happy with the terms of the original agreement, which was drawn up by the previous management.

Executives from T-Mobile had sought to reduce the series of payments their firm makes to Virgin as part of the joint venture's contract. It was suspected that these cuts would act as a catalyst for T-Mobile to gain control of the joint venture.

Both parties have tried to keep the dispute out of the public eye. This is the first time that Virgin has been in court with a partner company and it is believed that Branson is sad about the situation.

<http://www.observer.co.uk/business/story/0,6903,910207,00.html>

### IF Comment

Many large organizations have partnership agreements that generate substantial revenues. In this tough business climate that revenue becomes all the more important. What makes this case between Virgin and T-Mobile interesting is that for the first time in its history Virgin, a company that depends heavily on corporate partnerships, has ended up in court with one of their partners. Every company wants to avoid this from happening.

It is important that companies understand who they are getting into bed with before starting a partnership. In this case both companies really need each other. T-Mobile wants to grow its market share in the UK in order to catch market leader Vodafone, while for Virgin mobile telephony is a great way to extend its brand. In this case, it appears that as the channel partner's management changed, so did their strategic objectives and/or their financial goals

It is important when developing a marketing channel strategy that all parties benefit substantially and equally, so that neither party will want to terminate the agreement prematurely. Also, it is vital that the agreement allows the flexibility for both partners to make changes at specific intervals to reflect and adapt to ever-changing market conditions.



Marketing Channel  
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Maximizing shareholder value  
through creating the best route  
to market

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## Snippets

In an attempt to reduce losses and tackle pharmacy franchising rules that prevent it from offering a full product line, New Zealand beauty product e-tailer Beauty Direct is giving its business a makeover.

<http://www.nzherald.co.nz/business/businessstorydisplay.cfm?storyID=3250672&thesection=business&thesubsection=ebusiness&thesecondsubsection=internet&thetickercode=BDO>

Many of Microsoft's European channel partners were honored at the company's recent annual developer conference. Partners were rewarded for their work with Windows CE .NET or Windows XP Embedded. Microsoft said that Windows Embedded channel partners assist companies to deliver smart, next-generation devices to market quickly.

<http://www.channelbusiness.com/articles/newsroom.asp?node=1+&ArticleID=10259>

UK retail giant Marks & Spencer is set to launch a nationwide credit card scheme that will make it one of the biggest issuers in Britain and double its profits from financial services within four years. A recent trial demonstrated that there is a huge demand for an M&S card that can be used like an ordinary credit card with other retailers. The card will also form part of the M&S loyalty program.

[http://www.thisismoney.com/20030309/nm60190\\_s.html](http://www.thisismoney.com/20030309/nm60190_s.html)

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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>