

Welcome to IF Consulting's weekly e-mail newsletter

April 11, 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.

Milk, bread, potatoes and insurance

Supermarket giant Asda is set to offer home, travel and motor insurance to its customers as it prepares for a major assault on the financial services market. Rivals Tesco and Sainsbury have operated successful insurance businesses for close to a decade and now the Wal-Mart owned Asda is keen to enter the market.

Underwritten by Norwich Union, the scheme will target Asda's 11 million customers. The supermarket is also looking into offering credit cards and personal loans.

According to the company's director of financial services David Rutley, Asda will offer "hassle-free insurance at Asda prices". The company believes that the low cost of its product will give Asda a competitive advantage over its main rivals, Tesco and Sainsbury.

<http://www.datamonitor.com/~5557df7574f24666bf2c7a296c321084~/financial/news/product.asp?pid=B821B50E-7B2E-47FE-82FB-3F1E148CC6FA>

IF Comment

Many years ago, retail giant Sears, known previously as Sears Roebuck, pioneered the sale of insurance via a retail chain and that pioneering work resulted in Allstate Insurance. The latest player entering the insurance market, ASDA, may cause insurance distribution channels to be turned on their heads

While Sainsbury's and Tesco's offer insurance, the enormous size and buying power of ASDA's owner Wal-Mart may well introduce a new dynamic and one which is very worrying for insurance agents, brokers and the industry. If as the above article says, Wal-Mart's ASDA enters the credit card and personal loan business, it may force financial institutions to look hard at their distribution channels.

That the insurance industry is heading for trouble is evidenced by Australian failures such as HIH Insurance, once a massive company, and the reduction in the share price of AMP, Australia's largest insurer, from over \$20 to under \$8.

Snippets

Yesterday, RAMS Home Loans, one of the largest non-bank originators in Australia, took action against the diminishing margins in the home-lending business and announced a marketing channel restructure.

<http://www.smh.com.au/articles/2003/04/10/1049567811709.html>



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Canadian retailers that offer a home delivery service are claiming a boost in business as consumers try to stay at home, away from crowds, to try and avoid the possibility of contracting severe acute respiratory syndrome (SARS).

<http://www.globeandmail.com/servlet/ArticleNews/TPStory/LAC/20030402/RRETA/TPBusiness/TopStories>

With cable, telephone and wireless companies competing to supply high-speed Internet access to homes, the real threat may come from decidedly old technology - ordinary electric power lines. It has been claimed that power lines could be a competitive alternative to digital cable, telephone digital subscriber line and wireless efforts to connect homes and Internet service providers.

<http://www.nytimes.com/2003/04/10/technology/10POWE.html> (free subscription required)

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