

Welcome to IF Consulting's weekly e-mail newsletter

April 17, 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.

RAMS to franchise loans in drive for growth

One of the largest non-bank mortgage originators in Australia, RAMS, announced last week that it plans to set up 50 franchises around the country in the next 18 months. The move is aimed at fueling the growth in the company's AUS\$6.5 billion lending book.

RAMS plans to set up territories from which the franchisees can originate home loans, with the franchisees picking up overheads such as rent and wages, but with no advertising levy. The move occurs at a time when many smaller lenders are struggling to compete on price, following the entry of numerous competitors into the market over the last decade.

Another major mortgage company, the Aussie group, has remodeled itself, from being a pure mortgage originator into a mortgage broker. In many cases, banks have placed a moratorium on bank closures to try and retain a face-to-face presence for their customers.

Chief executive of RAMS, Charles Weiser, said the company would continue to sell loans through the variable cost channel of mortgage brokers as well as offer customers loans from a panel of different lenders.

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

IF Comment

Could an effective marketing channel provide differentiation in the market place? Absolutely!

The article above illustrates an example of an attempt at achieving differentiation in the market place through branded marketing channels. In this case, we are looking at a franchising led differentiation strategy.

An increase in the level of competition generally drives the demand for increasing market coverage. At the top end of the spectrum, intense competition will intensify the demand for increased market coverage together with a higher quality customer experience. The positive relationship between the quality of coverage and face-to-face interaction with customers has led to a moratorium on branch closures by banks and the need for franchises by other lenders.

Owner-operator effect and rapid expansion with reduced capital costs are some of the key benefits of franchising. Owner-operator effect introduced by franchisees could enhance the quality of the market coverage, but astute management of channel conflict and effective implementation of a well-designed franchise program are the necessary accompaniments.



IF Consulting

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@if.com

www.i-f.com

USA

Europe

Australia

Latin America

Channel partners play a significant role in the moment of truth that could be described as the 'king-maker'.

Snippets

According to Lakas Rep. Prospero Nograles, an administration lawmaker, the Filipino government has been losing hundreds of millions of pesos in revenue because franchising companies have understated their sales in order to evade payment of correct taxes. In addition, Nograles alleges that some franchisors do not forward the correct amount of value-added tax payments to the Bureau of Internal Revenue, which they charge to the account of their franchises.

http://www.abs-cbnnews.com/abs_news_body.asp?section=Business&oid=20701

Microsoft and Sony share the vision that playing video games over the Internet will become as popular as e-mail or instant messaging, but has the potential to make much more money. The games have begun, with both major players gathering allies and trying to capture the loyalties of game designers. However, the companies are going about achieving their aims in very different ways.

<http://www.ecommercetimes.com/perl/story/21275.html>

Along with many other proprietors of photo stores, president of Oregon Photo and Digital, Wayne Welch, now admits that digital photography has not made photo retailing obsolete, as originally predicted by the industry. "Digital photography and the Internet have opened possibilities we never dreamed of," Mr. Welch said.

<http://www.nytimes.com/2003/04/14/technology/14PHOT.html> (free registration required)

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>