

Welcome to IF Consulting's weekly e-mail newsletter

May 2, 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.

Apple aims to stem music industry rot

Last week Apple Computer Inc launched its much-awaited online music service. Apple believes that the iTunes music store simplifies the process of buying music on the Internet and is cheap enough to compete with file-swapping sites the record industry blames for its diminishing profits.

In a recent statement, Chief Executive Steve Jobs said "Consumers don't want to be treated like criminals and artists don't want their valuable work stolen. The iTunes Music Store offers a groundbreaking solution for both."

Apple's online music service will feature more than 200,000 songs from the top five music companies. Record industry executives hope that this offering from Apple will entice users away from the file-sharing Internet services that have been blamed for the ongoing slump in CD sales.

<http://money.cnn.com/2003/04/28/technology/apple.reut/index.htm>

IF Comment

Digital distribution has always represented a stronger opportunity for certain products. Clearly music, which can be digitally stored, has been a prime candidate for digital distribution since the dawn of the Web. The issue has always been the fact that free music could be obtained from the web and therefore record companies and many artists saw the web as an enemy rather than an opportunity.

The US99c a song offer from Apple sounds like a good offer, although if one thinks about it making a CD of between 8 and 14 songs will still cost as much as buying a new one. The convenience, from a consumer's perspective, will be in being able to download only the songs one is interested in and the fact that, unlike some of the other online music services, there is no subscription fee.

We have always said that the web and, more in general, e-commerce, is just another channel and it should be treated as such. Will the Apple's venture be successful? Like any other new business concept, its success will depend on a variety of factors which include the extent to which the concept meets and satisfy consumers' needs and/or requirements, pricing, customer service and branding. The channel is part of the mix of factors and as long as it is evaluated and considered part of the overall value proposition, then at least one is not making the mistake of building a business model around a technology, but of using a technology to meet a need.



IF Consulting

Marketing Channel

Strategy Consultants

Maximizing shareholder value
through creating the best routes
to market

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Snippets

A jury in the Los Angeles County Superior Court has awarded a former McDonald's franchise owner \$16.5 million, agreeing with her claims that the fast-food giant defrauded her when it pressured her to sell her outlets. McDonald's spokesman William Whitman said the company would appeal. "The facts and the law simply do not support her claims," he said.

<http://www.guardian.co.uk/uslatest/story/0,1282,-2621139,00.html>

This week, the Daily Planet Ltd became the first brothel to list on the Australian Stock Exchange. The company has plans to open a "sex Disneyland" in Sydney and also considering franchising the Daily Planet within Australia with likely venues in Perth, Brisbane, Sydney's western suburbs and a second venue in Melbourne.

<http://www.theage.com.au/articles/2003/04/30/1051381985197.html>

New-York based online commerce company USA Interactive said that sales for its travel sites have been increasing significantly. Sales at Expedia, the world's largest online travel service, rose 71 percent over the past year to \$198.8 million. Revenue at Hotels.com, which sells hotel rooms via Web sites, rose 67 percent.

<http://www.iht.com/articles/95020.html>

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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>