

Welcome to IF Consulting's weekly e-mail newsletter

May 16, 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.

Airline shuffles marketing channels

American Airlines announced earlier this month that it would no longer issue paper tickets for e-ticket-eligible domestic itineraries through its reservations, airport ticket counters, Travel Centers and its AA.com Website. Paper tickets are still available for a fee through travel agencies and through American Airlines if the itinerary involves international travel. However, the fee for paper tickets issued by travel agents in the U.S. or Canada for e-ticketing eligible travel has increased to \$50 from \$25 a ticket.

The airline believes that it has eliminated the need for paper tickets for domestic travel and has implemented agreements with 10 other domestic carriers. It expects the deals to enable easier transfers between carriers when travel plans are changed because of weather delays or other unforeseen circumstances.

http://biz.yahoo.com/djus/030501/1153000693_1.html

IF Comment

The change American Airlines has made to its ticketing procedures is yet another example of how important it is for business people to understand marketing channels. American Airlines' move to e-tickets has far greater implications than just forcing passengers to adopt a totally new method of relating to the airline. It also has an effect on what was once the airlines' most important distribution channel - travel agents. Instead of the airlines paying travel agents commission for selling tickets, the cost of having paper tickets issued will now be borne by passengers and the travel agent's only role could well be to sell international travel and package tours

In addition, any frequent traveler knows that occasions arise where tickets have to be transferred from one airline to another, such as in the case of equipment breakdown or other delays. Despite Americans' assurances that airlines have agreements to recognize each other's e-tickets, experienced travelers know there is even difficulty when paper tickets need to be transferred.

It's also on the cards that aggressive, low cost airlines may use paper tickets to create a competitive advantage over those that insist on e-tickets only.

The AA story is further evidence that changes in distribution channels will continue to have marked effect on business at all levels.



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

Snippets

The UK-based John Lewis Partnership has clinched a deal to put Costa coffee shops into Waitrose supermarkets. With 300 outlets, Costa is the largest branded coffee shop business in the UK. It is understood that the John Lewis Partnership, which runs Waitrose stores, is preparing a number of its sites to trial the coffee shops in response to similar moves by rivals.

<http://www.thisismoney.com/20030511/nm62804.html>

The world's largest photography company, Eastman Kodak Co., and Hewlett-Packard Co. have dissolved a three-year-old venture to make digital picture-developing machines. The companies had said the deal could generate as much as \$1 billion in revenue by 2005 but have now separately decided to focus on other opportunities

<http://www.iht.com/articles/96512.html>

Although consumers aren't actually buying big ticket items like homes and cars online, recent research by Nielsen/NetRatings suggests that people are using the Internet for just about every other aspect of the purchase process.

<http://www.emarketer.com/news/article.php?1002221>

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>