

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

May 30, 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.

### ING banking on direct success in UK

Dutch retail bank ING has recently launched an online banking operation, ING Direct, in the UK. The ING Direct model has already enjoyed much success in other countries; however the UK market may prove a more difficult one to crack.

The direct bank hopes to shake the market up by entering with a highly competitive savings account interest rate. The attractive rate is designed to entice customers to join the bank so that larger profit generating products, such as mortgages, life insurance and loans will be bought by existing customers in the future. In addition, if the savings account succeeds, the bank is likely to introduce a current account to compete in the already tough market that exists amongst UK banks on the high street and online.

Although the ING Direct model has been proven in seven other countries, the UK retail banking market is one of the most competitive in Europe and ING's new entry will be taking on a number of well-established online banking heavyweights. The entry of Zurich Bank into this tough market at the beginning of 2002 and its subsequent exit in October 2002 is testament to the difficulties that can be faced by new entrants in the UK.

<http://www.datamonitor.com/-a8769e4219464ca1b510b2348cb6a3bd~/technology/news/product.asp?pid=2EA34149-001D-4A2C-A0CA-46C3A2FAF65E>

(Because of its length, you may need to cut and paste this link straight into your Web browser's address bar)

### IF Comment

It will be interesting to see how ING Direct's entry into the UK market will evolve.

ING Direct can certainly leverage years of successful experience with its direct business model in several countries. However, as e-commerce investments are slowing in the financial sector many traditional retail banks have been rethinking their retail banking strategies and have done a

lot of work around channel integration, redesigning the branch networks and testing alternative retail management formats (including franchising). The consequence is that some UK retail banks have made a lot of progress in terms of optimizing efficiency and maximizing profitability by properly integrating all the different channels to market.

Concurrently, several UK retail banks have begun focusing once again on their branches as the main source for business, and are reversing their branch closure programs. This is because they have found that branches are the most cost-effective way to acquire new



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customers, rather than using the Internet which is seen more as an additional channel to service existing customers instead of bringing in new business. Obviously, since the branch networks had been virtually neglected over the past few years issues have arisen. It will therefore be interesting to see how the ING Direct business model will perform in this new banking environment.

## Snippets

The master franchise holder of Domino Pizza in Malaysia, Dommal Food Services, is banking on a significant investment in its website and online ordering facility to boost pizza sales by a single digit percentage over the next 12 months.

<http://biz.thestar.com.my/news/story.asp?file=/2003/5/28/business/hhdomino26&sec=business>

Forced to operate tight IT budget environment, technology industry channel partners are getting customers to loosen their purse strings by offering creative financing options.

<http://www.crn.com/sections/coverstory/coverstory.asp?ArticleID=42164>

Australian franchisor Brumby's Bakeries has decided against listing on the Australian Stock Exchange and will internally fund an ambitious growth plan to open 230 shops over the next five years. The company has also asked its franchise owners to help for a new multi-million dollar advertising campaign.

<http://www.theage.com.au/articles/2003/04/30/1051381997932.html>

## 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>