

Welcome to IF Consulting's weekly e-mail newsletter

June 6, 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.

Manufacturers mess up marketing channel strategy

Executives at a recent forum conducted by technology publication CRN said that manufacturers are ruining their marketing channel strategy with last-minute, one-off deals that hurt distributors, resellers and even the manufacturers themselves.

In many instances, channel partners were close to finalizing their transactions with customers when a vendor suddenly offers better product pricing, while giving the channel partner an agent fee. This action is both unnecessary and destructive, as it undercuts margins to all parties, including the vendor.

"The supplier has got to stop taking the resellers directly as agents for spot transactions. It blows holes in the model," said Steve Tepedino, president of Avnet Hall-Mark, an Arizona-based distributor. "When a supplier comes in because of an eleventh-hour reason, whether it's economics or strategic or whatever, and takes the deal direct, it undermines the whole notion of an integrated channel. Most of our partners do some of that, and they all operate in a very similar kind of eleventh-hour fashion."

<http://www.crn.com/sections/coverstory/coverstory.asp?ArticleID=42048>

IF Comment

Channel management mantra is similar to many other 'common-sense mantras' – employ selectively, empower adequately and evaluate objectively.

Hire partners with the right attitude, provide them with training to strengthen the required skills and leave them to do their job. Follow this with regular and transparent performance evaluation, communicate the findings of this evaluation to the channel partners and encourage appropriate behavior.

It is essential that the channel structure be carefully planned as establishing an effective channel partner network requires investment in time and resources. Choose your channel to market judiciously. If your situation demands an agent and not a reseller, then build an agent network. Hiring a reseller and then treating him like an agent in most cases will result in undesirable outcomes.



Marketing Channel
Strategy Consultants
Maximizing shareholder value
through creating the best routes
to market

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Snippets

ExecuTrain Corp. an American-based company offering computer certification and training courses in 230 locations in 35 countries is trying to honor the training and courses owed to students by an unsuccessful franchisee.

<http://www.bizjournals.com/orlando/stories/2003/06/02/story3.html>

Barely surviving the dot com crash a few years ago, three of China's largest Internet companies have found the key to profits, for the time being, is short text messaging. The companies charge subscribers about US\$1.50 a month for updates on anything from football scores to new cases of SARS, then share the revenue with mobile-phone operators.

http://www.businessweek.com/magazine/content/03_19/b3832611.htm

According to a report released this week by the Business Software Alliance, the global software piracy rate declined slightly last year to 39 percent, but the use of illegal software climbed to 71 percent in Eastern Europe, home to some of the highest piracy rates in the world.

<http://www.ihf.com/articles/98484.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>