

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

July 18, 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.

### Franchise model key to success in SME e-business market

Large technology vendors and consultancies appear to have either ignored the SME sector because it lacks the economies of scale needed to attain maximum profitability, or their channel management has failed to meet the demands and expectations of this market. Despite these problems, the SME sector seems to recognize the potential of the Internet to develop and extend their capabilities through e-business.

The potential of SMEs to tap into the power of e-business has seen the development of Spear IT, a technology business franchise that aims to solve the specific problems this market experiences. Although the company has developed a range e-business products and services specifically priced and targeted at the SME market, its success can be attributed to its implementation of a franchise distribution model.

Through this model, the company brings products and services of nationally consistent quality, via locally based franchisees who deliver individually designed and tailored services and advice. This model tends to be more attuned to some of the specific business and cultural challenges of the SME market and can therefore offer more personalized solutions

<http://www.it-director.com/article.php?articleid=10981>

### IF Comment

Effectiveness of a channel depends on the fit of the channel with the target customer segment. A customer segment is nothing more than a collection of customers with a shared set of needs and a common understanding of the most suitable solution. Channel management should be built on an understanding of the 'human element' of the customer segment and its impact on the willingness to change.

Focusing on the 'human element' enhances the probability of finding a workable solution to a problem. Rate of adoption of new products and/or technology depends on the incremental value delivered by the product, but passionate and complete adoption relies on the willingness of the customer to change.

Willingness to change is a 'human element' and its management demands a human perspective. Quantified product benefits can facilitate the acceptance of the need to adopt; however, the articulation of product benefits from a human perspective could enhance the rate of willingness to adopt. There can be little wonder as to why the technology business franchisor referred to in the article above is achieving success with its target market.



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## Snippets

Thai franchisors should look carefully at opportunities to trade in China, where economic expansion could lead to annual growth of 20%. According to figures collected by Export Consultants Co Ltd, a company which compiles data on global suppliers, the number of franchises in China rose 40% in 2001 and that around 61% of the country's top chain stores were operated under a franchise system.

[http://www.bangkokpost.com/160703\\_Business/16Jul2003\\_biz83.html](http://www.bangkokpost.com/160703_Business/16Jul2003_biz83.html)

A new study by research company AssetMetrix points to a high incidence of peer-to-peer (P2P) file sharing and the downloading of music, movies and software applications within corporate environments. The survey of more than 175,000 PCs at 560 companies in a variety of industries found that 77 percent of all corporations had file-sharing activity, and some had P2P activity on more than half of their computers. Recent legal action poses a potential legal and financial threat to companies that knowingly permit employees to download content illegally.

<http://www.ecommercetimes.com/perl/story/31130.html>

Shareholders of Starbucks Coffee Japan have approved the sale of alcohol at any outlet. Currently, the Starbucks Kobe outlet is the only Starbucks in the world that offers alcohol. The decision was made at the same time as the introduction of a series of new products aimed at reviving sales. Successful new products could translate to new offerings at Starbucks outlets across the world.

<http://www.datamonitor.com/~bec774926f9843d0bc97fb45efcf996b-/all/news/product.asp?pid=DECB747A-1B4A-409E-8C9F-917E7F663DA3>

(Because of the length of this URL, you may need to cut and paste it into the address bar of your browser)

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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>