

Welcome to IF Consulting's weekly e-mail newsletter

August 15, 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.

Lloyds banking on utilities

Lloyds has become the first UK bank to enter the British energy market. From August 15, new and existing current account customers will be able to sign up for gas, electricity and telephone services under the bank's Ideal brand.

According to research undertaken by Datamonitor, 8% of UK respondents would be willing to accept a utility service from their financial services provider. The Ideal brand is not well known and the 18% saving offered on the average bill is similar to that offered by other suppliers. However, Lloyds will be able to leverage branch traffic making the most of its opportunity to reach customers when they are consciously thinking about financial matters and savings in particular.

Peter Ayliffe, Lloyds UK executive director of retail banking, said: "Hundreds of thousands, if not millions, of UK consumers are paying over the odds for these essential services and we're using the strength of our buying power to get them a better deal. No other high street bank is providing this service, making this yet another compelling reason for customers to choose us."

<http://www.datamonitor.com/~7fc80bb54aaf464d9d033a00f0339585~/energy/news/product.asp?pid=C971235C-562B-4C1F-A38D-D4966D33CB68>

(Due to the length of this link, you may need to cut and paste the URL into your browser's address bar)

IF Comment

For many industries, technology and lifestyle changes have repositioned competitive focus from product quality to value-added services, with product quality being relegated to a hygiene factor. This competitive shift has relocated the consumers' 'moment of truth', i.e. the point at which consumers first judge their interaction with suppliers, from product experience to their experience with value-added services. The 'moment of truth', or experience, helps consumers decide on their next course of action.

Marketing channels are the route to market i.e. consumers. An effective route to market should include 'moments of truth' for one or more consumer segments. Marketing channel design should be based on an understanding of existing competitive focus and location of the 'moments of truth'.

Competition within the energy industry has migrated to the value-added services arena. Hence, channel design needs to consider 'moments of truth' attached to the value-added services. However, the question remains, is the banking channel the most effective (of the available) channels at managing the utility consumers' 'moment of truth'?



Marketing Channel
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Maximizing shareholder value
through creating the best route
to market

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Snippets

Fast food giant McDonald's has been inundated with enquiries from entrepreneurs desperate to serve the first Big Mac in Iraq. The restaurant chain, known globally as a symbol of American cultural expansion and home to the best-known hamburger in the world, is not surprised by the level of interest, especially from dissidents keen to make their name back home. A company insider said: 'They have gone to other countries, become successful and want to go to Iraq and open a McDonald's.'

<http://www.thisislondon.com/news/business/articles/timid66552?source=>

Computer Associates (CA) announced this week that it will pay \$40 million to settle a breach-of-contract lawsuit filed by the Canopy Group Inc. and a software company it owns. According to the suit, CA sold Center 7 \$12 million worth of its software as part of the deal, which CA sales reps were supposed to resell along with Center 7's service. But CA never delivered on that promise, and left Center 7 "sitting on that \$12 million inventory," according to Center 7's general counsel Ryan Tibbitts.

<http://www.informationweek.com/story/showArticle.jhtml?articleID=13100139>

A Verizon customer in the United States has decided to single-handedly challenge the recording industry's demand to Internet service providers for the names of Web surfers who share music and video files online. To date, the Recording Industry Association of America (RIAA) has issued more than 1,000 subpoenas to ISPs. In complying with the subpoenas, service providers are under no obligation to inform their customers that their names are being given to the RIAA for possible prosecution for copyright infringement.

<http://www.ecommercetimes.com/perl/story/31346.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.

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