

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

August 22, 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.

### Cultural crossover: In search of a successful recipe

Us donut giant Krispy Kreme will make its official debut in the UK in October. Other manufacturers have experienced dismal failure while attempting to cross the 'cultural divide'. These failed experiments highlight the importance of understanding the cultural variations between different societies – an understanding that will be crucial to Krispy Kreme's success.

Krispy Kreme is preparing for the October opening of its first UK store at premier department store Harrods. The company has plans to open 25 shops in the UK over the next five years. Past failures in the same market, such as the failed attempt in the 90s by competitor Dunkin' Donuts', emphasize the difficulty of translating success across borders and cultures.

<http://www.datamonitor.com/~16be247f1191453bab1716bcb278de39~/consumer/news/product.asp?pid=87560006-278F-4E29-B3F4-7204A22A23AC>

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

### IF Comment

When it comes to entering international markets there is a fundamental difference between products and retail concepts. Products tend to travel quite well and there are many examples of successful international expansion - just think of all the global products and brands we have become very familiar with. In addition, if international expansion did experience a high rate of failure, globalization would be less of the phenomenon and hot topic than it is now.

Retail concepts are, however, a different matter. There are clearly examples of successes, but there are also many failures. When it comes to retailing, there are many more variables involved in the customer experience that can determine the success of the business. For example, customer service expectations, tastes and preferences relate to not just the retailed product, but also the store environment, merchandising and colors. These additional variables make it a lot harder to plan and predict if a retail concept will travel internationally. Krispy Kreme's plan to open 25 stores over 5 years is not aggressive. It's either based on the expectation that the concept will not be as attractive as it is in the US or on the desire to test and refine the concept before a stronger push. The message is that when planning to export retail concepts much more homework and testing is required.

### Snippets

Seven-Eleven in Thailand has altered its business strategy to increase differentiation between its stores and those of its competitors. The strategy involves joining with its suppliers to offer more exclusive products. The move reflects a policy to offer products under its FBO (First,



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Best, Only) concept, similar to many international hypermarket chains that offer house brands, however products will be developed through suppliers' brands to avoid conflicts with them.

[http://www.bangkokpost.com/210803\\_Business/21Aug2003\\_biz67.html](http://www.bangkokpost.com/210803_Business/21Aug2003_biz67.html)

Dell Computer's announcement that it will cut prices on many of its products this week will put the efficiency of its direct-sales model to the test. The move came on the same day that main rival Hewlett-Packard announced disappointing earnings. Specifically, Dell said it plans to slash price tags by up to 22 percent on enterprise, small-and-medium business and consumer products.

<http://www.ecommercetimes.com/perl/story/31390.html>

In July, direct lender and debt advisor E-LOAN commissioned a survey of licensed and practicing real estate agents across the US and found that 88% believe that online lending has given US homebuyers more loan options. Nearly 60% of respondents thought that online lending has made the mortgage lending process faster.

<http://www.emarketer.com/news/article.php?1002407>

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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.

<http://www.i-f.com>