

Welcome to IF Consulting's weekly e-mail newsletter

September 5, 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.

Companies tackle self-serving needs

Skyrocketing gas prices in the 1970s saw the demise of the full-service offering at the corner gas station. Customers decided that they were happy to pump their own gas in return for price reductions. A few decades later, labor cost-cutting is responsible for many businesses moving towards a self-service model. More and more local grocery and hardware stores are offering self-checkout.

According to a recent study conducted by research firm [IDC](#) for NCR Corp., nearly 70 percent of customers in five different countries said they would be likely to use self-checkout.

The Internet provides a very powerful self-service mechanism. Customers routinely seek in-depth sales information, user manuals and technical help. Many customers appear to prefer self-service, desiring their own time and space to research purchases, get answers to technical questions 24-7 and make decisions.

However, although self-service may seem like a golden opportunity for businesses, it is definitely not a cure-all. Before making a substantial investment in self-service solutions, companies must be able to ascertain whether they will be able to produce quantifiable, positive return on investment (ROI). Otherwise, they could simply be providing just another means of enhancing the customer experience

IF Comment

Self-service may well be a double-edged sword. Companies need to fully understand their customers before forcing self-service on them. While many consumers are happy to seek information on the Internet, there is little validation that they purchase the products they research and there is no further validation as to where they purchase.

Travel is an excellent example - travellers use the Internet to research their proposed travel, and then often use a travel agent. Nanocom, an internet company, managed to reduce its costs dramatically, but one would expect customers of an Internet communications software company to be 'net savvy anyway.

The Internet can also be used to reduce the costs required to serve a company's channel, while also improving support to, and loyalty from channel partners. Internet sites and on-line advertising can provide consumers with product and service information to aid them in their research and, if they're not comfortable buying on-line, direct them to your channel partner.

Dissemination of support material to channel partners can also be greatly enhanced by making part of the company's website accessible only to channel partners. If consumers wish



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

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to access this information, they're directed to the supplier's channel partners. Intranets have also enhanced the management of communications between the supplier and channel partners. Savvy suppliers, for example, have utilised their Intranets for the provision of manuals and product information to channel partners, ensuring access to the latest manuals and product information.

Snippets

With 34,000 restaurants already operating under its brands, Yum!, one of the world's largest global franchising networks is expanding its presence throughout Russia. Western chicken, pizza and burrito restaurants, including household names like KFC, Pizza Hut and Taco Bell, will be a common sight in Moscow with Yum! planning to open 120 restaurants in Moscow by 2010.

<http://www.themoscowtimes.com/stories/2003/08/29/045.html>

Franchising has increasingly become more important to the South African arm of Woolworths Holdings, contributing 10% of its total sales for the year to June 2003. Similar trends can be witnessed at Pick 'n Pay and Shoprite. In Woolworths case however, the franchise stores are largely restricted to selling textiles, with the group apparently in no hurry to increase the number of franchised food outlets.

<http://www.bday.co.za/bday/content/direct/1,3523,1415834-6094-0,00.html>

According to a recent report by Forrester Research, CDs and DVDs will become obsolete as consumers switch to downloads and streaming media to get their music, movies and other entertainment. The report stated that by 2008, legitimate Internet subscriptions and downloads will account for one-third of all music sales.

<http://www.ecommercetimes.com/perl/story/31490.html>

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