

Welcome to IF Consulting's weekly e-mail newsletter

October 10, 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.

Using marketing channel strategy to fend off digital pirates

More than one million subscribers to movie distributor Netflix order their DVDs online and request a delivery of few billion bits of data – not by digital means, but by receiving them via by the U.S. Postal Service.

Despite being the American home's obvious link to the digital world, the Internet simply remains too narrow for most people to use as a movie delivery service. Legitimate Internet movie-delivery options do exist, and unfortunately for the movie studios, so do less than legal file-sharing options, however these options are not feasible given the average household's current level of technology.

The movie industry feels reasonably secure at the moment with its anti-piracy strategy, where its major defense against pirates is the raw size of a digital movie (about four *billion* bytes, as compared to the four *million* bytes of the average digital song). However, existing strategies to fend off piracy will not work forever, already the twin tech trends of advancing compression techniques and faster Internet connections are eroding the head start the movie industry had.

http://www.forbes.com/business/2003/10/03/cz_sw_1003dvds.html

IF Comment

Here's a good example of multi-channel architecture. Consumers test or sample the product with the Internet channel and opt for delivery from another linked channel, even when delivery is available over the Internet.

Verifiable distribution (or delivery) of the product enables preservation of cash flow. Existing technology enables verifiable delivery of the product to the consumer, however, physical distribution may soon be outmoded. While designing channel architectures, marketing channel designers need to consider 'channel futures'. Marketing channel designers need to anticipate the channel patterns, design suitable channel architectures and develop appropriate channel programs.

Movie producers need to ask, 'What if the technology was to advance, enhancing the convenience of downloading movies from the Internet? What impact would such a development have on distribution verifiability and existing channel architecture? How would technological progress influence channel control? The answers to these questions are integral to the development of an effective marketing channel strategy.



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

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Snippets

Despite announcing revised fourth-quarter earnings last week, Sun Microsystems is implementing optimistic channel partner programs. The company's second alliance with Houston-based channel partner SchlumbergerSema commenced last week, a deal which provides pay-per-use utility computing to customers. This week, Sun's new deal registration program is set to begin.

http://www.crn.com/sections/News/Top_News.asp?RSID=CRN&ArticleID=44908

Microsoft will be depending on 100 marketing channel partners to deliver its new Customer Relationship Management (CRM) solution in the UK from the beginning of next year. The spectrum of channel partners the software giant will rely on ranges from pure resellers and application service providers to niche partners.

<http://www.crmbuyer.com/perl/story/31798.html>

A beta, or test version, of the revamped file-swapping service Napster debuted this week. The new online music store, Napster 2.0, gives users access to more than a half-million songs from all the major music labels, which can be downloaded for 99 US cents.

<http://www.nytimes.com/aponline/technology/AP-Napster-Reborn.html> (free registration required)

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.

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