

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

October 17, 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.

### Looking at unconventional channels to market

Over the past decade, large and small e-tailers alike have adopted fairly standard methods of doing business online. The basic model involves presenting a range of products, building a secure purchasing interface and advertising heavily to attract customers to their virtual doorstep. However, a new trend has emerged over the last couple of years, with some e-commerce companies profitably breaking the traditional mold.

A new breed of e-commerce mavericks are successfully adopting unconventional approaches through the use of subscription, broadband delivery of multimedia and refined auction models. One example of an unconventional e-tailer is the DVD rental service, Netflix, which charges a monthly subscription fee of US\$20 in exchange for unlimited rentals with no late fees.

According to analysts, the company is doing very well because it addresses customers needs. The rationale underlying the company's online model is that rather than developing an e-commerce idea and hoping it would be popular, Netflix started with its customers' needs and built a business model around them.

Although long-term success for these unconventional business models is uncertain, it is clear that there is no room since the dot-com bubble burst for businesses based on flimsy premises. Thus, with certain aspects in their favor, such as the plummeting cost of e-commerce software, the future for survivors is looking far more prosperous.

<http://www.ecommercetimes.com/perl/story/31832.html>

### IF Comment

It's possible that an unconventional approach delivers returns, but a marketing approach based on deliberately being unconventional is fraught with risks. Instead, resources should be dedicated to being customer focused (or rather customer obsessed), and whether the outcome is conventional or unconventional is irrelevant.

When you build a channel to market, it's important to announce it, promote it and advertise it; but before any of that it's vital to ensure that it meets the customers' needs and exceeds the convenience to customers offered by competitor channels.

Convenience drives customer loyalty, but convenience is a relative term. Services offered by a channel could only be described as convenient if the service offering is more convenient than the service offered by other channels. In an era of reducing cost of market entry, the way to customer loyalty is through better understanding of customers' needs and ongoing enhancement of the convenience offered by the channel to market.



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

IF Asia Pacific Pty Ltd  
An International IF Company  
ABN 38 970 704 536

390 St Kilda Road Melbourne  
Victoria 3004 Australia  
Telephone +61 3 9867 8822  
Facsimile +61 3 9866 3969

email [channels@if.com](mailto:channels@if.com)  
[www.i-f.com](http://www.i-f.com)

USA  
Europe  
Australia  
Latin America

## Snippets

The week, the world's largest coffee shop chain, Starbucks Corp., introduced a Visa credit card that will let shoppers earn credit toward the purchase of beverages, food and merchandise at more than 7,000 of the company's retail outlets.

<http://www.forbes.com/home/newswire/2003/10/13/rtr1107149.html>

Prudential Financial, the US based financial services company, has officially launched Dryden Wealth Management, its 'new' private client business focusing on the European and Asian private banking markets. Prudential hopes the move will improve international asset gathering and build on its fee-based business as well as diverting its main revenue stream from brokerage.

<http://www.datamonitor.com/~991f530f7e9248b99a4e631b0a11b61d~/all/news/product.asp?pid=2C05CCD0-5C6D-4EB1-AE7A-3887CE1A4B6F>

The South African arm of Seven Eleven is now offering prospective franchisees a new franchise option called a 'lease franchise', which allows the franchisee to run a store without investing money to purchase the business.

<http://www.cbn.co.za/issue/8280301.htm>

## 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.

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>