

Welcome to IF Consulting's weekly e-mail newsletter

October 24, 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.

Would you like a wireless connection with that?

Fast food giant McDonald's is currently trialling wireless connections in its North American restaurants. The wi-fi service will allow customers to work on their laptops while enjoying their burgers and fries. McDonald's has chosen four wireless providers in three U.S. and metropolitan areas and one Canadian metropolitan area to test how well their connections work in its outlets.

One of the wireless providers chosen for the pilot program is Texas-based Wayport. Wayport's wireless consultants regularly visit stores incognito, posing as customers, to test connectivity and dependability. The consultants also approach customers, the store manager and the franchise owner to discuss customer feedback and how well they are publicizing the service.

Wayport's consultants have found that the expectations of franchise owners, who each own on average 3.5 stores, about the amount of customer traffic wireless Internet access will bring to their stores are not always realistic. A spokesperson for Wayport said that McDonald's doesn't expect wi-fi to have a sudden impact on burger sales, but the company does feel that it is building a 'foundation for the future'.

<http://www.oaklandtribune.com/Stories/0,1413,82%7E10834%7E1711164,00.html>

IF Comment

When you partner with a channel, in the way Wayport has partnered with McDonalds for example, it is important to ensure that your product is suitably promoted. However it is equally, or possibly more, important to ensure that the channel partner has realistic expectations about the relationship. Long term relationships depend on realistic expectations. Unrealistic expectations more often than not lead to channel partner dissatisfaction, resulting in unwanted conflict, poor loyalty and, in some instances, the breakdown of the relationship.

To channel partners, the addition of complementary and unique products i.e. new products, represents the potential to increase sales. The quality of the Wayport product has the potential to increase McDonalds' sales. However, the introduction of new products should be handled with care. Enhancement of sales through new products relies on the quality of the product or service. Absence of the expected quality could adversely impact sales.

A number of questions are raised while examining the value of the partnership between Wayport and McDonalds. Weren't fast food outlets all about serving food fast and maintaining a sufficiently high turnover of customers, thereby generating higher revenue from the real estate? Would the partnership with Wayport result in customers spending more time at



Marketing Channel

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McDonalds? Would the increased time per customer spent at McDonalds surfing the net, working, etc. generate equivalent increase in spend per customer? Food for thought.

Snippets

US automotive heavyweight General Motors is focused on promoting cooperation with its three partners in the Asia Pacific region, despite admitting that its partnership with Japanese manufacturers has not always been successful. Success won't come easily though, as domestic players are also looking to revitalize their dealership networks.

<http://www.datamonitor.com/~7fe0b4d38827411687beecb845f276a1~/automotive/news/product.asp?pid=4C53A4C7-2668-4995-8017-FFEE42DD6B24>

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

A recent report by the Online Publishers Association (OPA) and comScore Networks, found that US consumer spending for online content in the Personals/Dating category soared to \$214.3 million in the first half of 2003. Personals/Dating has become the largest paid content category, accounting for nearly 30% of the total \$748 million that was spent for online content.

<http://www.emarketer.com/news/article.php?1002513>

The Mica group, the large independently owned DIY and lifestyle retailer has increased its number of stores in the UK to 184 and intends to expand its presence in Africa. Celebrating its 20th anniversary this year, Mica increased its store count in South Africa from 195 to 204 over the past financial year. A spokesperson for Mica said Africa offered a strong growth opportunity for the group but it would trade only on a royalty basis in regions that were deemed to be high risk.

<http://www.busrep.co.za/index.php?fSectionId=&fArticleId=267032>

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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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