

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

November 26, 2004

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

### No free ride for channel partners

New channel partners will soon be paying for the privilege of joining software supplier Novell's channel partner program. From next year, the Massachusetts-based company will be revamping the entry-level stage, the "Silver" level, of its three-part channel partner program, PartnerNet.

The changes to be introduced included a US\$295 annual program fee and the requirement that all Silver partners have at least one Certified Novell Salesperson on staff. One of the advantages of joining the program, according to a Novell spokesperson, is the access channel partners will have to the company's Software Evaluation and Development Library. Amongst other perks, the library provides partners with trial licenses for Novell software

The software supplier believes that the approximate value of the benefits offered to Silver partners is \$2,000. However, the company has also stated that there are still ways for any currently authorised channel partner who doesn't want to commit to the new arrangements to be part of Novell's channel community.

<http://www.crn.com/sections/breakingnews/breakingnews.jhtml;jsessionid=3LB01KRK2VOA0QSND BESKHA?articleId=53700953>

### IF Comment

Charging channel partners for participating in channel programs and receiving the associated benefits is common to franchising, less so in channel partner programs that are not a franchise. The two most common reasons put forward to justify charging channel partners are:

- ?? To recover part of the costs of administering and delivering the channel program, and
- ?? To enhance the perceived value of the channel program elements. This is an application of the principle that what is free is usually not valued

The issue companies most often encounter when making the decision to charge channel partners is how to assess the value of the channel program for the partners and how to introduce the charges.

In order to assess the value of the channel program, companies need to have an in-depth knowledge of their channel partners' profitability and operations to determine the impact that each channel program element can have on the channel partner's business. Unfortunately, companies often lack this information due to poor channel management and poor channel partners' metrics and performance monitoring. When this is the case, companies need first to build understanding of their channel partners' performance before deciding to charge for participation in their channel program.



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

USA  
Europe  
Australia  
Latin America

On the other hand, our experience shows that when the channel program is based on a solid understanding of channel partners' profitability drivers and operations it is often easier than expected to charge channel partners for the benefits they receive by participating in the channel program.

## Snippets

With expansion plans on the agenda, Avis Southern Africa has acquired the franchise for the Budget Rent A Car brand in Scandinavia. The rental and tourism company is part of the listed brand management group Barloworld. However, the Budget Rent A Car franchise for Southern Africa remains with McCarthy Motor Holdings (MMH), following many discussions with Avis over the future of the Budget franchise in the region.

<http://www.busrep.co.za/index.php?fSetId=263&fSectionId=563&fArticleId=2308032>

Franchise businesses in Indonesia have grown by 15 percent this year and are expected to continue thriving. Data released by the Indonesian Franchise Association (AFI) indicates that there are now 270 foreign companies, from restaurants, supermarkets and dry cleaners to educational institutions, which have franchised their businesses in Indonesia.

<http://www.thejakartapost.com/yesterdaydetail.asp?fileid=20041123.L05>

Luxury car dealership group Pendragon is banking on the good reputation of US vehicles in its latest expansion moves. The group is bringing the Corvette brand to the UK for the first time, and reintroducing Cadillac to the market. With exclusive retail rights to the brands in the UK, Pendragon has recently opened its first showroom for both brands.

<http://www.datamonitor.com/~e331573f711e475293a72bcdcf89a~/industries/news/article/?pid=51B6E987-53B8-4646-8656-EA645CC1F129&type=CommentWire> (Because of the length of this URL, you may need to cut and paste it into the address bar of your browser)

## 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>