

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

August 27, 2004

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

### Innovative channel strategy set to attract the gourmet set

US-based coffee giant Starbucks is about to infiltrate Canadian grocery stores in an effort to attract those consumers who would never normally venture into its cafes. In a partnership with Crossmark Canada, Starbucks will distribute eight blends of coffee through grocery stores. This deal marks the beverage company's first major entry into the Canadian grocery channel since it opened its first café there in 1987.

This announcement is the latest in a string of major developments for the coffee company. Starbucks also recently announced the establishment of its own music company that will market the recordings played in its cafes. In addition, the company has partnered with XM Satellite Radio for cross promotion purposes, and added salads and sandwiches to the menus of all of its US cafes.

Starbucks director James Peters believes that while the new distribution arrangement will reach new consumers, it won't take business away from the cafes. Mr Peters told the Vancouver Sun, "It's going to take our coffee into new places for new customers to have easy access to." The new grocery store arrangement is designed to appeal to gourmet coffee drinkers who might otherwise never visit a Starbucks.

<http://www.datamonitor.com/~bdc1a2f0b86d4e1eb46bc843058ef103~/industries/news/article/?pid=C1D4171B-8BCB-4B76-A3AB-C38D281F805E&type=CommentWire>

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

### IF Comment

Starbucks' entry in Canadian grocery stores represents an example of the use of channel strategy to expand one's market and increase sales. Channels represent the critical link between companies and customers. When a company wants to take an existing product or service to a new market segment, it should immediately consider its channel options and if they allow for the best product and market segment alignment.

The Starbucks case of selling coffee in grocery stores is a fairly obvious one, but in other cases the channel/market alignment and extension are less obvious or untested. The classical example is that of Dell when it started selling direct. No computer company had ever done it and the direct channel was untested. Creative thinking in terms of using new channels to reach new market segments can expand market coverage and open significant growth opportunities.

### Snippets



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



For those planning to franchise a business, digital mapping technology may help to unlock the complexities and mysteries of accurately allocating geographic territories. According to Michael Fullick and Mark Mahony, directors of a group which recently engaged the technology, "Digital mapping is crucial because it reassures franchiser and franchisee that a geographic territory has the potential to ensure a given volume of business."

<http://www.ecommercetimes.com/story/35886.html>

The message being spelled out at the Confederation of Indian Industry Construction Summit was clear: it is time for the construction sector to follow in the footsteps of the information technology sector and food retailers, and learn and implement the famed McDonald's franchisee model of expansion.

<http://inhome.rediff.com/money/2004/aug/26firms.htm>

McDonald's has reached an agreement to accept MasterCard PayPass, a new "contact less" payment option utilizing radio frequency technology at select McDonald's restaurants in the US. MasterCard PayPass cardholders can make purchases at participating McDonald's restaurants without swiping their card through a traditional card- reader. PayPass cardholders tap or wave the card on or near a specially equipped terminal that utilizes a radio frequency chip to complete a payment transaction.

<http://www.datamonitor.com/~4392e09caa9a4139adef7d67776fefa8~/industries/news/article/?pid=25C91738-56EB-4B2A-A323-D74E7EF95503&type=NewsWire>

(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>