

Welcome to IF Consulting's e-Newsletter

July 6, 2006

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

Playing the retail game

American Apparel's newest store is a little different to the 43 the clothing chain has opened over the last year – it doesn't really exist. The latest offering exists only in the online game, Second Life. Although this is not the first company to discover the virtual game, this venture is the first time a real-world retailer has opened a virtual shop for virtual people.

The retailer, which prides itself as a socially conscious, anti-sweatshop clothing line, doesn't expect to make a profit from the venture. Almost two hundred thousand "residents" in the game use a game currency known as Lindens to rent space, build businesses and offer services. Players can also purchase Lindens with real-world money, and although a token sum will be charged for clothing, the prices are not yet set.

"Part of the fun of the game is creating characters to look like a model of yourself or to become something fantastic, like monsters or robots or pixies," says Raz Schionning, American Apparel's Web director. "People like us for what we stand for, so they'll have the chance to dress their characters in our clothes."

Initially, about 20 styles will be available through the virtual store, and Second Life residents may be offered real-world promotions and discounts from American Apparel. The company believes that, through a link to the online store, this marketing tactic may boost actual sales.

http://www.forbes.com/2006/06/14/american-apparel-retail_cz_ph_0614secondlife.html?partner=e-commerce_newsletter

IF Comment

Is virtual reality the location of your next conference call? Or store opening?

Below the radar, online environments have been developing from gamers' novelty to business tool. The 'Wow!' factor leapt over the last four years as Sony's EverQuest, a 3-D massively multiplayer role playing game, introduced a new level of verisimilitude. EverQuest users generated an online currency with a floating real world exchange rate. As night follows day, gamers soon faced online counterfeiting and inflation, with corresponding tangible losses in the real world.

Second Life has gone several steps further. It is a full ecosystem that can be used as a business tool: for movie premiers or store openings, as the article describes and it has even been used as a forum for business meetings. Like a next generation conference call, instead of several voices on a speakerphone, in Second Life the participants are represented by online 'avatars' with access to electronic documents.



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Snippets

Thirty-three former franchisees of Benjys are suing the company, claiming "damages resulting from misrepresentations and/or repudiatory breaches of contract by the defendants". The "vanchisees" operated vans that sold hot drinks, snacks and sandwiches to office workers. Keith Bate, a claimant, said: "It was a very good idea. The van was like a mobile shop, complete with fridge and oven and cappuccino machine. We'd then go to office car parks and set up shop." However, he is claiming damages of £50,000, alleging that the vans failed to work properly and that Benjys' business model was unsustainable
<http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2006/06/29/cnbenj29.xml&menuId=242&sSheet=/money/2006/06/29/ixcity.html>

The Australian Federal Government will review key sections of the franchise industry's governing code of conduct. Fran Bailey, Minister for Small Business and Tourism, said that there had been a number of concerns raised over the last few months regarding the adequacy of the disclosures section of the Franchising Code.
<http://www.theaustralian.news.com.au/story/0,20867,19671693-5001942,00.html>

American Express has teamed up with prestige carmaker BMW to launch a jointly-branded credit card offering in the United Arab Emirates and Bahrain. The chip-enabled card gives holders access to a range of benefits under a rewards program that runs in conjunction with BMW.
<http://www.datamonitor.com/~2951dcbe0ad64278a2d9a91ac94937f3~/industries/news/article/?pid=3341FD2D-38E6-4A8D-8994-E110BCB64640&type=NewsWire>

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