

Welcome to IF Consulting's e-Newsletter

October 2, 2006

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

The importance of good relationships

A recent report by *CRN*, a magazine dedicated to channel partners in the IT industry, singles out "ease of doing business" as the most important factor in marketing channel relationships. The *2006 CRN Sourcing Study* found that although both price and availability were important considerations, what channel partners want above all else is a supplier that is easy to work with, and takes the time to forge relationships with its customers.

The report highlights the characteristics of both good and bad suppliers. Calls that go unanswered, high turnover among sales representatives and inconsistent availability spoilt relationships with channel partners. "You always want to make more money, but spending one or two points more to get the service and product on time is worth it to me," said Jay Hakami, president of Sky IT Group, New York. "Being in the VAR services business, we have relationships with our clients and we want strong relationships with our suppliers."

<http://www.crn.com/sections/special/reports/sourcing.jhtml;jsessionid=V4LSVIOSTNJQKQSN-DLOSKHSCJUNN2JVN?ArticleID=193001001>

IF Comment

The findings of this study, although industry specific, don't surprise us. Ease of doing business has long been recognised as one of the three critical components comprising the channel value offer or proposition, the other two being margin and support. In some industries product supply and availability is often a fourth requirement.

Ease of doing business can have a significant impact on channel partners' bottom lines as it can drive both revenue growth (by, for example, providing faster response time to customer queries thus beating the competition) and cost reduction (by, for example, simplifying order processing and tracking).

Manufacturers and suppliers can also benefit from improvements in their channel relationships. Increasing the channel partners' sales increases the company's sales and reducing the channel partners' cost of doing business reduces the pressure that channel partners will place on getting better margins and terms. Finally, ease of doing business improvements can increase the channel partner's switching costs, thus creating longer-term loyalty and commitment.



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through creating the best route
to market

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Snippets

OOPS! An misdirected link crept into our last newsletter. The correct link for the snippet on the Mail Box Etc dispute is:

<http://www.chron.com/cs/CDA/printstory.mpl/business/steffy/4112507>

We apologise for any inconvenience

The UK's largest insurer, Norwich Union, has linked up with eBay to launch online insurance hub. The hub, which follows on from the success of a previous joint venture, will cater exclusively for eBay users

<http://www.datamonitor.com/~ffd41b603e1940d187960418dcdf51cb~/industries/news/article/?pid=69D0F636-2271-4A3E-9A72-E193713C930E&type=NewsWire>

According to industry analysts, the days are numbered for video rental stores which are facing increasing pressure from subscription services such as Netflix and the growing popularity of DVD rental kiosks.

<http://www.franchise-uk.co.uk/franchise-news-article-84448659.htm>

A new breed of real estate brokers is using technology to reduce costs and save time. Rather than find and recommend homes, these brokers get their customers to use the Internet to do their own research. The brokers can then charge less for the services they do provide, chiefly handling the paperwork and negotiations.

<http://www.nytimes.com/2006/09/03/business/yourmoney/03real.html?ex=1158638400&en=5933e89f058763a1&ei=5070>

Share the Knowledge

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IF Consulting publishes "Our View", a review of topical marketing channel issues. Samples are available on our website.

IF Consulting is a leading international marketing channel strategy consulting firm with over 35 years' experience in a vast number of industry sectors. See our website for further information.

<http://www.i-f.com>