

Welcome to IF Consulting's e-Newsletter

October 16, 2006

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

The power of peers

The "Age of Peer Production" is the latest in a line of milestone eras that have progressively been fueled by faster, cheaper, and more widely available methods of production. Following on from the significant transformations created by steam power, the Second Industrial Revolution and the Information Age, the latest era relies on volunteerism to keep the wheels of production turning.

Some of the most successful Web companies in the world are building business models based on user-generated content. Internet heavyweights such as Amazon.com and MySpace are relying on "armies of amateurs" to drive their success. Tools go beyond photo and video-sharing, customer reviews and the trail of clicks each user makes that helps companies refine their offer. The real transformation lies in the intentional work millions do to populate the web – mostly for free. Knowledge is no longer lost, businesses that have found a way to harness the wisdom of the crowd is revolutionizing our culture.

<http://wired.com/wired/archive/14.07/people.html>

IF Comment

The article highlights the phenomenon of volunteer-created content driving the success of some of the highest-profile sites on the Internet: Amazon.com, MySpace, craigslist, Flickr, wikipedia, and the numerous citizen journalism blogs. To this list could be added open-source software such as Linux and OpenOffice. 'An Army of Davids,' a much-discussed 2006 book by uber-blogger Glenn Reynolds, makes many of the same points.

These volunteer-built colossi can and sometimes do attract real money. Google just acquired YouTube for US\$1.65 billion in stock. Barry Diller's IAC bought the raunchy CollegeHumor.com site for an undisclosed sum believed to be in excess of US\$20 million. Reports indicate that Yahoo! offered to buy Facebook for almost US\$1 billion (and were turned down by Facebook's 22-year-old Harvard dropout CEO).

However, these purchasers may discover that leveraging these exciting new tools may also open exposure. MySpace has gained renown as a happy hunting ground for sexual predators and as a web host for potentially libelous parody sites. YouTube has recently come under fire for one-sidedly censoring some political content, even though the video clips adhere to the YouTube terms of use, which ban such things as obscenity and graphic violence. And a Florida jury recently awarded US\$11.3 million in damages to a woman for comments on an open Internet message board.

Firms taking on this new supply of Internet content must be aware that the scalability of the Internet means potential audiences in the billions, but that exposure can be positive or negative. Processes for managing the risk of inappropriate content cannot be neglected.



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Maximizing shareholder value
through creating the best route
to market

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Snippets

Reducing operating costs is the reason that Thailand's Minor Food Group is planning to expand through franchising rather than investing in its own stores. Currently operating about 500 restaurants under five brands in Thailand, MFG will increase the number of franchises of The Pizza Company and Swensen's to 60%, up from 40%, over the next three to five years.

http://www.bangkokpost.com/061006_Business/06Oct2006_biz46.php

Two Montreal businessmen are suing one of the country's largest fast-food franchisors for nearly US\$2.5 million, claiming they were misled when buying a La Cremieri ice cream and frozen yogurt franchise. The plaintiffs are claiming that MTY representatives made false and misleading statements about the past and projected sales figures, and that MTY also failed to disclose that it was planning to open another La Cremieri outlet only 350 feet away from the plaintiffs' store.

<http://www.canada.com/montrealgazette/news/business/story.html?id=bb541c43-ac35-495a-9e01-0bef2c266e29&k=28347>

According to Cisco Systems' channel chief, the computer networking vendor is planning a major overhaul of its channel education strategy in order to bring more focused training to its channel partners.

<http://www.crn.com/sections/channelbusiness/channelbusiness.jhtml?articleId=193302511>

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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.

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