

## Welcome to IF Consulting's e-Newsletter

March 1, 2008

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

### Driving a better deal online

Online retailer Overstock.com has recently announced that it is launching a new auto-buying program. The site, designed to enhance the company's automotive portal and improve the car-buying experience for buyers, connects customers with certified dealers who offer upfront, discounted pricing.

Patrick Byrne chairman and CEO of Overstock, said: "By revamping the company's current cars program, we're really reinforcing Overstock's mission of providing great discounts to our millions of customers. We're confident that Overstock's cars program will be as successful in saving customers money as the rest of our website."

Scott Painter, CEO of Zag, the technology company behind Overstock's new venture, said: "Zag's approach to car buying is unique within the industry. Most car-shopping websites simply serve as lead-generation channels, selling their customers' requests for price quotes or leads, often to multiple dealers. While that approach makes money for the company, it doesn't serve buyers or sellers well because consumers think they're being referred when they're actually being sold; dealers pay for low-quality leads."

<http://www.datamonitor.com/industries/news/article/?pid=6B8D668B-0605-4363-91AD-F39F95F2E527&type=NewsWire>

### IF Comment

Remember when buying a new car consisted of visiting different dealers in your suburb or town to find the best deal? You knew how much you could afford and had a good idea as to make and model .

However, there was also a chance you could be talked into buying a car you neither wanted nor could afford.

So, what does this have to do with Overstock.com connecting buyers with dealers? First, you get real time information without driving all over town. Second, you can search the Internet to help you decide the make and model of car you want and check out buyer reviews. Third, you get a firm quote from a dealer recommended by Overstock.com.

But, while this article is about buying cars, its basis is the enormous effect the Internet is having on traditional marketing channels. Anyone with a computer can be fully informed when shopping for most high value items.

The food for thought raised is: what effect will fully informed customers have on



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traditional marketing channels such as mail order, door to door selling and even traditional retailing?

## Snippets

Coffee giant Starbucks is putting off 220 workers, not refilling 380 jobs, slowing development and stirring up its organization management in order to try to improve performance. Recent additions to the menu, warm breakfast sandwiches, are being pushed out by the company's flagship, coffee beans, in part because the egg, cheese, bacon and ham competed with the coffee aroma in stores.

<http://money.cnn.com/2008/02/21/news/companies/starbucks.ap/index.htm?postversion=2008022117>

Who's Your Daddy has announced that it is selling its entire line of King of Energy drinks to Amazon.com. The product will be resold online to Amazon's worldwide customer base.

Joseph Conte, executive vice president of Who's Your Daddy, said: "Our customers are now able to purchase our products in areas where we currently have no distribution. Working with Amazon provides us an opportunity to expand our marketing reach to the world markets."

<http://www.datamonitor.com/industries/news/article/?pid=2D244922-DD50-40CF-A83D-17DE23ABEE61&type=NewsWire>

The Franchise Council of Australia is attempting to raise money from franchisor members to fund a High Court appeal against a significant court decision in favour of franchisees' rights.

A recent decision held that where a franchisor does not have a written acknowledgement that a franchisee has received, read and had an opportunity to understand the disclosure document, the franchise agreement is unlawful and unenforceable.

<http://www.smartcompany.com.au/Free-Articles/The-Briefing/20080222-Franchisors-raising-money-to-fight-franchisees-in-High-Court-.html>

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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>