

North American Management Briefs

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You Should Know...

Cows Are Fun Too

A herd of marauding cows crashed a backyard party in Massachusetts, scared off the crowd of young people, and drank all their beer terrifying the guests.

The Point: The lack of an invite probably hurt their feelings.

No More Soldiers

For the first time in US history neither one of the two major presidential candidates has served in the military reports *The Washington Post*.

The Point: It might speak to a change in culture.

Online Advertising?

Eight in 10 Facebook users say they have “hardly ever or never” clicked on ads or sponsored content on the social networking site, according to an AP/CNBC poll.

The Point: Internet advertising may be overhyped. As we move towards increasingly smaller and mobile devices it may become an even less attractive marcom option.

Seven is a Lucky Number?

Gregg Allman is marrying for the seventh time. The Rock and Roll Hall of Famer, 64, claims “This time I am really in love.”

The Point: Seven times lucky?

Obsessive Activism?

A Wisconsin man was hospitalized after trying to physically stop his wife from voting in the recall election. He suffered head and back injuries.

The Point: Just wait until November.

June’s Quote

“The most truthful part of a newspaper is the advertisements.”

Thomas Jefferson

A Manufacturer’s Dilemma

There’s hardly a manufacturer of B2B products that hasn’t had his/her prices pressured by internet distributors.

These distributors (both authorized and unauthorized) can wreak havoc on a manufacturer’s distribution channels causing traditional “brick and mortar” distributors to experience an erosion of their profit margins. This also makes “brick and mortar” distributors reluctant to introduce new products, share market and application information, and provide services such as pre- and post-sale engineering and warrantee work. All important to maintaining the equity of a brand.

Those of us in “B2B” marketing are lucky; we can see what’s coming. The reason is that pricing strategies are tested and implemented in B2C channels 2 to 3 years before they reach the B2B arena.

The consumer electronics industry, for example, is struggling with only one remaining national “brick and mortar” electronics retailer (Best Buy) and they are under intense pricing pressure from Amazon.

In response, *The Wall Street Journal* on May 23rd revealed, Sony Corp and Samsung Electronics are trying to force all of their retailers to rein in discounts on TVs to preserve channel profit margins.

In short, the new policies of the world’s two largest TV manufacturers are aimed at preventing US retailers from advertising or **selling** televisions in-store or online for less than the MSRP. The basis? The US Supreme Court in 2007 (Leegin Creative Leather Products Inc. v. PSKS Inc) ruled that manufacturers have a legal right to force retailers to adhere to their minimum prices when advertising a product.

Simply stated the Supreme Court found that excessive price competition caused “channel cannibalization” reducing competition, thus did not benefit the consumer.

Tellingly neither Samsung nor Sony indicated what they will do to merchants that didn’t follow their rules. And likely the real test will come in the late fall during the holiday season.

Unfortunately, most manufacturers, in this case Sony and Samsung (LG, Panasonic, and Sharp are the other major television manufacturers), have turned a blind eye to internet discounting for so long that it may be difficult to put the genie back in the bottle. Marketers of B2B products are well advised to monitor these situations and address them long before their channels contract to a point where they have only one or two distributor choices.

The Point: In September 2007 the Supreme Court ruled that manufacturers may set prices below which no reseller may advertise. But what if they don’t advertise, but just sell at a lower price? B2B marketers would do well to watch this situation carefully as it will provide a preview of what to expect in industrial/MRO, construction, jan-san, and other vertical B2B distribution channels and how to legally address it.

Top 10 Cell Phone Users By Country

Country	Minutes per Capita
Cyprus	3,751
Columbia	3,708
Finland	3,095
Austria	2,871
Norway	2,792
Iceland	2,674
Greece	2,618
UK	2,543
Ireland	2,461
South Korea	2,391

Source: Euromonitor International