

# North American Management Briefs

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## You Should Know...

### No More Chores?

*The Wall Street Journal* reports that the average American child, 6 to 12 years old, spends 24 minutes a day doing household chores; 25% less time than in 1981.

**The Point:** Household chores, like allowances, are becoming history.

### Change, Change, Change

It must be presidential election time, as the politicians are overusing several words. Speakers at the Democratic Convention used the word "change" 89 times per day (followed by McCain 78 times) and "energy" 49 times. At the 2004 Democratic Convention "healthcare" (47) and "jobs" (42) were much more popular than the word "change" (11).

**The Point:** Staying on message?

### Saving More Money?

It sounds strange, but the Target retail chain reports that for the first time in its history credit card purchases are declining. Debit card purchases, however, are increasing at a rate that directly corresponds to the decrease in credit card purchases.

**The Point:** An uncertain economy always increases the savings rate.

### October's Quote

*"Man is the only animal that blushes – or needs to."*

Mark Twain  
Toronto National Post

## Does E-Commerce Create Channel Conflict?

This question bedevils many B-to-B marketers and with good reason. Inevitably the largest distributors and wholesalers in any B-to-B channel structure begin to sell products online nationally, often at a substantial discount.

Sometimes they just digitize their catalog. Sometimes they establish a separate low service e-commerce model offering their own private label brand as well as discounted national brands.

That's where the channel conflict begins. When a low cost/low service model competes with a high cost/full service model, end customer prices and channel loyalty can decline and swiftly.

What should a manufacturer do, if anything? Well first let's review the basics.

- *You can't "protect" your channel partners from competition.* You can try, but in the long run you both lose.
- *The market eventually gets what it wants.* Don't waste time threatening e-commerce distributors unless you have significant I.P.
- *No single channel vehicle serves all customers.* Convenience customers are often willing to pay for a value added model while sophisticated large volume customers may require a low cost/low service model.
- *Channel conflict is usually the result of a poorly designed and administered pricing policy.*

In 2007 the U.S Supreme Court struck down anti-trust laws as they related to manufacturers' published prices. This means that,

- *You can set a retail price below which none of your distribution partners may advertise.*
- *If they do, you can cancel them.*
- *E-commerce sellers must use "call for price" language if they are selling below your minimum price.*

If you haven't established a minimum price, you should and now. The Supreme Court has recognized that some channels, because of the services they provide, add more value to a manufacturer's brand than do others.

**The Point:** U.S. manufacturers now have a new tool to ensure that multi-level "go to market" processes serve all markets and with less conflict.

### Countries with the Oldest Population

Country	Percentage over 65 (2007 est.)
1. Monaco	22.7
2. Japan	20.6
3. Italy	19.9
4. Germany	19.8
5. Greece	19.0
6. Sweden	17.9
7. Spain	17.8
8.=Belgium	17.4
8.=Bulgaria	17.4
10.Portugal	17.3
World	7.5
USA	12.6

Source: U.S. Census Bureau, International Data Base