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2  EDITORIAL

3  FEEDBACK

CONTEXTUAL MARKETING

4  MAKING BRANDS FIT
Jayne Connell, Director of Branding at Interstate Creative Partners on how brands need to adapt to their context

10  ENSURING SUSTAINABLE COMPETITIVE ADVANTAGE IN THE MORTGAGE MARKETPLACE
Joanne Palfrey on the changes affecting the UK regional financial service sector

16  AN EXPERIMENT IN COLLECTIVE LEADERSHIP
Nick Wake of Airkix, the UK’s leading indoor skydiving experience provider, focusses on leadership style

FEATURES

20  CAMBRIDGE ANNUAL MARKETING LECTURE 2015
Greg Roekens describes upcoming waves of technology and resultant consumer behaviour

28  FIVE CS FOR SUCCESSFUL STRATEGY EXECUTION
Dr Andrew MacLennan outlines five core principles for translating strategic objectives into action

34  PROTECTING YOUR DIGITAL SELF
Terry Savage addresses the sensitive issue of how individuals can protect their personal data

40  MIND THE GAP
Steve Bax provides a 16-point rundown of the key aspects of qualitative research

46  MARKETING MASHUP
Peter Fisk explores the best new ideas in the world of brands, innovation and marketing

52  THE CAMBRIDGE MARKETING REVIEW ON AIR
Kiran Kapur on the Cambridge Marketing Review Radio Show’s third season on Star Radio FM101

INTERNATIONAL

54  AVATARS AS SOCIABILITY FACTORS ON ECOMMERCE SITES
Our first article exchange with the French journal Revue Française du Marketing; Antonio Alves and Ana Maria Soares from the University of Minbo in Portugal

60  THE SUCCESS STORY OF ANDRÉ RIEU
Theo Dingemans takes a look at the success story that is André Rieu the classical music performer

VIEWS

66  THEORY-GO-ROUND
By Don Moyer

67  DEBATE
Malcolm McDonald challenges the way metrics for marketing are interpreted and utilised

68  TECHNOLOGY REVIEW
A selection of some new marketing technologies selected by the Editor

70  MARKETING BOOK REVIEW
A selection of the most recent releases in marketing books selected by the Editor

73  PRICE TREE ANALYSIS
Nick Milner introduces us to Tree Analysis as a strategic tool for visualising and setting market prices

75  WHEN RELATIONSHIP MARKETING BECOMES PRICKLY
Greta Paa-Kerner takes a new look at the theory around relationship marketing in the digital context

77  SUMMARIES
Salient points of each article in this Winter 2015 issue of CMR on Contextual Marketing
Perhaps more than any other professional discipline, marketing is driven by its operating context. We all know that our own specific contexts are changing through empowering technology, shifting demographic patterns and a heightened sensitivity towards culture. We also know that successful marketing is not in reality about just persuading people to make buying decisions; it is about creating and developing frames for choices to make their buying decisions all but redundant.

The really successful marketers among us all know that marketing doesn’t just focus on the nature or psychology of the individual consumer in isolation of the context they are in, but operates with a broader mandate, understanding culture, environment, sector specific idiosyncrasies and history.

It with this in mind that this slightly longer edition of the Cambridge Marketing Review takes a look at how analysing the context within which customer choices and behaviours are being driven can provide a much more useful set of insights.

So we lead this edition with a set of journeys through three very contrasting contexts. The first, described by Jayne Connell from Interstate Creative Partners, starts with the dynamic and fast-paced world of Formula 1, a context not just driven by the nature of the business but also by one specific person – Bernie Ecclestone. This is then contrasted with similar contextually rich trips through ice-cream and Indian cinema.

We then take a look with Joanne Palfrey at a very different context, and one which has seen huge changes over the last few years, that of financial services. She illustrates the pressures that a small regional mortgage provider has in the face of ever more sophisticated technology and more knowledgeable consumers. We finish the section with the marketing of an entertainment concept in the shape of Airkix with Nick Wake.

The Cambridge Marketing Lecture has become a landmark event in the marketing calendar and in this issue we have included the transcript from the 2014 lecture that was delivered by Greg Roekens, CTO of AMV BBDO, which challenges many of our existing perceptions of marketing technology and where it might be heading.

We have included some other feature articles that discuss strategy execution with Dr Andrew MacLennan who looks at the Five Cs for Successful Strategy Execution, Protecting your Personal Data with Terry Savage and Minding the Gap in market research with Steve Bax.

This section ends with our regular Marketing Mashup exploring the best new ideas in the world of brands, innovation and marketing provided by Peter Fisk.

We have added in a new section this time to focus on global contributors where we include the first article from a new arrangement we have established with the French journal Revue Française du Marketing that looks at the effectiveness of avatars on e-commerce sites and from Holland on the success and longevity of André Rieu and his music machine.

The review section has, in addition to the usual book and technology reviews, a new Debate page where Professor Malcolm McDonald presents a contrary view on the nature of marketing metrics. We finish off this edition with a couple of views on marketing theory, on pricing, and relationship marketing.

We look forward to hearing your views on any or all of the articles in this issue and we are, as ever, interested in your comments and views, your suggestions for topic areas we should cover and even your submissions!

Please contact us at editor@cambridgemarketingpress.com

Andrew Hatcher
Publishing Director

Andrew Hatcher is the Publishing Director at Cambridge Marketing Press and has responsibility for the catalogue of publications that are produced which, apart from the CMR, include a range of marketing handbooks as well as a set of companion study guides for those looking for deeper insights. All publications are available on our website.

Andrew has worked with Cambridge Marketing College since 2002 alongside his role as MD at the Applied Knowledge Network, a training and consultancy services company.
We welcome any feedback you have – long or short, good or bad – as that is a great way for us to adapt the content and form of the publication. So please let us have your comments by sending them to editor@cambridgemarketingpress.com.
We look forward to hearing from you.

The CMR always looks somewhat interesting, but lengthy, so I end up flicking through it thinking “yes I’ll read that later” and then never getting round to it. I wonder if this is the same for most people you send it to – have you thought about doing a survey and seeing?
Kim Tasso

Editor We will be conducting a reader survey in 2016 where will ask this and other questions to see how readers use the journal.

I found the infographic on pages 18 and 19 very confusing and hard to read but felt that there was possibly something useful buried within it!
James Wheeler

I wanted to comment on the infographic from your journal which I thought was very thought provoking especially on the outer ring. I spent some time conjuring up my own ideas of what ‘artificial neural writing of basic thoughts’ might actually mean but was much more scared of the concept of ‘recording of entire life from birth to death’. I would be really interested to see this model recreated again each year to see what changes and whether we are in fact any good at predicting the future.
Samantha Andrews

Your article on the Marketing of Politics stirred me out of my usual ‘can’t be bothered’ state to actually comment as I was very upset by the nonchalant way in which Alison Griffiths discussed the process of negative campaigning. Are we really all so gullible at election time to be taken in by such tawdry tactics? Liked the issue in general apart from that.
David Parr

I enjoyed reading the latest edition. I found it to be very interesting. It has encouraged me to follow up on taking some professional marketing courses.
Bob Maas

Who are you really kidding? Are we really meant to think that telemarketing really enhances our brands when all you ever hear (or experience) is horror stories of aggressive tactics, computer calling and ineffective foreign call centres? Chris Walthew made a case for telemarketing that I simply can’t agree with. I am withholding my name just in case he calls me!
Anonymous

I thought the story from the French point of view was very biased – perhaps because David was an engineer. I am French and I didn’t recognise any of the characteristics he presented about the nature of French consumers. It was funny that the best ad campaign he could think of was from 1981!
Natalie Durand

I liked Paul Smith’s Ten Tactical Tools as a memory prompt when I am faced with a campaign issue and even more useful when I linked it with the Tactics Matrix – I have copied it and it is stuck to my wall to remind me when to use what. I have used SOSTAC ever since I first learnt about it at uni and it has stood me in good stead. Like the CMR as it is easy to put in my bag and read on the train. Even though I am in the business I like the absence of too many ads.
Adrian Purchase

The CMR is well-designed but I don’t get the different coloured page flags – there seems to be no logic in the colours – can you explain?
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Editor We have a subtle redesign in this issue which I hope will make the page navigation easier.
Branding is the beating heart of marketing. The foundation stone of any marketing mix is a brand that guides the idea, defines the essence, experience, attitude and aesthetic of the product or service on offer. The brand’s message and graphic toolkit is not only an impressive resource for communication but is the central concept in marketing.

When a company defines its brand it looks to understand what it stands for, and what is its clear defendable territory in the inevitably crowded market place. It looks to build a belief that will help the internal culture of the company grow in the right direction and deliver; and the external communication to look and be experienced in a certain manner creating a loyal following, a devoted audience and most importantly build revenue and the reputation of the company.

CRUSH NIKE
I will start with a specific context and a ‘brand vision’ that helped crystallise my understanding of brand and brand identity and its importance within a specific sector that I was building my career in. The textbooks say ‘A vision is the guiding light of the company’, what you really want to do, what you really want to achieve. The vision was for Adidas, quite some time ago now, it was simply ‘Crush Nike’. What a great, no-holds-barred vision. I would certainly know what I had to do when I got up in the morning to go and work for Adidas. So what did Adidas have that Nike did not? Here brand identity came into play. It was all about ‘the stripes’, an item that set Adidas apart and needed to stand
for much more than just a pattern. Legend has it that Adidas was referred to by employees as ‘the three stripe company’. 2005 signified this change, a change in the marque and a rebirth and ownership of the stripes.

The three stripes stood for ‘quality, leadership and maintaining flexibility for the future’. So with a ‘Crush Nike’ attitude and a brand identity that was stitched into the very fabric of its company culture as well as its products, the marketing and advertising campaign that launched was – ‘Impossible is Nothing’. This signified Adidas’ successful comeback into the sportswear market. With sport being a globally televised activity with billions of viewers, the importance of an instantly recognisable brand identity was paramount – Adidas managed to use its brand strategy and identity to link all communications and earn that recognition emphatically. I look back at that single minded vision and strong brand identity and see how it has influenced the projects I have been involved with in my career.

1 “I’M REALLY NOT TOO SURE WHAT YOU CAN DO FOR US”

The first brand journey I am going to take a look at is Formula One. With 1.8 billion cumulative global viewers, 185 broadcasting territories, 27,000 broadcast hours per year, 20+ races and 20 racers per year – the Formula One brand identity has a lot to do.

It was over 25 years ago that Nick Downes, MD at Interstate scripted a series of opportunist letters to Bernie Ecclestone, then the owner of Brabham-BMW. Mr Ecclestone responded with curious interest, saying, “I’m really not too sure what you can do for us, but perhaps you would like to give me a call,” and this led to one of the most visually influential projects Formula One has experienced. Ecclestone had been elected the FIA (Fédération Internationale de l’Automobile) Vice President for Commercial and Promotional Affairs and quickly put into play his idea to modernise the sporting marque of the FIA and create global identities for its World Championships, starting with Formula One.

Whilst something of a culture shock for most of the promoters – many of whom did not appreciate their ‘personal touch’ being neutralised – the most important effect of this operation was to finally establish the global brand franchise of the FIA Formula One World Championship with a consistent and controlled presentation. Prior to his initiative, each Grand Prix behaved as a standalone national event where the promoter would frequently associate the Formula One image with local firms or swap brand rights for payment-in-kind. This undermined the full potential of the Formula One brand, as one event would offer packages of rights on very different terms to another. It also presented real challenges when developing a truly global World Championship which could appeal to the growing number of international brands.

If Formula One were to be taken seriously by the global brand community, it had to conform to the same international standards of quality and reliability. The original brief in 1993 was to create a simple, memorable brand that would be universally accepted as motorsport’s equivalent of the five rings that represent the Olympic games. Result: the ‘flying F1’ (above). However, the Formula One brand is a little different – a formula without a formula. Formula One is a multicultural, multifaceted, global nomad that is tuned to put destinations and brands on the map via a sophisticated sporting spectacle. There are few, if any, platforms so adept at accelerating a brand’s global awareness or enhancing the image of one of its venue destinations.

ADAPTABLE WEEK TO WEEK

Formula One is incredibly adaptable and adjusts effortlessly to its surroundings – sometimes with barely a week’s break: an urban park setting in Melbourne transitions to a circuit deep in Malaysia’s rubber plantations, whilst the majestic Autodromo Nazionale di Monza makes way to Singapore’s twinkling skyline by the waterside for Formula One’s dramatic night-race. Professor Mark Ritson’s elegantly simple definition of brand is “everything that remains once the generic has been removed”. However, in Formula One, nothing is generic – everything is unique, dedicated, bespoke – no show is ever the same. There is nothing generic or comparable in Formula One – it evolves and changes on a sixpence. The relentless individuals that characterised Formula One teams, the revolving sponsorship doors and the transient nature of the events all contrive to make Formula One a place where change is a way of life. But it
During the last two decades, F1 has developed exponentially from a European-hearted sport starring Ferrari, Monaco and a host of playboys to a globally-recognised, automotive media machine where Mercedes vies with Ferrari and Monaco, Yas Marina and Singapore Marina Promenade for the prize of most beautiful destination. Its power is unrivalled for today’s ambitious brand owners – especially those seeking visibility and experiences in the world’s most dynamic markets, an audience of half-a-billion plus and, perhaps, most significantly, a performance every other weekend for nine months of the year. From 15 provincial Grands Prix to one global Formula One in 25 years, the model is now dependable, repeatable and still much in demand.

In this age of content-driven, embedded advertising and ‘Like’ endorsed media, Formula One is a model platform for experiential brand messaging. Mobile devices and apps will provide greater access for consumers to engage and transact directly with the sport, allowing it to fully appreciate the profile of its community: 500m ‘anonymous fans’ or 500m names, addresses and payment details is a very different prospect for growth – a new era of creativity awaits and this journey is only set to continue.

When the ‘flying F1’ brand identity animates into place at the start of over 110 global broadcast partners feed for the race, it signifies who delivers this incredible event. An event that you will each have a very individual experience of but in the knowledge that this is the pinnacle of motor racing. Whether it is in your favourite city, most exciting circuit, your brand exposed to millions or it is your favourite driver Lewis Hamilton winning again, it is the ‘flying F1’ that stands behind them on the podium. It is this brand that is engraved into the trophies they raise and it is this marque that shows they gave 100%, as it knows it must do to keep its place at the pinnacle of global motor sport.

As individuals, Formula One and Bernie are hard to separate: macro, micro, relentless perfectionists and forward thinkers; perhaps similar to Steve Jobs and Apple where both characters are so instrumental in the development of their businesses and intertwined with their brands. Just as Jobs did, Bernie can steer the Formula One brand with a few, often witty, sound bites; one minute, LG is here because, “I need a new washing machine” and the next, UBS, ”because I’m going to ask for a loan”. And as Rolex decided Formula One was the right place to drive its brand in a premium context, Bernie stated “Rolex has incredible sporting heritage and therefore Formula One is the right place for Rolex to be.” He aligned the planets again. It is difficult to separate these two icons – if indeed it is possible at all – Formula One or Mr E?

BRAND WORKING HARD

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MAN AND MACHINE

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The second brand journey is the Ice Cream Union. The Ice Cream Union is not your average ice cream company. Quite literally. They produce quality, artisan ice cream using traditional Argentinian methods with love and inventiveness – all from a small outfit in South London.

But it doesn’t stop there. Ingredients are fresh and responsibly sourced, and in most instances self-produced; something the Union are pioneers in and champion to their members. With ongoing trends in today’s market, that’s something consumers and other brands are keen to connect with. This is a context where a brand has to do more than just entertain – it has to taste good too.

The brand foundations were created when we met the two Argentinian brothers behind the ice cream back in 2008, and we realised that we needed to develop a brand that would not only engage the mind but drive consumers to vote with their tastebuds. They already had a name for the product – ‘Sulqui’ – which is the name of a small carriage, usually for one or two passengers pulled by a horse that originated in Simoca in northwest Argentina, so common there that there is even a ‘National Festival of Sulqui’. That made the Argentinian link clear but what did that have to do with ice cream? And not any old ice cream but inventive, flavoursome, quality ice cream created and produced by two young and ambitious guys so keen to get everyone enjoying ‘proper’ ice cream. This meant that the brand was going to have to work very hard within what is clearly an impulsive and emotional context.

The guys always attended meetings with a ‘nothing else can compare’ type mentality that was quite infectious and so it became obvious that calling the product Sulqui was simply not right (especially given the meaning of the UK English version) and the brand needed to give a clear indication from the outset as to what a wholesale client or consumer was going to experience, what they would remember and why they will want to experience it again. ‘We are the Ice Cream Union,’ was borne out of this objective and a conceptual route inspired by the ‘Ministry of Sound’ belief and sentiment.

BRAND NARRATIVE

The name drove a series of connections which would then inform the implementation of the brand across the marketing mix. The approach was focussed on positioning the brand as contemporary and sophisticated, whilst maintaining the spirit of the name with inspiring dialogue and a strong adherence to the founding principles. Research took us into the narrative and visual language of unions – trade or otherwise – and Argentina’s street posters, art and lively culture.

The ‘We are...’ approach offered a marketing platform of an ever changing statement that could adapt to communicate the ethos, values and pride behind the brand. This in turn elevated the Ice Cream Union to a higher level of interaction supported by a set of colours that reflect the cultural backdrop and maintains a rich sense of modernity throughout all applications. The ‘...Union’ concept was then used throughout the mix setting a tone of voice that resonated through physical packaging, print and digital.

With the brand developed and refined the next and most important challenge was to use it to provide the Union with a solid platform from which they could launch the idea into an already crowded market, attract new consumers and most importantly confirm new contracts.

SO GOOD EVEN THE CAPTAIN IS EATING IT AT 30,000 FT.

The first exciting business pitch was for British Airways. With their ‘to fly, to serve’ message and the Ice Cream Union’s strength in ice cream ‘know how’, creativeness and amazing tasting ice cream. It was a success, being awarded the supplier of ice cream for international routes in Business and First Class. With the task to create new packaging the design solution had the opportunity to better impress consumers on-board the aircraft who would have quality, uninterrupted time to embrace any message we could deliver. With logistical constraints of delivering a frozen product in rigid spacial restrictions, it was important to wrap as much detail about the provenance and integrity of the union around the small tub as possible. Argentinian blue was key in referencing the heritage message whilst radiating lines simulate the stripes on the national flag, simultaneously suggesting the vapour trails of the aircraft. A fun, flying reference narrative was introduced to help engagement with the brand and raise a smile – “So good, even the captain’s eating it. We are the Ice Cream Union”.

The brand was seen to be the engine of the Ice Cream Union's
This journey started in 2012 when we were invited to visit SPI to witness its impressive operations and ongoing innovation. The trip resulted in a request to develop the new master brand positioning and values, and the identity across the group. This re-envisioned identity would not only have to act as an umbrella for use across all elements and be able to adapt to both corporate and customer audiences, but also be brought to life through a brand new intuitive booking website and a much anticipated app.

**BRAND DELIVERING RESULTS**

Within a year of launching the brand, the carefully designed strategy and considered implementation process had taken them from producing 800 litres per month to 5,700 litres per month, resulting in a triumphant 612% increase in sales and providing a sobering metric that described just what an effective and appropriate brand can do – an achievement that the Design Business Association recognised in 2011, presenting the Ice Cream Union and Interstate with an award.

Five years on, there is captivating evidence that the rebrand has been fundamental in supporting the growth of the business. The Union has seen stratospheric growth, not just in the wholesale sector but with a giant leap into the retail sector – a completely new area of operation – winning Ocado (a UK-based online supermarket) and even supplying Fortnum & Mason’s new venture in Dubai. The results speak for themselves. The Ice Cream Union now produces 52,000 litres of ice cream a month, an increase of 6400%. Delicious.

**3 SPI CINEMAS**

The last journey takes us to a very different context, one where there is massive growth and where rules are constantly being rewritten across the marketing spectrum. India. The ‘Maker of Memories’, Sathyam Cinema, is Southern India’s iconic home of cinema based in Chennai. Sathyam has been a household name in Chennai since 1974 and is renowned as the city’s favourite destination for people from all walks of life, across all ages and segments. With such an asset as a cornerstone and a visionary growth plan to develop a group of premium and luxury experience cinema destinations for India’s movie loving consumers, SPI cinema’s team decided that to support their bold infrastructure plans, they needed to enhance the brand and the digital engagement it offers its community of customers which numbered over 3 million.

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**ALL-SINGING, ALL-DANCING BRAND**

Cinema is a vital part of Indian culture, providing magic and escapism for all. In the entertainment business, brands are built through consumer experiences rather than words and statements. Any brand and associated creative solutions needed to portray unrivalled entertainment experiences that exceeded the expectations of customers and pushed boundaries within the market.

Every aspect of their brand needed to reinforce the fact that their passion for cinema is at the very core of the company, of everything they do. ‘Its in our DNA’ became a statement that influenced the master brand marque, designing the ‘Helix’, a graphic device representing the idea that providing the ultimate entertainment experience is in the very DNA of the SPI Cinemas brand – something that was subsequently inherited by their six unique cinema brands. The SPI brand was transformed into the ‘window’ through which everyone can glimpse the magic and excitement that their cinemas bring. This was further supported by the adaptation of the brand marque into an animated ‘kinetic’ identity which could then be used as a potent device – the movement brought the magic of the DNA ‘Helix’ to life, suggesting both a molecular and technology message. The output was then used to embed the message of SPI in a myriad of active contexts ultimately being used on all screens before the main film presentation, as a transition device between the adverts, in Theatre messaging, the film certification and as the loading screen for the SPI Cinemas app.
omitted from and much is added to the mobile experience.

The app was perhaps the most challenging aspect of the brand story as the delivery had to satisfy the mobile user; easy and ergonomic, availability of all viewing options, integration with food provision and in some locations, restaurant booking and integration with Uber.

The brand is pulled in many directions but is coping well with the rigours of Indian life, supported by a robust communications toolkit that acted more as a life jacket than a straitjacket to deliver the ultimate SPI Cinema experience.

**SO WHAT DOES IT ALL TELL US?**

It all sounds so easy in retrospect but in each of the cases outlined here and in many others around the world the development of a brand and the implementation of the mix elements that live off it is a balancing act that needs to be managed and nurtured with care and sensitivity. Brand owners can often become emotional about the existing assets and uses, irrespective of whether they are operating well in changing markets. There will always be detractors who feel that investment in brand is a high-risk endeavour which should be mitigated or avoided.

What is clear to us is that brand is at the heart of a business and its communications. It is the guiding light that steers and navigates how the business acts and is perceived. But brand is also about its external operating context as each of our journeys illustrate. Brands that are built well with consideration and understanding can be adaptable to marketing environments and we truly believe that Bernie is now much surer about what it was we were able to do for him.

**DIGITAL EXPRESSION**

The online portal is the first point of contact with the brand for film fans in South India, handling 15 to 20,000 transactions per week and so the application of the brand in this context was vital. SPI had already established a reputation for going beyond just the film, offering a complete experience to its customers including everything from high-tech cinema set-ups and spas to restaurants. The website had to maintain that sense of innovation and excitement while still facilitating the more mundane processes that included integrating credit card, bank and pre-paid payment methods.

The understanding of the SPI brand and the expectation it raises within customers dictated that every user decision was to be taken into account and streamlined to facilitate all touch points, from the purchase of tickets and additional benefits, food preferences and group seating. A four month planning process was established and tested with real users to understand the new generation of cinema goers. Graphically the elements that supported the brand needed to work as hard in the digital space as they were required in the cinema experience, services and products.

The resulting website is now serving over 13 million page views a month, 1.3 million individual users, with their average session lasting 4.7 minutes. Most importantly 70% are returning visitors. The website now includes responsive mobile implementation, integration with external film data services and user engagement services that are coming together to form a more integrated offline experience.

**SOCIALY AWARE**

The last part of the puzzle was the development of an SPI app that would allow the brand to be fully accessible wherever the customer is. This was especially important in this context as in India going to the cinema is seen as a highly social event. This drove the development of a social aspect to the app which is used for group booking, allowing users to find friends who have already booked and to invite those who haven’t. The app also allows the user to find all information about the production of a film, create wish lists and to pre-book future events, ensuring that nothing is

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Jayne Connell is Director of Branding at Interstate Creative Partners. Her main responsibility is the strategic direction of projects, defining their design objectives and demanding the accuracy of creative solutions in relation to the defined brand strategy. Jayne’s career has taken her around the world, experiencing both the private boutique agency and the group-owned Goliath agency approaches. This has taught her an immense respect for the power of focused branding, exceptional design and real results for her clients. www.interstateteam.com.
Regional building societies have long been the mainstays of the financial services marketplace, offering traditional savings and mortgage products with face-to-face and telephone operated services. However, technological and regulatory change is altering consumers’ use of channels to purchase and manage financial services products.

As Walker and Stafford (2013) for KPMG commented, “Challenges from changing ways customers buy financial services, especially the use of the internet, raise fundamental long-term questions about the future”, and the Building Societies Association (BSA) (2012) said, “Building societies add to the diversity in financial service markets, but there is also valuable diversity in the market itself. There will therefore be a diverse range of visions for the sector, including which markets some societies will look to expand into.”

The question is how should building societies respond to these challenges and market their services in the future.

### Scanning the Marketplace: Macro and Micro Forces

#### Political

Initiatives such as Funding for Lending, Help to Buy and stamp duty levies supporting financial supply for the mortgage market.

#### Economic

Growing economy, property prices are rising, house sales increasing year on year. Inflation is zero for the first time.
since the 1960s, real income has increased and consumer confidence is returning.

**Social**
Emerging younger consumer groups demanding on-the-go and mobile services. First-time buyer average age is 29. Consumer trust is low, driven by behaviour of banks and fines (i.e. LIBOR fixing), although Edelman Trust Index (2015) reported a modest global increase from 48 percent in 2011 to 52 percent in 2014.

**Technological**
smartphones and tablet use widespread, increasing functionality such as mobile payments/wallets. New market channels are becoming established, with the British Banking Association (2014) reporting 14.7 million banking app downloads.

**Legal/Regulation**

**Environmental**
Move to paperless statements/policies/conditions, reducing wastage and costs. Banks using CSR at brand level to repair lost trust post-2008 banking crisis.

PESTLE demonstrates:

<table>
<thead>
<tr>
<th>FORCE</th>
<th>KEY FACTOR</th>
<th>IMPACT POWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bargaining power of buyers</td>
<td>Consumers want easy decision making, to feel savvy, but not overcomplicated. They have access to many providers</td>
<td>HIGH (if fully used)</td>
</tr>
<tr>
<td>Bargaining power of lenders</td>
<td>Use of aggregates such as Money Supermarket, and intermediaries, are eroding power of the brand and awareness</td>
<td>HIGH</td>
</tr>
<tr>
<td>Threat of new entrants</td>
<td>Not restricted to traditional financial institutions (Tesco Bank), and new online-only brands emerging (Atom). Increasing consumer usage of mortgage brokers and intermediaries</td>
<td>HIGH</td>
</tr>
<tr>
<td>Threat of substitutes</td>
<td>Alternatives such as peer to peer lending increasing. ONS (2014) report the number of 20 to 34-year-olds living with their parents has increased by 669,000 (or 25%) since 1996</td>
<td>LOW</td>
</tr>
<tr>
<td>Competition rivalry</td>
<td>Intense marketplace, competing on price and share of voice/awareness – no channel variation from telephone and branch</td>
<td>HIGH</td>
</tr>
</tbody>
</table>

This model suggests:

1. Consumer convenience must be at the forefront of products and delivery channels
2. Lenders can no longer compete on share of voice alone
3. Competitive rivalry is increasing as more new entrants arrive and home ownership declines
4. Some consumers are empowered and using technology to switch across the marketplace
5. New entrants are utilising technology to take customers away from traditional providers

In conclusion, consumers want simplicity when purchasing mortgages, but regulatory process prohibits this in traditional channels. Competition amongst lenders is high, with pricing the main source of pressure – technology is not currently a determining factor.

**Consumer Profiles and Behaviour**
Consumer behaviour is defined by Blackwell et al. (2006) as a complex, dynamic issue which cannot be defined easily and commonly, whereas Stallworth (2008) considers it to result from the customer’s emotional and mental needs and behavioural responses. Similarly Kotler’s (1999) Black Box model identifies the process undertaken when deciding to purchase a product or service – integrating market stimuli and the consumer’s transformer (black box), resulting in the response. The ‘Black Box’ can consist of – but is not limited to – cultural, social, personal and psychological issues.
Regional building societies need to consider how their products, services and delivery channels can impact on consumer behaviour (their Black Box). Conclusions can be drawn from looking at the characteristics of generation profiles (Chart A above).

In parallel with generational changes the mortgage market buying process has evolved over time (Chart B below):

**Chart A**

<table>
<thead>
<tr>
<th>Generation</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby Boomers b. 1943-1960s</td>
<td>Strong brand loyalty, Less price sensitive, Value face-to-face interaction, Have awareness of technology, Disposable income and investments, saving mentality</td>
</tr>
<tr>
<td>Generation X b. 1960s – 1970s</td>
<td>Strong brand loyalty, Less price sensitive, Want good customer service, Familiar with technology, Disposable income, savers by nature</td>
</tr>
<tr>
<td>Generation Y / Millennials b. 1980s – 1990s</td>
<td>Less likely to use brand loyalty as deciding factor, More price sensitive, Value time as well as good customer service, Fluent with technology, Little disposable income, little savings, More aware of social responsibility</td>
</tr>
<tr>
<td>Generation Z b. late 1990s onwards</td>
<td>Value time / speed over customer service – ‘on the go’ lifestyle, Heavy user of social media, Dependent on technology, Little disposable income, no savings</td>
</tr>
</tbody>
</table>

This tells us:

1. Baby boomers have an affinity with their building society, stemming from 1970s-80s first time buyer mortgage requirements
2. Generation X wanted their first mortgages towards 1990s when mortgage market was moving away from loyalty, but are still advocates of good customer service
3. Millennials are only now entering the mortgage market, with Council of Mortgage Lenders (2013) reporting that the average age of a first time buyer is 29. Their fluency with technology is likely to impact decision making and how they want to access and manage their mortgage
4. Generation Z unlikely to accept mortgage market in mass numbers for several years, but will follow Millennials trend, information-driven and hungry for 24/7 functionality

We know mortgage customers of the near future will be Millennials, followed by Generation Z, with the Office for National Statistics (2013) estimating 20 – 34 year olds made up 20% of the UK population.

These groups want to do things very differently from their predecessors, and using the Black Box theory we can identify gaps and highlight actions (Chart C above, next column):

**Chart B**

<table>
<thead>
<tr>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
<th>2000s</th>
<th>NOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers saved with a building society to get a mortgage, life-long relationship</td>
<td>Deregulation of building societies saw banks get more aggressive in mortgage marketplace, Introduction of short-term products</td>
<td>Consumers started to use different providers throughout the life of their mortgage</td>
<td>Mortgage switching was embraced and became commonplace, Mass availability of mortgages and ease of obtaining one</td>
<td>Mortgage Market Review (MMR) imposed more stringent criteria for lenders, with consumers undergoing in-depth assessments, This could impact on switching behaviour</td>
</tr>
</tbody>
</table>

This points towards an ever-digital response, although whilst Mumsnet’s (2015) *Finance State of the Nation* report found the biggest frustrations were inconvenient branch opening times (31%) and locations (25%), survey users preferred online and smartphone functions for convenience but personal support when they needed help and reassurance. This need to balance advice with technology is crucial. We also know that regulatory changes have already changed consumer behaviour, increasing the use of mortgage brokers and intermediaries. This tells us not only do consumers want convenience, but they also want guidance – the use of brokers is a competitive threat. Regional building societies need to respond to this, making themselves more convenient in a channel their future market want to use.

The key conclusions from this analysis are:

1. The financial services landscape is evolving to suit consumer need, into technology-led omnichannel delivery
2. Millennials will be a big wave of new entrants to the mortgage market, followed by Generation Z
3. Increasing regulation is making it more complex and time consuming for mortgage applicants
4. Competition is coming not only from lenders but also with advice and referral channels via brokers (where power of brand is diluted)

The next generation of mortgage customers will require a technology channel to satisfy their mortgage needs. Sustainable competitive advantage can be gained by providing this and leveraging technology to provide a more personal, convenient and easier service than other solutions, whilst meeting the regulatory changes which will impact on their buying behaviour.
The inherent danger in continuing with the current business strategy of using channels tailored to Baby Boomers and Generation X is that, if societies continue without modification, they will become reliant over time on a reducing customer segment.

**Change vs Staying Still**

Regional building societies are currently performing well – Clarke (2013), researching for the Council of Mortgage Lending, stated, “Despite challenging conditions, building societies have shown strong growth since 2009, and have been building their share of the market for all types of mortgage lending.”

However, we can see societies are not best placed to capitalise on the next wave of first time home buyers. The inherent danger in continuing with the current business strategy of using channels tailored to Baby Boomers and Generation X is that, if societies continue without modification, they will become reliant over time on a reducing customer segment.

**Initiating Change**

Lewin (1947) stated, “One should view the present situation – the status quo – as being maintained by certain conditions or forces.” Although some 70 years old, more recently Burnes and Cooke (2013) concluded, “A return to Lewin’s original conception… can provide… a valuable and much-needed approach to managing change.” Using Lewin’s force field tool we can evaluate how seriously the sector needs to take the identified changes:

<table>
<thead>
<tr>
<th>Forces for Change (Driving Forces)</th>
<th>Present State (Equilibrium Between Forces)</th>
<th>Forces Against Change (Restraining Forces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online is ubiquitous for future target market (HIGH)</td>
<td>Lacking readiness for Generations Y and Z coming into mortgage market</td>
<td>Current business model is branch based, personal service (HIGH)</td>
</tr>
<tr>
<td>Marketplace becoming increasingly regulated (HIGH)</td>
<td>Cost of developing and implementing new technology and workforce skills (HIGH)</td>
<td></td>
</tr>
<tr>
<td>Need to guarantee sustainability and long-term business success (HIGH)</td>
<td>Staff knowledge and capability to implement and assist with technology based queries (LOW)</td>
<td></td>
</tr>
<tr>
<td>Consumer low level trust in banks and financial institutions (LOW)</td>
<td>Consumer lethargy in taking action (LOW)</td>
<td></td>
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</tbody>
</table>

Lewin’s theory works on the basis that for change to happen, the equilibrium must be upset – it is here we witness the stronger forces being those for change.

**Strategic Response: How can Regional Building Societies Capitalise on the New Marketplace?**

Using Porter’s (1980) three classic strategies we can see societies do not have sufficient scale to constantly, and sustainably, capitalise through cost leadership and compete against banks. Broadening Porter’s model and applying Bowman’s Strategy Clock (1996) it emerges that regional building societies are best placed to adopt a focussed differentiation strategy. The proposed route is to aim for a niche but growing market of Millennials and Generation Y, and innovators in other age profiles. With the natural maturing of the segment, regional societies will gain first-mover advantage, and be best placed for future growth.
The strategic response required is to forecast future markets, leverage changing buyer behaviour characteristics and react to regulatory change. One way forward is for regional building societies to work together to develop and launch the first online- and video-led mortgage platform/channel:

This new online mortgage channel would create value and sustainable competitive advantage by operating in the ‘customer intimacy’ field, one of three value disciplines published by Treacy and Wiersema (1995). By emphasising customer intimacy (best total solution) over product leadership (best product) and operational excellence (best total cost), societies are considering choosing lifetime value over short-term acquisition, and selecting the discipline according to the capabilities of the regional building society sector.

In the Harvard Business Review (1993) Treacy and Wiersema recognised, “When a company chooses to focus on a value discipline, it is at the same time selecting the category of customer that it will serve”, reinforcing the strategic decision to pursue Millennials and Generation Y.

This strategy embeds the known buyer behaviours of, and ensures readiness for, the influx of Generation Y and Z mortgages. Societies should continue to offer their traditional face-to-face and telephone delivery channels, and this cohesion of online and offline delivery is explored by Gulati and Garino (2000) who argued, “Success... will go to those who can execute clicks-and-mortar strategies that bridge the physical and the virtual worlds.”

Of course, it will be essential to note and take action to mitigate potential weaknesses in the strategic response:

- Cost to market will be considerable and can escalate unless fully scoped at the initial stage
- Dr King (2012) advises, “ To create a cross-platform enterprise app won’t come in under £100k... a full-scale enterprise automation app, with integration to business processes... possibly including payment gateway... will take anything from three to six months.”
- Other lenders (notably banks) may copy – and do it better
- Need instead to consider threat to business if no channel exists to respond to needs of future markets
- Customers may not adopt – project should be evaluated, responding to beta testing and market research
- Collaborative projects may fail – project management should outline processes, responsibilities and expectations of delivery

For ongoing success regional societies should continue to scan the horizon and monitor consumer behavioural trends, in order to exploit the market niche for sustained competitive advantage.
Since joining Ipswich Building Society in 2008, Joanne heads up the marketing team and recently achieved national coverage for the Society’s Mortgage Misfits campaign, working to address borrowers affected by mortgage regulation. Joanne is trustee at Lapwing Education, a charity providing individual programmes for young people who have complex barriers to learning.

The proposed route is to aim for a niche but growing market of Millennials and Generation Y, and innovators in other age profiles. With the natural maturing of the segment, regional societies will gain first-mover advantage, and be best placed for future growth.

HOW MARKETING PROFESSIONALS WILL NEED TO ADAPT SKILLS, ATTITUDES AND BEHAVIOURS

It is recognised that a new mortgage channel is a significant change in business activity for regional building societies, set against the historically offline approach to the sector. While societies will continue to operate branch based services, the main question will undoubtedly be: should existing staff be upskilled, or should new staff be recruited specifically to attain the digital skills required?

Stone (2014) recognised a “dual market exists for training – digital markets who need to grasp the breadth of both online and offline activity and conventional marketers who need to skill-up for the digital realm”. Reinforcing this view Higgs (2014), writing for the Institute of Direct and Digital Marketing, reports that following their Tackling the Digital Skills Gap conference, “It was felt across the board that mindset is more important than skill-set and the desire of employees to adapt and build on their existing skills is seen as a better alternative to hiring in new digital staff who may not have the basic understanding of marketing.”

However Crush (2011) writing for Marketing Magazine under the topic ‘Filling the Digital Skills Gap’ offers an alternative view: “Some contend that the skills shortage cannot last, and it is simply a case of waiting for social-media-familiar Generation Y – credited with having greater curiosity to develop their skills – to rise through the ranks and spread a culture of learning.”

The laissez-faire approach offered by Crush is at odds with the desire for regional building societies to attract new mortgage markets, although it does have some credibility in suggesting Generation Y staffing can offer greater digital capability and understanding intertwined with their inherent hunger for learning new skills. However, it is a generalisation, and dangerous to assume, that all Generation Ys will be confident and comfortable with the latest technology. Instead organisations should seek to skills match and ensure they have a number of employees who:

- Understand and keep up to date with the latest technology
- Use social media
- Have personal experience of online banking and online account management
- Know the mortgage application process

A skills comparison (gap analysis) can highlight areas where societies need to train and upskill staff, or recruit those based on desired competencies (Chart D, below).

<table>
<thead>
<tr>
<th>CURRENT</th>
<th>DESIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media communication</td>
<td>Experience and ability to build platform based services integrating multiple data streams, embedded content and online accounts</td>
</tr>
<tr>
<td>Website management including in-house content editing</td>
<td>Knowledge of app development process (to project manage effectively)</td>
</tr>
<tr>
<td>SEO and PPC activity</td>
<td>Ability to answer and satisfy technical enquiries about functionality and compatibility with mobile operating systems</td>
</tr>
<tr>
<td>Email mailing</td>
<td>Ability to monitor and identify digital trends, making recommendations where necessary</td>
</tr>
<tr>
<td>Video content creation</td>
<td>Knowledge of integration of add-on services</td>
</tr>
</tbody>
</table>

It is recommended that a competency framework, based on the desired skills and behaviors highlighted, is implemented for regional building societies to ensure marketing personnel are best placed to deliver, and continue to improve, the mortgage platform offering.

All references cited in this article can be accessed on the CMR website at: http://goo.gl/esQPib
Can you remember as a youngster imagining what it would be like to jump off the top of a building and fly? Were you one of those, who when asked at parties which super power you’d most like to have, would reply, “To fly”. Well, if you were, the good news is that this dream is very much being brought alive, for just about anyone, by the rapidly expanding world of indoor skydiving. Perhaps you’ve already done it at one of the three Airkix locations in the UK: Milton Keynes, Manchester or Basingstoke?

I’ve been privileged enough to have been heavily involved in the Airkix story over the past two and half years. Our favourite adjective to describe the experience is “exhilarating”. Strangely enough, I’d use the exact same word to describe how I feel about my involvement with the business. Never before have I worked in an environment where every element of the the marketing mix has felt so tangible on a daily basis, where decision making has been so harmoniously collective and where implementation has been so swift. Never before have I seen such consistently positive customer feedback – both on Trip Advisor (boy, is that powerful now) and our own post-flight survey. And to top it all off, the financial performance, especially over the past 12 months, has been nothing short of outstanding. To use a sporting analogy, the business currently feels very much ‘in the zone’. Much of this success, in my view, has do with something rarely found in a business of this size: a sense of collective responsibility and collective leadership. With little money to spend on Promotion, People and communication Processes have been the key drivers. Before exploring this more, let me just share some history.

FROM HOSPITAL BED TO WIND TUNNEL

Airkix MK Ltd was founded by Simon Ward. Ward came from a background in commercial radio, but he was also an experienced skydiver until suffering a serious neck injury on the drop zone in 2003 when another skydiver crashed into him after he himself had already landed. The Airkix dream crystallised on the hospital bed and the first tunnel opened in Milton Keynes in 2005, the second in Manchester in...
The company employs some 70 people, has a current annual turnover of about £7m, and serves some 170,000 flyers per year. In 2010, the company became part of iFLY, the US-owned indoor skydiving business, which is currently in the midst of a rapid expansion around the world with builds going on in over 25 different locations. Ward remains one of two individual shareholders in iFLY alongside CEO Alan Metni. The third is institutional investor Riverwood.

Almost anyone can fly and the company has a proud record of catering for disabled people in a way that other experiences don’t or are unable to. In the consumer market, the product is typically given as a gift or bought as a celebration. Whilst for many the experience is a one-off, Airkix is fully focussed on attracting customers back for a second flight and progressing them through the 10 levels of skill development that may ultimately lead to them to taking up the sport of indoor skydiving and some will even venture out and try jumping from a plane.

Key business facts include:

- 80% of revenue comes direct from the end user
- 15-20% of revenue comes through channel partners such as Buyagift and Red Letter Days
- Just under 25% of revenue comes from skydivers, who represent 5% of visitors but consume close to 40% of tunnel time
- 75% of revenue comes from what is referred to as ‘first time’ or inexperienced flyers

Success in this endeavour is vital as more tunnels open around the world and the core market of pro-skydivers is spread more thinly. In the UK, the oldest tunnel, Milton Keynes, has seen its own pro-skydiver market decline as these flyers have migrated to the newer tunnels in Manchester and Basingstoke. Yet Milton Keynes remains the talk of the iFLY town as it refuses to let its performance decline by attracting new first time flyer business, schools, parties and corporate groups to fill the gap.

**THE VALUE OF LETTING GO**

One of the great challenges for any small entrepreneurial business on a rapid growth curve is how the founder deals with this expansion and in particular how he or she ‘lets go’. Ward as the iFLY Chief Commercial Officer has responsibilities that extend well beyond his Airkix baby now and it is impractical for him to be all over the day-to-day detail of the business in the way that he used to be. As a self-confessed control freak and occasional grumpy bast**, he has successfully managed the transition in a number of ways:

- Picking a team of General Managers from different backgrounds with complementary strengths, but who share common attributes of energy, fun and passion
- Hiring a senior marketing executive (that’s me) on a part time basis who, free from the early history of the business, can remain objective and challenging. Flatteringly referred to as ‘the glue’.
- Teaching this senior team the fundamentals of good financial disciplines and basic business management techniques
- Encouraging them to take control of their business areas
- Embracing the leadership development afforded to the ELT (Executive Leadership Team) and opening himself up to adjustments (and some would say improvements!) in his own leadership style.
DISCUSSION, DECISION AND BOOM

What’s particularly interesting for me, is that no one member of the senior UK team (the three GMs, Sales Director and myself) has been appointed, or has self-appointed themselves as the UK regional leader. Bi-weekly calls among the five of us are led by the Sales Director, quarterly review and planning meetings attended by Simon, are led by myself, but importantly strategic decisions that affect all areas of the business are openly discussed and agreed upon by the entire team. Regardless of job titles, everyone is in sales and marketing. Stuff gets done fast, be it pricing, merchandising, staff referral programmes, schools marketing campaigns, staff uniforms. Discussion, decision and boom, into play. It’s all very refreshing and exciting.

Communication levels remain high at all times. In addition to the forums mentioned above, there is a weekly report contributed to by all senior team members and then circulated. A monthly internal newsletter goes to all UK employees and a quarterly newsletter is received by all members of the iFLY family. The business is not afraid to embrace the newer, social forms of communication. iFLY is in the middle of a rollout of Yammer, which is bringing the whole UK team much closer to our colleagues abroad. Just seeing the pictures of tunnels going up in place like Rio, San Diego and Paris is hugely inspiring for all of us.

So yes, a small business, flying fast towards becoming a big business. And fuelled by great people practising collective leadership and shared ownership for sales and marketing. Will it still be as much fun in five years’ time? Will it still be as successful? I can’t answer that now, but I certainly intend to stick around to find out.

Nick is a Chartered Marketer and the founder and owner of Awaken Communications, as business which recently celebrated its 3rd anniversary. His 25 years of experience cover a variety of contexts including FTSE top 100 client side (7 years with Whitbread), public sector (3 years with Sport England) and international business services (8 years with Grass Roots), covering B2C and B2B. A natural team builder, Nick’s main interest lies in delivering brand objectives through people. Nick is also the Course Director for the Professional Diploma in Sports Marketing and a tutor for Managing Consumer Behaviour with Cambridge Marketing Colleges.

WHAT’S IN A WIND TUNNEL?

An indoor skydiving wind tunnel typically costs about £4–5m and takes seven months to build after planning is approved. It involves:

- Four 350HP electric motors over 200 tons of steel
- 300 m³ of concrete
- Moving 1.2 million cubic feet of air every minute
- A building that is 18 m tall by 35 m long and 15 m wide that is sunk 7 m into the ground
- 11 tons of aluminium vanes that precisely turn the air around corners and are designed by a NASA scientist

HISTORY OF WIND TUNNELS

The would-be aeronauts of the 19th Century closely studied the flight of birds and began building flying machines patterned after avian structures. Their bird-like craft failed miserably. They quickly realised that in reality they knew nothing about the lift and drag forces acting on surfaces cutting through the atmosphere. To fly, man first had to understand the flow of air over aircraft surfaces.

This meant that he had to build instrumented laboratories in which wings, fuselages, and control surfaces could be tested under controlled conditions. Thus it is not surprising that the first wind tunnel was built a full 30 years before the Wrights’ success at Kitty Hawk.

The wind tunnel is indispensable to the development of modern aircraft. Today no aeronautical engineer would contemplate committing an advanced aircraft design to flight without first measuring its lift and drag properties and its stability and controllability in a wind tunnel. Tunnel tests first, free-flight tests later, is the proper order of things.

A wind tunnel is generally sort of a duct or pipe shape and air is either blown or pulled out of the tunnel. Typically in about the middle of the tunnel is what is called the ‘test section’. This is where the model object to be tested is placed. In aerodynamics this is typically an airplane wing or a scale model of an airplane. Wind tunnels can be small devices that fit on a table or be as big as several city blocks like one of the tunnels at NASA Ames.

Wind tunnels are used to test the aerodynamics of Formula One and most other forms of car.
Interstate Creative Partners believes that brands achieve greatness with a combination of honesty and daring. For authenticity and legitimacy, tell the truth. For that competitive edge, dare to be different. The combination is electric.
The first thing I want to say is what a privilege it is to be among you all tonight and what an honour it is to stand before you in this Great Hall. So, my presentation is quite forward-looking, hopefully quite thought-provoking and quite visual. So let’s crack on and go straight in.

My role at AMV BDDO is a new one. The role of Chief Technology Officer (CTO) in an above-the-line agency did not really exist before, but my role has three parts to it. The first one is to keep the agency at the cutting edge of technology – to look at, as Charles said, all the latest gadgets, understand the latest software and work out ways to use it in an engaging way. The second role is to work very closely with the creatives to come up with those ideas. The role of my team is to see what is possible and then make it happen.

The third role is thought leadership: understanding how technology is impacting on consumer behaviour and what it means for the agency, for clients, and for the industry. The rest of this presentation tries to summarise my findings from the last three or four years on what technology is doing to consumers, but also what the opportunities are for our industry.

Most of us have four devices – a smartphone, a laptop, a tablet and a desktop. So there is a new category of ‘wearable tech’ and I want to talk about that a little bit. Wearable tech is buzzing a lot, particularly this year. Samsung was really the first to launch a Smartwatch, Google is launching Google Glass, Fitbit is launching all these fitness bands: Nike+, the Fuelband and so on. This year is very much the year of wearable tech. This makes me wonder: if wearable tech is now, what was before? And it is really simple.

Although we did not call it that – it was ‘portable tech’, things that we carry with us – a laptop and, indeed, a smartphone. And it is not going to stop there. You can argue that after wearable tech, in another few years it is going to be about ‘embeddable tech’. We are going to start to embed tech in ourselves. It is not for everyone, of course, but give it a few generations and we are going to have tech embedded in ourselves just because it makes our life easier.

MOBILE AND OMNI-CHANNEL

The point I really want to make is this: with all these devices now available, we have to have a mobile strategy. But what is a mobile strategy today? It was quite clear before; it was just a smartphone. But, as we have just seen, there are so many devices on the market now, and, in a way, you can argue that the mobile devices themselves are actually fixtures in an overall journey, and the mobile element is the experience you get through that journey. That is the bit that is mobile and your strategy has to carry through and be consistent throughout the journey.

A good example is Spotify. I love to listen to music, so when I am in the office I take my computer, plug in my headphones and listen to Spotify through my desktop. Then when I am going back home I commute on a motorbike, so I have a Bluetooth helmet and then I use my phone to connect to Spotify. I have my playlist and I carry on listening to something I like. Then, when I am in the car with my wife and daughter, driving down to the south of France, we use the iPad, with Bluetooth on the dashboard, and my wife starts to DJ, again using Spotify. Here the element that is mobile, that I carry through, is Spotify, it is that experience. And there are other examples… like shopping for your groceries. When you shop online, you go to tesco.com, but if you have an app on your smartphone, you can actually start on your desktop, carry on on a smartphone on the way home and then finish on the iPad at home. Again, it is all a seamless experience.

So we now have connected consumers and they need and want a connected experience. And this is really at the heart of it, the experience – you must make sure it is really connected and works.

A buzzword that has started to appear recently is the notion of multi-channel; but it is now about being omni-channel. What is the difference between the two? Multi-channel means we have lots of channels and we are going to create separate experiences on each of them. And that can lead to customer dissatisfaction because the experience is quite different. An omni-channel approach makes sure that the experience is at the heart of what you do, and ensures you deliver that same experience across all the channels or devices in a consistent way.
So let’s look at marketing and how it is transforming – how has technology impacted on consumer’s behaviour? A great place to start is Maslow’s Hierarchy of Needs. I think what is interesting about the Hierarchy of Needs is that Maslow wrote them in 1943 – bang in the middle of the Second World War when a lot of people were gravitating towards the bottom layers of the hierarchy. As you can imagine, it was not a pleasant period.

**PEAK EXPERIENCES**

Now in the 21st Century in the Western world, a lot of people are gravitating towards the top layers and this has got me thinking: is there something beyond self-actualisation?

I came across another piece of work that Maslow did in the mid-60s; in 1964 he published another book which is called *Religion, Values and Peak Experiences*. As you know, Maslow was the first to study healthy people. All the others were studying sick people. He wanted to understand what makes people happy, and he identified that people that were in the self-actualised layer enjoy the most peak experiences and he defined those peak experiences as “the sudden feeling of intense happiness, well-being, wonder and awe”.

So these peak experiences are very sudden ‘bursts’ which is interesting to look at… consider choosing your holiday, for instance. We have all been to the beach, to the mountains skiing, and now we are looking for something different. In my case this has led me to choose to go on a cruise in two weeks’ time. And the reason I am choosing a cruise – people think it might be for old people but cruises have really evolved. They are now an amazing environment. They are so big and there are so many things you can do on those big boats. For me, they are the largest piece of technology on Earth so I have got to go there and I am always mesmerised by how immense those things are.

**FLOATING CITIES OF ‘WHY NOT?’**

This is currently the largest cruise ship in the world: The Oasis of the Seas owned by Royal Caribbean. It is 40% bigger than the biggest ship before. It is absolutely immense – you can get 7,000 people on it but you do not feel it is that busy because it is so big. And you can do minigolf, you can play basket tennis, you can even do a zipline. The brand that is the mantra for Royal Caribbean is ‘The cities of why not?’. So they say, “Why not have an ice rink?” and then you are able to ice skate in the middle of the ocean or, “Why not have a bar, a champagne bar, that goes up and down four different decks very slowly when you have a drink there?” “Why not do zipline?” You can actually do zipline across the boat. There are also amazing Broadway shows and there is a swimming pool where you can do amazing dives. For me, it is those sudden bursts of experience that I really want to enjoy that help to determine my choice of my holiday.

by Greg Roekens, CTO of AMV BDDO
CHANGING THE EXPERIENCE

In 1998 Pine and Gilmour wrote an article called ‘Welcome to the Experience Economy’ in the Harvard Business Review. If you look at Tim Berners-Lee and James Watt, they have something in common. They are both responsible for a revolution. James Watt invented steam power; actually he perfected the steam engine – and that led to the industrial revolution. Tim Berners-Lee, in the early 1990s, invented the web and that has, you could argue, created a new revolution, which we can call the experiential revolution.

This is an experiment that was undertaken by Tesco in South Korea. They effectively re-created a supermarket aisle in a tube station where you can actually do your shopping. So again it is bringing an experience to a place you would not expect. And the guy is so absorbed he is going to miss his train.

Nike is probably the best example of how to turn a product into an experience and the way they do it, and I think this is a great way for most brands, a good learning platform, is: they look at their existing products and services and they look at technology and how they could use technology to augment those products and services. That led to the creation of a whole new ecosystem that we are all familiar with now.

Domino's Pizza is another great example. In the past when you wanted to order pizza, you just dialled a number, spoke to someone for two minutes and your pizza arrived 15 minutes later. Now you can do it online and the app is beautiful. You feel like you are almost making the pizza but without the mess, and then when you press the order button, there is a tracker that shows you the pizza being made and you can see the different stages all the way to when it is being delivered. And I do that every time with my daughter. She keeps asking, "Where's the pizza? Is it coming?" and then when it says 'Delivery' she goes to the window and she listens for the scooter to come and then we go to the door. Now we are interacting with the brand and we do that every time for 20 minutes whereas in the past it was just a burst of two minutes. So, again, through technology you can really augment services.

Now the really interesting bit is, as with any revolution of those sorts, it is led by technology and by innovation. That's what happened 200 years ago and that's what is happening again now. I would like to divide those into two categories. The first one is innovations in the field of user interfaces, how we interact with machines; and the second is Artificial Intelligence. For decades, the only way we could interact with a machine was with a keyboard, a screen and a mouse, but for the last few years there have been dozens of new ways to interact with machines. And looking at Artificial Intelligence, again amazing leaps that have been made in the last few years and we will look at those in a minute.

2007 was the first time that we had new ways to interact with machines and the first was when Apple introduced touch screens through the iPhone. And now it's very familiar; it's such a natural way to interact with a machine and we all love it. If you look at children now, as soon as they see a screen they start touching. That's how they feel and how they want to interact.

A PROPER CONVERSATION

Speech recognition has made amazing advances when in the past it did not really work. The best way to really test this is using Google. If you have a smartphone, android or iPhone, download Google app and then you just say, “OK, Google” and you ask questions like, “How old is the Queen?” And it gives you an answer; it speaks back to you and it gives you her age. And you can say, “Who is she married to?” And it will reply again, saying she is married to Prince Philip and so on. It's contextual. You can have a proper conversation.

What is particularly interesting is the technology and how it works. It actually uses something called machine learning. What happens is that every time, for instance, you do a Google search using voice recognition... actually I did it today on the way here – I asked for the address of St John's College. When it returns a result and I click on that link, what Google does is effectively saves that voice pattern because it's saying, “I got it right. I understood what this person said with this strong accent. So what I am going to do now is save that voice pattern and I am going to index that voice pattern against those words so if someone else comes along and has a similar accent and says those words, I know what it means.” And so, over time, that's how it gets better and better. It is the same with the weather forecast.

Microsoft introduced Kinect which is gesture recognition. You move in front of a camera and it can detect your movements and do facial recognition and so on. Another way to do gesture recognition is these devices they call Myo. They are like bracelets that you put on your forearm and now instead of standing in front of a camera and moving my arms about, I can actually walk about and I can say, “Turn the volume up or down.” Just by moving my arms, I can actually control a machine.

Last year Samsung launched this retina recognition. As you read through your screen, it can detect when you reach the bottom of the page and it will auto-scroll for you. Another way to interact with a machine, which is extraordinary, is through brain-machine interfaces. This will detect your level of concentration or relaxation, which can be Bluetoothed onto a machine and then you can start to interact with the machine in different ways in games and so on. Things that we thought would be impossible a few years ago – now I can actually get my machine to do things for me just with the power of thought.
With the Oculus you actually go inside the screen and you look around you and you can feel it is totally immersive. Google Glass is something you wear, just in front of you all the time. You can speak to it, you touch.

And then there is iBeacon – it’s a new piece of technology that Apple released last year and it’s proximity sensing so it can detect as I get closer to, for instance, this painting here. I could have head-phones connected to my phone and I could just walk towards it and then it starts to tell me the history of that painting and then I move to the next one and then it knows that I’m closer to that one and then it gives me the history of that one. So this is yet another way for humans to interact with a machine.

So, there have been amazing advances in user interfaces and every time I do this presentation I have to add a new one; it just keeps coming.

ARTIFICIAL INTELLIGENCE

Artificial Intelligence has also made huge advances in the last few years and for me the pivotal moment was probably when Jeff Hawkins invented the Palm Pilot. Who remembers the Palm Pilot… where you had to learn a special alphabet? That was back in the late 80s, and in the 90s he sold the business and went back to his true roots. He’s actually a neuroscientist and he wanted to study the brain as a whole – how does it work? And he wrote this great book called On Intelligence which is a really easy read, and describes in layman terms how the brain works. He found out that intelligence is not characterised by behaviour; that is not what makes us intelligent. It is our ability to predict. We constantly predict. You are predicting how you are going to go home tonight, you are predicting wondering, “When’s he going to finish this talk?” I am going to show you through a series of very quick tests that it’s actually true and quite surprising.

The example that he gives in his book is the door you open every morning to go to your office. Imagine that I have moved the handle by a couple of inches up or down, changed the weight of the door or introduced a noise. When you open it you will notice. Something will happen. You will say, “Oh! There’s something different, what’s happening?” What is happening here is effectively that as you walk towards the door your brain knows how that door behaves. It has learnt from many times before and it is predicting that it is going to be this way, but because it’s different it triggers an alert in your brain and makes you react.

Here is another example:

So I would like to try a little experience.
No doubt you have seen this before. As long as the fist is at the same place you can read this even if you’re not wishing.

Although it is all misspelt you can still make sense of it. What is happening here is your brain predicts the right spelling first and then reads the words and it does that automatically. It works better when you are at the front but again it shows you how this power of prediction works. And it is the same on a boat. You feel seasick and the best tip is actually to go and watch the horizon because what your brain does is anticipate and predict where the movement is going to go next. And when you are inside the boat you can’t do that and that makes you physically sick.

Who’s that?

Most people who see this know it’s Michael Jackson – straight away. He has been dead a few years now but what the brain does is reconstruct the whole picture first, predicted and then recognised who that person is. A computer needs to do exactly the same thing, and until a few years ago we couldn’t even contemplate machines being able to recognise people and objects in pictures and now we just take it for granted.

This is a Picasa, a Google product, which scans my hard drive for all the pictures and recognises them. I tagged myself once, and now it recognises me in pictures. So now we have a computer which can analyse and recognise me in all these different situations: with a hat, with glasses, as a Santa, closing my eyes, when I was very young.
So, what we are doing is effectively building a global brand. If you take all those databases and connect them all together… take Wikipedia, take your email, everything. If they were all connected, we effectively have a global brand; a global brand where neurons are databases and the synapses that connect those neurons, we could argue, are Application Planning Interfaces or APIs which means the databases can talk to each other and again this unlocks new powers that we never had before.

THE RISE OF THE VIRTUAL ASSISTANT

And this is probably the best application of Ul and Al coming together; what we are actually creating is virtual assistants. We are all going to have PAs, even PAs themselves. And we have started to have them; it is actually already in your pocket. It’s your smartphone.

If you look at it, it actually shares three of our five senses. It can see through cameras, it can hear through microphones and it can feel through touch screens and gyros. But actually it has more senses than us. It can actually localise itself; if you drop a phone anywhere in the world, as long as it has got battery, within seconds it will know exactly, precisely where it is on Earth. That’s not something that we can do. It knows where North is all the time. And it has got access to thousands of different sense data like temperatures, again very precisely. So it has the power of sensing technology and it can access the global brand. So if you look at Siri or Google Now, which is Siri’s equivalent… if you are a criminal, it can even help you find places to hide a body. But I think what is particularly unnerving or interesting and something for us to watch is: What does it mean for us marketers in the future? It won’t stop there; it will carry on getting better and better.

Now what is going to happen is, as a consumer, we are going to empower those virtual assistants to make purchase decisions on our behalf. I will start with commodity products. I am more than happy for Siri or Google Now to do my weekly shopping. I don’t care about the brand of sugar or water or salt. Just buy it. So, if we are going to have a robot who is going to make purchasing decisions what does this mean for us marketers and advertisers? How do we advertise, how do we market to a robot? The answer may lie in the notion of a machine-to-machine relationship. Brands already use machines to provide personalized messaging to people; think about ECRM for instance. Now if the receiving end is a robot then we start to have a communication from machines to machines. So we are looking at algorithmic programme ad buying. Again, robots will automatically deliver content to consumers based on rules.

So the question is: What is the best PA I would have? Well, it comes back to the prediction. We do not want to have to repeat all the time: I am vegetarian, I like window seats, I am a non-smoker. You want all that to be done automatically. You want this virtual assistant to predict all your needs and wants automatically. For that to work it needs to know everything about you and this is where data is becoming crucial and I am going to quote Kevin Kelly who is a futurologist. He co-founded Wired magazine and he said in a video, three or four years ago called ‘The next 5000 days of the web’: ‘Total personalisation requires total transparency and that’s the price.’ And this is interesting because, if you think about this it means that if we all want a personalised, personal experience. In order to get that you need to exchange; you need to provide information and you need to be transparent. By the way, brand is a two-way thing. Transparency and trust is very important.

But what is particularly interesting is the notion of price. I sourced this from a blog post written in 2009 by Ogilvy Asia and it was posted by Brian Fetherstonhaugh, who is the Chairman of Ogilvy. And they were talking about moving from 4Ps to 4Es for the Marketing Mix: the product is now an experience, price is an exchange, place is every place and promotion is evangelism; and probably the best example of all is Facebook. Facebook uses the 4Es. Facebook is not a product – it is an experience. It is an amazing experience that is shared by millions, billions actually, one billion. The price is free for most people who never paid for Facebook but yet they use it every day many, many times. The promotion was all done through evangelism: Become a friend with me so we can talk to each other and so on. And then the place is every place, it is always on me, with me, through my desktop, smartphone and so on.
And the music industry is another industry that was impacted by this thinking of 4Es rather than 4Ps. The product itself in the late 90s was the CD and it cost £15 – that was the price – and the promotion was huge: big campaign launches, traditional media and so on; and the place was distribution channels, HMV and so on. However, we all know that music now is not a tangible product that you buy anymore – you subscribe to it. For publishers, it did not matter in the past how often people listened to a particular track. Once they had sold the CD that was it – job done. But now it is a different affair. The way Spotify pays musicians and publishers is by the number of times people listen to a particular track; how popular it is. So the product better be a great experience and that is why nowadays there are concerts and online concerts and things like that.

**ECONOMIC VALUE**

So again an interesting approach looking at this move – and this is a big statement and it might be worth debating and discussing – but I think there is something else interesting around the 4Ps and the 4Es. Apple is another great example. When the iPad came out, for me (and I am a big geek), I just refused to buy an iPad. The first came out and I thought, “No way, I’m not buying that product” because I thought as a product I did not need it. I already had a desktop, I already had a smartphone; why have another screen in between? And the price was really expensive for a product that I did not feel I needed. But when iPad 2 came out, I completely changed my mind because of the way they sold and I understood by then that it was not a product – it was an experience that I was buying into, and I could do so much with the iPad.

Many of you will already know this but I think it builds the argument around the importance of ‘experience’. And Pine and Gilmour, who, as I mentioned earlier, published this paper in 1998. And this diagram is fantastic – it really shows how we have moved across the different era.

They used the birthday cake as an example: so, in the past when 80% of us were working on farms, if you wanted to make and offer a birthday cake, you had to first extract the commodities then turn them into flour and then bake the cake. It took weeks in the process; but you can imagine the cake was something amazing, was amazing value. After the industrial revolution, you could actually buy the flour in the high street, go back home, bake the cake, and that was a few days in the process. Then comes the service economy: I don’t have the time to bake the cake anymore, I go to the supermarket or, even better, I get it delivered through the door; that was the service economy.

Now what Pine and Gilmour were saying was: it’s all about the experience economy now. It is very important to stage an experience and if you look at birthdays today they come as packages and that is where the value is – it is in the experience. And the interesting thing is the product itself, the birthday cake, is actually offered for free as part of the overall package. So if you want to differentiate yourself from your competition then it is about staging experiences. And if you want to justify a product’s price, again it has to be about the value of the experience.

**MAPPING CUSTOMER EXPERIENCE**

So I would just like to finish with this diagram, which talks about trying to map customer experiences.

Customer experience is becoming very much the holy grail of marketing, and it is all about delivering the best experience you can across all those touch points. It is interesting to see that there is a change happening at the moment. I read an article about P&G removing the word ‘marketing’ from all of their job titles. Their strategy is to focus more on the brand and they felt that having ‘marketing’ in the job title did not give the right focus. And if you look at Tesco, Matt Atkinson was the CMO of Tesco but now his job title has changed to Chief Creative Officer, there are no more CMOs at Tesco. And they have just hired a lady to be the Chief Customer Officer so actually they have split the CMO role in two with one focussed more on innovations and the creative side of things; and the other more focussed on the customer experience. So mapping experiences is becoming crucial, because not all experiences should be equal.

If you look at the first axis, you could argue that the definition of customer experience is delivering against the needs and wants of customers, and you can actually argue that you can put different needs and wants on different axes. I need a car to go to work but I want an Aston Martin. I need a computer to work but I want an Apple. So if you put those two on one axis then it starts to become an interesting diagram. Then if you look at the other axis,
again, this is looking from a customer point of view, they are either going to be in a passive mode at the instant T or they are going to be active. Now that gives us four categories to play with. For example if we have consumers who need something now and are in an active mode, say they are hungry and they are actively going to try to fulfil this need, then the brand – the experience – needs to deliver enablement, it needs to try to make the process of fulfilling the need as quick, as easy, and as cheaply as possible.

However, if you have a consumer who is in a passive mode but needs something, then give an experience. For instance, in an airplane when they play the boring safety videos, the customers are very much in a passive mode: “I don’t want to listen but I have to, I need to know about those so...” The way airlines treat these is that they are trying to educate you to know what to do in case something goes wrong, but what they should do is provide something more entertaining – provide an experience based on entertainment.

**CREATE THE EXPERIENCE**

The Holy Grail is when you have an active audience which wants something, because then you can really engage with them and create an experience around engagement. The way I try to explain this again uses airlines. If you think back over the centuries at first most of us entertained the idea of flying passively. We wanted to know what it would feel like to fly but we did not do anything to try and find out. Only a few actively engaged in trying to turn the dream into a reality, quite a few to their own peril. But when the Wright brothers invented the airplane, they opened up the prospect of flying to many, many more people and for the first few decades of flying airlines, everyone wanted to go and fly but it was very expensive and not many people could afford it. What has happened since then is that this want has been commoditised into a need. Flying is not the part of the trip that I enjoy anymore. I need to fly, it is a means to an end. I need to take a plane to go to a conference or on holiday but it is really not the part that I enjoy anymore. And the way to turn a need back into a want? It is a simple answer: it is innovation.

So coming back to the airline example – in future I will choose an airline that builds planes where the hold is transparent because then I will feel like I am flying. I can see around me and I am flying. If you look at planes now, only one third of people that have windows can see that they are flying but for the rest you are just in a tube. Now obviously a transparent plane would not be to everyone’s taste but this is where technology can help make this happen now – we do not have to wait another century before it happens. What we could do is use screens – we make the floor just under my feet a screen and I can switch it on and now I can see down and enjoy the act of flying. There are actually airlines now where you can watch the landing on a screen in front of you, you can see the camera and it is almost as if you are flying yourself. Again I will choose those airlines that can offer those sorts of experiences.

So this experience quadrant can be used to use to map lots of different experiences and you can ask: what is the most relevant channel to use to deliver those sorts of experiences? What are the most relevant devices? What is the most relevant brief or strategy across those different experiences?

P&G removed the word ‘marketing’ from all of their job titles. Their strategy is to focus more on the brand and they felt that having ‘marketing’ in the job title did not give the right focus

So the key points I want you to take away are: Experience is the new Holy Grail. Experience is where the value is. Connected consumers want connected experiences. Virtual assistants are your new best friends. The 4Ps are now the 4Es. It is about staging experiences and one way of doing that is to look at your existing products and services and then use technology to augment those. We do that a lot with our clients at the moment. We have 90 brands. I have got a meeting on Friday and we are going to look at wearable technology for pets to try to create an experience for clients. We are not just going to try to get people to buy their products; we are going to try to sell the experience of owning a pet because by doing that, if we get more people to own a pet, then automatically the volume of sales will increase. And lastly do not forget to map your experience on the experience quadrant.

Thank you very much for your time. Any questions? I am more than happy to try to answer them.

Grégoire Roekens is Chief Technology Officer at AMV BBDO and has over 15 years of expertise in Marketing Technology working with major brands. His motto is ‘Tomorrow’s technology is today’s reality’ and he believes that all technologies are introduced to assist human in some shape or form. He is particularly interested in innovations in the fields of artificial intelligence (AI) and user interfaces (UI).
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In 1956 a Princeton psychologist published what became one of the most famous papers in his field. George Miller entitled his article *The Magical Number Seven, Plus or Minus Two*. He was fascinated by short-term memory span and studied people's ability to recall items in a list. As his title implies, he concluded that most of us only recall seven, give or take a couple. It's because of Miller and his study that, erring on the side of caution, I restrict myself to five things when asked about the secret to successful strategy execution. Of course there is no simple secret solving all strategy execution challenges. But there are five things that really matter and as luck would have it, they all begin with the same letter.

**1. CAUSALITY**

Successful strategy execution relies upon organisations undertaking activities that will plausibly cause their strategic objectives to be achieved. That sounds simple; something all organisations should have mastered. But the evidence under-mines this assumption: In many organisations, an enormous cognitive gap exists between ideas and actions. Reflecting more deeply, we can see why. Hypotheses about the relationships between actions and outcomes are complex to construct. Illuminating data can be difficult to find and interpret, and innovative initiatives may have no precedents to examine for clues explaining success or failure.

Take the Ford F-150 pickup truck, the best-selling vehicle in the United States for over 30 years and the company’s most profitable. Its thirteenth generation rolled off the production line this year with a radical difference: its body is largely made from aluminium rather than steel. This has reduced the weight of the vehicle by over 300 kilograms, improving its performance, fuel efficiency and emissions. But this is a bold move by Ford. Complex changes to production processes were required. Aluminium is pressed and welded differently, and materials-handling machines that rely on magnets cannot lift it. It is also much more costly than steel. All these factors mean that whilst a number of vehicle manufacturers use aluminium for one or two individual panels, such extensive use of the material has hitherto been restricted to expensive sports cars.

Ford is in part responding to legislation mandating improved emissions and fuel economy. It is also banking on buyers significantly valuing the performance, cost and environmental benefits of a lightweight vehicle. It is not a foregone conclusion that this proposition will appeal to typical truck-buyers. The company has shrewdly pointed to the use of aluminium for the bodies of mighty military vehicles such as the Humvee. Conversely, the competition has sought to seed doubt in buyers’ minds about aluminium – for example using social
media to suggest that body repairs may be more costly.

Explicit cause-and-effect reasoning can bridge the gap between conceptual objectives and concrete activities. In its search for a means by which it can achieve its goals, Ford has alighted upon the substitution of aluminium for steel. The intention is that this will increase the perceived value of the F-150, attracting or retaining more customers, driving up sales volumes, increasing revenue and thus, ultimately, growing profit. The refreshed model also comes with a significant price hike for every variant in the range, which Ford expects will further enhance revenue. The company can plausibly connect its conceptual objectives with concrete activities that competent individuals and teams can deliver. Time will tell whether the causal logic will prove correct. Will competitors come to regret dismissing aluminium?

Causality can also be used to align projects and initiatives with strategic objectives in a more emergent fashion. Not every legitimate activity emerges from strategising. Customer demands, competitor behaviour, performance problems and new opportunities cannot always be anticipated. Each of these may present means of achieving objectives that are as effective, if not more so, than grand strategies. Imagine if Alexander Fleming had disregarded his discovery of penicillin because finding such a compound was not part of his employer’s strategic plan. Thankfully, he could foresee the enormous positive outcomes of its development.

Causal logic often looks obvious when laid out skilfully, but my research suggests this is illusory. There are many organisational and cognitive barriers to clear causal thinking. Managing this alignment process effectively in practice is perhaps the greatest strategy execution challenge of all.

2 CRITICALITY

Criticality is vital alongside causality because organisations undertake huge numbers of activities, making them highly complex systems. It’s impossible for organisational leaders to analyse and manipulate all these activities. Successful strategy execution relies upon reducing this complexity to focus resources and attention on the activities critical to delivering strategy. Some activities matter far more than others – they are the ‘dial changers’. Isolating critical activities can resolve many dilemmas that leaders and managers face in their day-to-day work. If you’re making organisation structure choices, for example, which option best supports your critical activities?

Ryanair focuses on minimising aircraft turnaround time because it’s a critical activity for the airline. Servicing, refuelling and cleaning is conducted efficiently – aircraft interiors are even designed to hasten the latter. Passengers are boarded quickly and late arrivals not permitted past the gate. This ruthless efficiency is vital to ensure on-time departure (a key part of the customer proposition) and high aircraft utilisation (through planes flying passengers, not sitting on tarmac). Ryanair has a sharp sense of all its critical activities and it executes them very well, explaining its extraordinary financial performance in an industry that overall, produces meagre profits.

3 COMPATIBILITY

It is not enough for leaders only to translate strategic objectives into apparently critical activities. They must also ensure that these critical activities will pull the organisation in a consistent direction. Activities that individually appear to support objectives may together have a different effect if they are incompatible. For example, problems will arise in an organisation that relies upon creativity and innovation but also operates a prescriptive performance management system that discourages unplanned activities. If compatibility is restored – perhaps by defining where innovation is essential and adjusting the performance management system accordingly – desired outcomes are much more likely to appear.

Many corporate scandals are catastrophic strategy execution failures that reflect compatibility problems. Organisations that rely upon unblemished brand identities are unwise to incentivise employees in such ways that they jeopardise corporate reputations. The variety of misconduct illustrates the scale of the risk: fraudulent accounting and auditing, mis-sold insurance, bribery of officials, corporate spying, horsemeat lasagne, athlete doping, Libor fixing, manipulated emissions tests and so it goes on.
CASE STUDY: THE MACALLAN

The Macallan has long been known as the Rolls Royce of whisky and a favourite of many connoisseurs of Scotch. More recently, the film Skyfall revealed it as James Bond’s favourite dram. It’s also the Guinness Book of World Records’ most expensive whisky sold at auction – The Macallan M Imperiale 6-litre Lalique decanter fetching US$628,000 in Hong Kong last year.

This super-premium brand positioning is not restricted to the finest and rarest editions sought by collectors. A bottle of 18 year-old Macallan, if you’re lucky enough to find it in stock, will typically cost you around twice that of a rival single malt of the same age. What lies behind this extraordinary strategic positioning?

Brand owners The Edrington Group recently undertook an exercise aimed at more deeply understanding, protecting and enhancing the brand’s success, and the 5Cs underpinned the process. Ken Grier, the Brand Director, explained, “We were conscious that many factors had led to The Macallan’s pre-eminence. Everyone had a view as to what was most important but naturally this was shaped by individual perspective. We sought a more systematic and (crucially) shared view of the critical activities and outcomes that underpinned success.”

This perceived variety of success attribution was borne out: interviews with around twenty key stakeholders in the business uncovered over 150 performance variables that helped to explain The Macallan’s market leadership. A useful distinction rapidly evolved between those factors explaining historic performance and those underpinning the product’s ongoing success in a market that has widened and changed considerably in recent times.

Via workshops and a range of other exercises, a yet wider range of stakeholders explored the performance variables identified, mapping specific causal relationships and interrogating the evidence for them. The principle of criticality was applied to sharpen the emerging model and focus attention on the limited number of factors that make the biggest difference to perfor-

Continuity

Applied effectively, causality, criticality and compatibility allow the identification of activities that will plausibly cause strategies to be realised. However, identifying critical activities is not enough; they must also be delivered, so organisational designs and systems need to be shaped accordingly. Strategic decisions are typically passed down through hierarchies. As this happens, teams and individuals must interpret organisational intentions, determine the contributions they can make and take action. Where these baton changes break down, strategic intentions are derailed. Even greater challenges exist in ensuring coordination and collaboration between organisational subunits, which must work together to deliver critical activities. If your organisation ever asks customers to “call another number” you have a problem: you’re asking customers to coordinate your subunits because you can’t. Continuity is also important over time, creating a threat from short-term distractions, structural reorganisations, leadership changes, budget cuts and so on. The ability to deliver critical activities needs to be baked into organisations’ designs and systems.

Clarity

The fifth ingredient for successful strategy execution is clarity. We’ve all heard apocryphal but resonating stories about people who saw meaning in their work through its contribution towards much bigger goals. There is the tale of a man chipping away at a stone with hammer and chisel who, upon being asked what he was doing, said he was building a cathedral. ‘Line of sight’, as this is known, is of enormous importance to strategy execution for several reasons.

First, and unsurprisingly, there is strong evidence that understanding why activities are undertaken motivates those responsible for them. We derive meaning from the means by which we contribute achieving important outcomes. We only have to look to the huge numbers of volunteers who energetically support charitable organisations and good causes, to gain a sense of the motivating effect such awareness can have.

Second, if people are to take good decisions in their roles, they need to understand strategic priorities and the trade-offs inherent in them. People need to see how their own actions will plausibly cause overall objectives to be achieved (causality) and what the most important performance drivers are to prioritise their time and effort (criticality). They must not be pulled irrevocably in different directions (compatibility) or made unproductive and disengaged by failing structures and systems (continuity). Clarity over all of these increases goal congruence.

Third, perhaps the subtlest point: When organisations develop strategy and plan its execution, they often run the risk of ‘elite bias’ – involving only senior people and using only the information and viewpoints these leaders can offer. The evidence is that strategy execution is far more likely to succeed when planned with involvement of people from a range of levels and subunits across organisations. Leaders need to ‘get all the brains in the game’. This task is much easier when individuals recognise the salience of the information available to them, and so can flag up when they discover something that matters. ‘Line of sight’ provides that awareness.

Ensuring compatibility, continuity and clarity seems a huge challenge, given the sheer magnitude and complexity typical in large organisations. Where do you start? Again, by focusing on critical activities, ensuring they are compatible, managed for continuity and clear. That is a feasible challenge and a central role of leaders.

Strategy execution is not easy: Research confirms that the majority of strategies do not achieve intended objectives upon execution. But these 5Cs, applied thoughtfully, offer the scope to avoid the pitfalls and create lasting competitive advantage.
mance. With an explicit and detailed model emerging from much teamwork, a shared view of both the past and the future was formed. Many valuable insights emerged.

There was strong compatibility between critical activities and outcomes. Edrington had been innovative in finding ways for strengths in one area to reinforce strengths in another. For example, the heavier, oilier spirit produced by the famously short stills at The Macallan’s Speyside distillery is ideally suited to being aged in former Oloroso sherry casks, which can overpower lighter whiskies. These short stills and sherry casks together contribute to The Macallan’s distinctive natural colour and flavour profile. Natural colour and the spirit’s rich flavour have, in turn, been central to product development and brand positioning.

Another important insight from the work was clarification of where collaboration was essential between the teams involved in supporting The Macallan – principally operations, marketing and sales. Indeed, the group has since reshaped itself partly to optimise the critical activities for which these teams are responsible.

The exercise has also provided a solid framework for identifying strategic risks and performance measures, as well as a rich means by which to communicate and explore the brand’s strategy and its means of execution – providing essential clarity for all stakeholders.

The custodians of The Macallan brand are hopeful that in using the lens of the 5Cs to analyse the brand and plan its future, its unrivalled success will continue for years to come.

HOW EFFECTIVELY DOES YOUR ORGANISATION EXECUTE STRATEGY?

Select the answer most closely reflecting the situation in your organisation:

1. How systematically are strategic objectives translated into concrete actions?
   (a) We don’t define strategic objectives systematically
   (b) We craft a strategy but don’t translate it into activities as part of a systematic process
   (c) We try to translate strategic objectives into actions but it’s difficult
   (d) We systematically translate strategic objectives into activities as part of our strategy execution process

2. How clearly defined are critical activities?
   (a) If you ask 100 senior managers which activities are critical, you’d get 100 different answers
   (b) We clearly define critical areas of performance but not at an activity level
   (c) Critical activities are defined clearly in places, but not in an integrated fashion across the organisation
   (d) Anyone working here knows what activities are critical – they are clearly defined

3. How carefully are activities checked for their compatibility?
   (a) It has never occurred to us to check for this
   (b) When conflicts arise between activities we review them
   (c) Our organisation design is intended to reduce the scope for conflicting activities
   (d) We systematically examine critical activities to ensure they drive things in the same direction

4. How well defined is accountability for delivering activities and strategic outcomes?
   (a) It’s generally muddled – things ‘fall between the stools’
   (b) It’s clear for delivering activities but not strategic outcomes
   (c) It’s clear for activities and outcomes but these don’t explicitly relate to our strategy
   (d) It’s clear, as a result of our strategy and execution process

5. How clear is strategy and its execution to staff?
   (a) There is no attempt to communicate strategy and how it’s being executed to staff
   (b) We tell our staff about the strategy but it probably has little significance for them
   (c) Our staff can generally explain the strategy and how we’re executing it
   (d) Our staff know our strategy, how it’s being executed and how their day-to-day work contributes – we’ve checked

6. How are key projects and initiatives aligned with strategic objectives?
   (a) We typically launch projects and initiatives without considering their impact on strategy
   (b) We categorise projects and initiatives under strategic ‘work streams’ to ensure alignment
   (c) Projects and initiatives must be shown to contribute to strategic objectives, but it’s a bit of a ‘leap of faith’ that they really will
   (d) We systematically articulate and test the alignment of projects and initiatives with strategic objectives before approving them

continued
How are resource allocation decisions made where there are conflicting priorities?

(a) It’s a case of ‘whoever shouts the loudest’ gets the resources they need
(b) They are largely influenced by negotiation – a fair bit of ‘horse trading’ goes on
(c) We judge each business case on its merits when allocating resources
(d) We systematically prioritise resource decisions to deliver critical activities defined in our strategy process

How does the organisation generally respond to apparent performance problems?

(a) We typically go for a quick fix – speed is usually the priority
(b) We implement a swift solution but try not to introduce lasting complexity in doing so
(c) Stakeholders are usually engaged to help solve the problem together
(d) We always re-evaluate the definition of the problem and diagnose underlying causes before acting

How sustainable are major organisational changes once implemented?

(a) We’re always chopping and changing organisational structures, processes and systems – it’s a bit chaotic
(b) Every time there’s a leadership change everything is thrown up in the air
(c) We make good changes but improvements are lost over time and through staff turnover
(d) Major organisational changes are carefully planned and deeply embedded in our systems and processes

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Dr Andrew MacLennan is a leading expert in strategy execution. He conducted the largest study ever undertaken in the field. He is an educator at London Business School and Duke Corporate Education. He is Managing Director of Strategy Execution Ltd and has worked on engagements with some of the world’s best-known brands. His latest book, Strategy Execution: Translating Strategy into Action in Complex Organizations, is published by Routledge.
Collaborative Economy Honeycomb Version 2.0

The Collaborative Economy enables people to get what they need from their community. Similarly, in nature, honeycombs are resilient structures that enable many individuals to access, share, and grow resources among a common group.

In the original Honeycomb graphic, six distinct families of startup types were represented by the inner track of hexes. In a very short period of time, this movement has expanded, as reflected in the six additional hexes on the outer perimeter.

This visual representation of the movement is organized into families, classes, and startup examples. To access a complete directory of over 9,000 startups worldwide, advance to the Mesh Directory, managed by Mesh Labs: http://meshing.nl/

By Jeremiah Owyang
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A few weeks ago I was interviewed by Kiran Kapur [Course Director, Cambridge Marketing College] about data protection. Towards the end she asked about how individuals could protect their personal data and this article builds on that advice.

Approximately 2,500 years ago the Greek philosopher Heraclitus summarised his insistence on the ever-present change in the universe as, “No man ever steps in the same river twice.” Brought up to date, we might say something similar about every time we use the internet, “No man ever gets the same Google search results twice.”

Because when we go onto the internet we are faced with change – an explosion in the number of websites competing for attention, new protocols to follow, fresh sources of information arise, alternative options for accessing resources are revealed, links take you on different journeys, existing information is challenged and even favourite websites originate and refresh their content. At the same time we are exchanging and giving away information as we search for that one source to satisfy our tantalised imagination.

So when you boot up your computers or switch on your digital devices, how often do you think about the data you give in return for immediate, unprecedented access? “Not very often,” is probably the truthful answer.

For many I’ve spoken to they didn’t realise that personal data was collected and, if they did, just how much were they providing and even less about what it was used for.
But if you do think about these issues, do you really know what you can do to protect your personal data?

At this point I should declare an interest in your data; after all I am a direct marketing specialist. I work with organisations to be able to deliver worthwhile communications and products to prospects and customers. To do this requires information, your personal data, but data that’s been provided with your informed consent and when you’ve known clearly what we intend to use it for.

And also to make a profit!

Unfortunately, not everyone that wants access to your data has the same attitude. You need to be aware of four basic groups accessing your personal data in ways and for purposes that demand protection.

1. Hackers – The really bad guys whose sole objective is to move the money in your account into theirs or cause havoc in your systems.

2. Those who seek to grab your data to use in ways that put you at a disadvantage such as providing segmentation data without your permission that is then used by them, or sold on, to promote goods and services.

3. Companies that you engage with who then track your activity without your being aware. An example is Amazon’s behavioural marketing activities that lead to them comparing your searches with those of others then offering you books that those third parties looked at and that you might not have considered. eBay does the same thing as do travel sites…

4. Companies and organisations that openly ask for information that they are not entitled to have and/or don’t provide you with the information to enable clear informed consent. [Clear, informed consent is the ICO’s basic demand for satisfying Principles 1 & 2 of the Data Protection (DP) Act 1998]

What I am writing about is the invasion of your privacy online that can damage both your devices and your pocket and consequently your peace of mind.

This article may go over matters that are familiar to you. They are worth repetition, however, as there’s evidence that we don’t always consider them. Plus I’ve added some ideas about how to deal with them that may be less well known.

**Passwords** – choose a good one! So what is a good password? Well it’s not one that where a ten-year-old using cheap dictionary search programs can crack – and yes, the programs and the ten-year-olds that use them do exist.

On another level there’s sophisticated software running 24/7 on automated systems constantly trawling the internet to find your passwords, open your files and steal their contents.

If you use social networks don’t use the information you’ve shared there, it’s already in the public domain. Pets’ names, birthdays, friends’ names do not make for good passwords.

If you need several passwords you also have the challenge of creating multiple passwords, not a simple task. Begin with this thought; the best passwords are not words at all. The best passwords begin as long memorable phrases and then you change them.

Here’s one method for making a complex password:

1. Take a line out of a favourite film, title of a book or a quotation as a starting point. I’ve used one from Jeff Bezos [internet entrepreneur and founder of Amazon]: “Your brand is what people say about you when you are not in the room.”

2. Reduce it to the initial letter of each word in the phrase [YBIWPSAYWIANYTR], or the last letter [RDSYTEYUNUETNEM]. The last is more complicated.

3. Either appears to be a random string of characters already difficult to crack. Now transform the complexity with substitutions using upper and lower case letters, numbers and symbols. I’ve used the initial letter string and used 1 for T, £ for S and + for P, the three initials in my name (TPS). The result is ‘yBiw+£AyWYAnI1r’. OK it’s a complex password but it is unique and you can use it again and again.

4. How can a unique password be used repeatedly, isn’t it a contradiction? It isn’t if you use it as a base and add further initials at the front, back or to both to use on favourite websites. For the Cambridge Marketing College website that could be cyBiw+£AyWYAnI1rmc – a unique password created from a unique base. Whatever else this password won’t be cracked too soon. There are easier passwords to challenge the hacker.

**Multi-layered password protection** – if it’s free use it. Banks, service companies suppliers and many others are using multifactor authentication. For example if you are a Santander credit card holder you get an additional drop down screen whenever you want to buy online. So if someone tries to use your card without permission they also have to have this unique password.
Similar facilities exist with Gmail. Use a different device and the service sends a one-time code to your registered mobile phone. More online services will be offering this option because they realise that the current password system is so flawed.

Storage – there’s little point in creating a unique password and then storing it where it can be found. A file called passwords isn’t a good idea, nor is a sticky note on your PC and nor is sharing it with anyone.

Use this instead: If you’ve used a favourite line from a book, song or film title as inspiration for your base phrase, write it on the related flyleaf, inside a CD/DVD case or on a record sleeve. If anyone sees it they won’t know what it represents.

Online buying – when buying on Amazon, eBay, ASOS or other marketplaces, try to avoid paying funds directly to the seller accounts. Use PayPal as it stops your card details from being hacked during transmission.

I know that the sites mentioned have extensive encryption, firewall and other security processes but why risk it if there’s another, safer layer. What’s more you retain your legal consumer protection facilities and PayPal usually gives you added protection.

Emails – beware of unknown senders, the enticing subject line and related attachments and links. Yes, this may be a statement of the obvious but spammers and hackers have become increasingly plausible. The challenge is to spot them.

Delete the email and never open the link or attachment when:
- you know you haven’t subscribed.
- a friend has sent you something, check first.
- there’s no return path for replies – you can find this when you open the sender’s details.
- the subject line is too good to be true mentioning that money is waiting for you or ridiculous sums can be made if you just do this.
- For links and attachments the advice is simple – if they don’t look legitimate, don’t risk it. Even with genuine attachments many are re-forwarded by legitimate sources and they’re unknowingly infected with malware.

Personal vigilance is essential as anti-virus tools are only as good as their most recent update. Against them is a multitude of hackers both criminal and amateur but all have the potential to strip your personal data and do damage.

Signing up for a second email account to use on new or infrequently used online ecommerce sites is an option. If your contact details are shared then at least they are contained and more easily deleted.

The Information Commissioner is the regulator of data protection legislation. Should you want to action through then this way you’ll have your evidence more immediately to hand.

Remember: If you opt for a second email service you should still sign up for a provider with robust security and spam filters.

WiFi – beware! Hotspots aren’t safe for financial activities. Your ISP provides the first layer of defence filtering out many of the infected files. Coffee shops, hotels, malls, motorway services and similar don’t have the security of your personal data as their first priority and are a risk.

The US government has issued a warning that business centres are compromised; the UK experience is close behind too.

Of course you can use hotspots for handling your emails but refer to earlier comments about links and attachments. Even opening an email you’re uncertain of can expose your personal details.
If you must buy something in a hotspot, and 38% do according to Experian, start with a PayPal account. Then create your own WiFi hotspot with your mobile. The connectivity is much more secure than in public areas.

**Browsers and Cookies** – most of us are aware that we have cookie legislation in the EU. It is a legal requirement that you must

1. Be advised when a site uses them on the first page you go to on a website and not just the Homepage
2. Be given details of what information will be gathered and for what purpose. Look out for whether they are installing session or long-term cookies.
3. Be given the right to refuse to have them on your system.

**Cookies have useful benefits to us.**

For example:

- they allow you to retrace your steps on a website which can be invaluable on large sites when you want to check on something you’ve seen before.
- being able to flip between a shopping cart and the catalogue without losing what’s already been ordered stops intense frustration.
- access to some areas of a site may be prevented unless you accept them. In many instances it’s a fair trade, some information from you for some information from them. You have to decide what is reasonable so choose sensibly.
- I mentioned behavioural marketing earlier referencing Amazon, eBay and similar. You may consider this to be useful, if not always. [Many don’t and EU legislation to control behavioural marketing is likely to come into force in 2016.]

There are things you can do to help in your decision. The site may use SSL a method of encrypting your data so that only that organisation has access to the data you supply. Browsers show this by adding a padlock item or highlighting the website’s name in green. Click on either feature for more details of their specific encryption and certification.

Outside of the EU it can be bandit country. The TRUSTe service is one of a number of third party services that provide some assurance about a business’ integrity and practices and McAfee and Verisign focus on programming features such as data encryption to protect your data.

Seals of authentication are usually shown prominently but they can be false. Always click on the icon to make sure that it’s genuine. Anything that comes back with a URL starting ‘http’ rather than ‘https’ plus the name of the trustmark organisation is probably false.

But be proactive and do something for yourself. Find out how to set your cookie download option to ‘off’. Then if a site tries to download a cookie in the background it shouldn’t be able to do so. Legitimate sites will inform you when they would like to do so. Again, you have the choice.

Where you have favourite sites you can usually set specific cookie permissions on an on-going basis.

Lastly, clear your cookie cache. Your set-up may allow automatic clearing each time you shut down. I do it manually because if I’m working on, say, a CMC study guide I may want to check on a source a day or so later. It’s frustrating if I don’t have a reference and trawling my search path is helpful. No matter what your current routine is, be sure to clear your cookie cache weekly.

**Personal data privacy** – Bear in mind that when you share personal data it is often passed on to numerous third parties, such as advertisers, online sellers, brokers as well as group companies and affiliates.
Fortunately, many websites, from social networks to information sources to ecommerce websites provide privacy enhancing options. Not all do this so there are a few basic privacy protection rules:

1. Don’t tell them everything. The first rule is that whilst you may have to reveal some personal data to some sites you don’t always have to give them all of the data they ask for. Only reveal what is essential for the purpose in hand. For example if you are searching for personal holiday insurance it’s not necessary that you say when your car/house/contents insurance is due for renewal. Similarly, when negotiating for a new mobile phone contract, details of your TV/landline/internet suppliers may be asked for. Ethnic origins is becoming another category that some request.

Don’t give this information unless you want to receive emails, postal mail, mobile and landline calls from a variety of sources. Organisations often identify their must-have data with * and hope that you fill in the other details without thinking, so think. Public bodies are just as guilty as commercial and other organisations. They often ask for information just in case… That’s not legally permissible and leads to Rule 2.

2. Read the website’s Privacy Policy. It’s the law that a link to the Privacy Policy (PP) is adjacent to the information request form. If the link isn’t there or worse, there’s no PP, stop!

To satisfy the DP Act the PP must tell you the specific reason(s) why the information is requested, with whom it may be shared – and there may be legal reasons such as fraud prevention – how you can prevent information sharing, how it will be safeguarded and how to opt out. The PP must contain much more detail on these and other matters and the above are just the start.

3. Don’t share too much on social media networks – they are compromised already, even when their security features are enabled. Recent press reports about celebrity photographs being stolen may owe something to deliberate self-promotion but not all were and emphasise the problem. Of course you want to share with friends and can limit your page to specific people. However, they are likely to know data such as your birthday, address and telephone number so those facts don’t need to be posted. Use an avatar and corresponding name; don’t use your nickname, and nothing with a number that can identify you such as a house or telephone number or a car registration plate.

Lastly avoid anything that you have used as part of your reminder questions that you have used for any of your online accounts. Fraudsters will use social media to help them answer ‘challenge’ questions when trying to identify access passwords.

4. Shred everything with your name on it. Yes, paper is just as important for you to consider as digital sources. Physically a paper trail is more of a challenge to obtain but it’s no less important to be cautious. That’s because physical evidence is required to support applications for services such as bank accounts, credit cards, store cards, benefits claims, rental agreements and more. Bank statements, utility bills, receipts, forms, medical results, eye tests, tax returns provide personal details of immense value to fraudsters. When they’re no longer needed, shred them.

One final thought. You get a National Insurance Number when you are born. It’s obviously on your medical records but it’s also on your tax return. It’s a 7-character code that could provide so much access to a massive set of personal data. Do you really want to reveal that?

Terry has worked mainly in advertising consultancies and agencies, including ones in the JWT and McCann Erickson networks, first in London then in Manchester and won an IPA Advertising Effectiveness Award for Mungers Sugar Soap. He is a tutor at Manchester Metropolitan University and on the Institute of Direct Marketing’s Diploma course. He runs his own consultancy Savage Advertising Services which has three divisions that focus on B2B & B2C direct marketing, innovation in mobile phone applications and online info-marketing.
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In the current connected marketplace it is all too easy to make assumptions about the market and our position within it. In the absence of any marketing research this is a dangerous, potentially high-risk situation to be in.

At Bax Interaction, we are seeing increasing interest from corporate clients in learning how to gather in-depth, qualitative customer data more effectively and use it to leverage relationships with their customers and future customers to gain sustainable, competitive advantage.

Qualitative research is increasingly being used for exploratory purposes, new product or service development, creative development, branding decisions, customer value proposition development and to find ways of understanding how to meet current and future customers’ needs better.

This appears to be part of a wider trend towards an appreciation of the importance of research in supporting and justifying marketing strategy and activities generally. There is a growing awareness amongst the marketers we speak to that marketing research is fundamental to success and needs to be integral to the entire business process.

OVERVIEW
For the purposes of this article we are focussing on qualitative marketing research. Marketing research is the umbrella term that covers “the collection, analysis and communication of information undertaken to assist decision making in marketing”. (Wilson, A – 2011). This includes both market research and research into the whole marketing mix.

To give you some idea of the size of the research industry, the ESOMAR 2015 Global Market Research Report estimates the market in 2014 at $43bn. This is on a par with the WiFi market or the recorded music industry. The US is the single largest market globally. The fastest growing region is the Middle East.

The Market Research Society defines qualitative research as “a body of research techniques which seeks insights through loosely structured, mainly verbal data rather than measurements. Analysis is interpretive, subjective, impressionistic and diagnostic.”

Quantitative research is defined by them as “research which seeks to make measurements as distinct from qualitative research”.

Qualitative research represents some 20% of the overall industry turnover with quantitative the other 80%. There are indications, particularly in the US, that the proportion of qualitative against the whole is growing.

In simple terms, qualitative research is exploring the parameters of people’s views; their attitudes, perceptions, beliefs and so on. It is about trying to understand social phenomena and it draws on a variety of social research disciplines such as sociology, anthropology and psychology. It aims to ‘fill gaps with likely meaning’. It can provide us with powerful insight on the consumers or business people that we interact with. It may provide us with all that we need for a marketing decision or it might give us the basis for further exploration of a quantitative nature.

Because of the unstructured or semi-structured nature of qualitative techniques and the lack of quantifiable measures the outputs are indicative rather than definitive. This is often seen as a weakness but it all depends on what the purpose of the research is. If you are trying to discover deeper insights about your customer and potential customer bases, then qualitative research is clearly the right approach. The usual rules of endeavouring to test data for validity and reliability are still there, of course, and there is no doubt that a mix of secondary data collection along with primary qualitative and quantitative data gathering remain a powerful set of methodologies for many marketing research needs.
**THE THEORY**

There are a number of very good texts on qualitative research theory which we will not cover in detail here. There are some suggested texts for further reading at the end.

**WHAT ARE THE KEY ASPECTS OF QUALITATIVE RESEARCH THAT WE NEED TO KNOW?**

1. Qualitative research is concerned with trying to understand how people experience and interact with the world around them.

2. Qualitative research techniques try to gain an understanding of attitudes and opinions and assess the breadth and depth of them.

3. It is not about measuring emotions or opinions but dominant feelings may emerge.

4. Approaches are either unstructured or semi-structured. Participants in qualitative research should consider that they are able to talk about things in the way in which they want to.

5. Although some directing or ‘nudging’ is allowed, the techniques are largely about enabling the above to take place.

6. Open questioning is key to getting maximum insight from participants. Some closed questions can be used to ‘move’ the participants on to another discussion topic. The best way to remember how to start open questions is contained in Rudyard Kipling’s *Just So Stories* from 1902. This appears in ‘The Elephant’s Child’:
   
   I keep six honest serving men  
   (They taught me all I knew)  
   Their names are What and Why and When  
   and How and Where and Who.

   Examples might therefore include:
   
   **Q1** How would you describe the company to your friends?
   **Q2** What are the key messages that you think the company needs to convey?
   **Q3** Where should the company be targeting geographically?

7. Qualitative researchers need to stay ‘bracketed’ as long as possible in the process. This means keeping their own views out of the data gathering and analysis elements of a research project for as long as they can.

8. A diary can be kept to monitor where researchers might be coming out of ‘bracketing’. Notes can then be kept of any assumptions being made during the research process.

9. Qualitative researchers tend to ‘live with the data’ and become very immersed in it. This is all about trying to seek understanding of it.

10. It is sensible to have at least two people undertaking or being involved in the gathering and analysis of qualitative data. Again, the aim being to check for coming out of ‘bracketing’ and then starting to make assumptions or develop themes based upon the researcher’s preconceptions.

11. Qualitative researchers allow the process to remain as complex as possible for as long as possible. Whilst this may seem counter-intuitive, it is vital to keep objectivity in the process for as long as is needed to arrive at the best conclusions from the outputs of the research.

12. Topic guides or discussion guides are used to help the interviewer or moderator to undertake the chosen methodology. These are there to enable the process to remain as unstructured as possible for the respondent. A qualitative researcher needs to be able to handle topics in any order as ‘driven’ by the respondent.

13. Unlike quantitative research which uses questionnaires, in qualitative research the researcher is effectively the ‘instrument’. This is why there is so much skill needed to undertake it effectively and avoid the significant potential for both respondent and interviewer bias.
METHODS AND ‘INSTRUMENTS’ USED

As you will now appreciate, qualitative methods are predominantly semi-structured or unstructured. They aim to fill gaps in our knowledge with likely meaning. As indicated, the aim is understanding of the parameters – the depth and breadth of views held – of a phenomenon or phenomena.

The methods and instruments used are therefore different from traditional question and response formats.

Two of the key methods used in marketing research are depth interviews (face-to-face and telephone) and group discussions. Taking these in turn:

DEPTH INTERVIEWS OR ‘DEPTHs’

A depth interview is a semi structured or unstructured discussion with an interviewee around a set of topics. This should not be confused with a quantitative, structured interview with a list of questions to be answered.

Depth interviews are best conducted ‘face-to-face’ due to the great benefit of being able to see the non-verbal signals from respondents but in reality are more often conducted by telephone or via internet or video conference channels. Clearly, FaceTime and Skype offer the opportunity to see some of the respondents’ body language but there are limitations. As with all commercial based marketing research, cost, time frame and geographical reach tend to be the constraints on which channels are used.

Usually, depth interviews are conducted with one individual but they can be extended to include paired interviews. These can be used to great effect with couples in the consumer marketplace or key personnel such as the marketing and finance directors, for example, in business to business markets.

As stated before, the aim of the interviewer is to allow the respondent to talk about things in the way in which they want to. A topic guide is used to enable this. Open questions are used extensively to encourage in-depth responses and the approach taken is to allow unprompted responses first before any specific prompting is given.

A depth interview can last anything from 10 minutes to an hour and a half depending on the topics to cover and the willingness of the respondent to give their valuable time.

As an interviewer, the most satisfying transcript to see from a depth interview is one where there are minimal comments or ‘nudges’ from the interviewer and the topics have all been covered fully by the interviewee.

GROUP DISCUSSIONS

Again, the aim here is to achieve understanding of topics or issues from the attendees’ perspective. The outputs are analysed and interpreted to deliver the insight that the research objectives require.

Groups typically comprise eight to ten respondents and last 90 minutes. Groups are run by a moderator who introduces the topics for discussion and directs and controls the process. The moderator needs to be skilled to get the most from the group discussion. He or she needs to be able to encourage the group to interact effectively and to ensure that all attendees feel that they can contribute their views without fear of criticism by others. A key point to be conveyed very early in the discussion is that there are no ‘right or wrong answers’.

More than ten respondents makes a group hard to moderate as team dynamics tend to lead to there being more than one person that wants to steer the group causing conflict between attendees. Fewer than five attendees makes the group difficult to moderate too as it is hard to get them all to interact dynamically. It can be best to change the methodology to depth or paired interviews with four or fewer people to gain the maximum insight from the respondents. Effective recruitment is therefore crucial to success.

As with other research methods, incentivisation and location are important considerations. In today’s busy environment it can prove very effective to stage a group alongside another event so that attendees can justify the time more readily.

Discussion guides are used for groups. As with the topic guides mentioned above, the discussion guide provides a ‘manual’ for the moderator. The moderator should not have to look at any other documents to direct the group. Both instruments contain an introduction phase, a discussion phase and a summarising phase. Again, the approach is unprompted first with any prompts second, where required. Ninety minutes tends to be an optimal duration time. Beyond this, energy levels within the group decline significantly and the depth of insight reduces. As a rule of thumb, if the group cannot be staged in this time the research is trying to cover too many topics!

Group discussions can be carried out in dedicated viewing facilities which enable filming, recording and viewing by the client to be handled in a very straightforward way. They can also be staged in hotel rooms and other public meeting rooms that have sufficient space for the attendees. Online groups can also be staged with the same caveats over non-verbal signals that were made earlier.
Video streaming can be used to enable client personnel to view the discussions remotely and this can prove an effective way of allowing clients to see the interactions that take place within the group. Clients can text the moderator if a further prompt occurs to them for discussion during the session.

Both depths and groups benefit from the use of stimulus materials to encourage the group to engage fully with the topics. Typical stimulus materials for marketing research groups might include products, branding designs, packaging, publications, brochures, adverts, live video, websites and branding statements.

**ANALYSIS**

Both methods can be analysed using a number of approaches.

Typically, a transcript of the depth interview or discussion group is done enabling text and content analysis to take place via either manual or software means.

Content analysis is defined by Hsieh and Shannon as “…a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns”. What we are trying to do here is to understand the data. By coding words or phrases that are relevant to the topics, for example, we can start to intuit insight from the interviews or group discussions that have taken place.

The potential dangers of subjectivity and coming out of ‘bracketing’ are very real in this process. This is why having at least two people involved in the analysis is so important to enable any potentially biased assumptions to be challenged.

For small numbers of qualitative responses, manual approaches can be sufficient for analysis purposes. These include cutting and pasting text into topic areas and developing core themes from it. The key thing to consider is avoiding losing the key meaning through this process. This is where the role of keeping the data complex for as long as possible applies. Avoiding taking words out of the context of the overall discussion point is important in the early stages of analysis.

**CAQDAS**

Computer Assisted Qualitative Data Analysis is the way forward with larger volumes of data. Top software packages include products such as QDA Miner, ATLAS ti and NVIVO which are all very capable with high level feature sets. Freeware is also available including QDA Miner Lite which enable you to explore what is possible before investing. All software packages provide you with the ability to do the basics of content analysis and can help with automating some of the process. Again, care with the extent to which you allow software to select text that relates to themes and codes needs to be taken.

New software that take CAQDAS along more visual paths include Quirkos which is well worth exploring as an alternative to the established players.

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**14** Grounded theory is derived from sociology. The Grounded Theory Institute describe it as “…an inductive methodology. It is the systematic generation of theory from systematic research. It is a set of rigorous research procedures leading to the emergence of conceptual categories. These concepts/categories are related to each other as a theoretical explanation of the action(s) that continually resolves the main concern of the participants in a substantive area.” Although it can relate to both quantitative and qualitative data it does help us to understand the principles of what we are trying to do with qualitative research. We are trying to develop an understanding by remaining ‘bracketed’ and deriving the core themes or categories that emerge from the data. So the research generates the theory or findings rather than testing an existing hypothesis.

**15** Data saturation was defined by Glaser and Strauss in 1967 as the point at which “no additional data are being found whereby the (researcher) can develop properties of the category”. Data saturation is used for taking decisions on when to stop collecting data. Due to the nature of qualitative research, there may be some debate as to how ‘no additional data’ is determined. In marketing research, however, this point is not often reached. The indicative nature of qualitative research tends to be relied upon and sample size and methodology are, more often than not, determined by budget and timescale rather than saturation.

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**16** Behaviour

**CONSUMER BEHAVIOUR ELEMENTS**

With qualitative research we are largely exploring consumer behaviour and so this model is useful to understand the elements involved. Dibb et al. (2001) define consumer behaviour as: “The decision process and acts of individuals involved in buying and using products or services.”
A Beliefs and Attitudes
Our beliefs and attitudes impinge on virtually everything we do. As part of our everyday lives, we are continually evaluating events or people and concluding that they are anything in a range from good to bad. Most of our daily activity is directed towards creating a favourable attitude in other people towards ourselves, convincing others that they ought to change their attitude or justifying our attitude to another person.

Attitudes have been defined as a tendency to respond in a certain way to persons, objects or situations. Our beliefs shape our attitudes and our attitudes determine what we are willing to believe.

B Personality
Kendra Cherry defines personality as being "... made up of the characteristic patterns of thoughts, feelings and behaviours that make a person unique. In addition to this, personality arises from within the individual and remains fairly consistent throughout life."

Importantly, personality influences how we act in our environment and will therefore influence our behaviour.

C Perception
Perception is defined as a process by which people select and interpret stimuli into a meaningful picture.

Perception is a process of comparison, setting the incoming comprehension against a background of social experience and psychological disposition – a frame of reference. It is essentially a process of joining ‘wholes’ from parts. This means that perceptions about any given situation will be individualised and personal as these perceptions are the basic building material for the individual’s attitude system. It follows that attitudes are in large part determined by situation.

This provides a key lesson for developing marketing communications. People are always conducting themselves in a way that makes sense to them. This means that they are selective in what they accept and their perceptions vary accordingly. People by and large believe what they want to believe and pick out what they consider important and what they do not.

Perception has been described as being "more real than reality". If we accept this, then how we perceive something is our reality. Therefore as marketers, it is vital that we explore the perceptions of our target audience to understand their needs and wants better.

D Learning and Memory
David Fontana defines learning as: "When learning takes place, a relatively persistent change occurs in an individual's possible behaviour due to practice or experience."

Age will affect learning. As we grow, we go through developmental stages which also affect our ability to remember what we have learnt.

We tend to have preferred learning styles. These range from action based styles to reflective. Again, understanding these is important for communication purposes.

Our attitudes and learning styles become more rigid with age. This needs to be considered when marketing to older audiences for obvious reasons.

E Environment
The societal environment that we live and work within will have a significant impact on our motives and behaviour. Key factors here will include: cultures (family, work, friends, peers etc...), where we went to school and university, the media that we interact with, technology, where we live, economic status and our political views.

SUMMARY
This article only skims the surface of the fascinating world of qualitative marketing research. Some of the thinking here flies in the face of a marketing landscape where numbers and measurement are king.

There is nothing wrong with more and more metrics and analytics – marketing should be measurable but, we must remember that we are dealing with real people as marketers. People are not easily categorised and measured. As explained in this article, we are complex and our motives and behaviours are derived from a wide set of influences. These are not easy to put into numbers. Understanding the elements that cannot be measured are perhaps more important than ever if we truly want to build sustainable competitive advantage in our chosen markets.

For additional reading suggestions please go to http://goo.gl/AKPwzR
NEW MARKETING: REVOLUTION NOT EVOLUTION

The reality is that marketing teams of today require an ever-shifting array of skills and roles... And just as there are roles now that weren’t conceived of a few years ago, there will be roles needed in five years’ time that we haven’t even thought of. For companies looking to deliver real growth and innovation, the general practitioner ‘jack-of-all-trades’ role is outdated.

At Mobas we embrace that revolution. As requirements change and roles shift, we respond with flexible and intelligent solutions – solutions that involve the relevant combination of our four specialist divisions to hit the mark. We know our marketplace and work hard to know our clients’. Only then can we apply our modus operandi. And achieve everyone’s aim. Inspired thinking. Delivered.

Read on, or find out more about our specialist skills, at:

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MARKETING

Peter Fisk explores the best new ideas in the world of brands, innovation and marketing

YOGA BEER + CREATIVE THINKING

2.2 billion hectolitres of beer are consumed across the world each year. Whilst the Germans drink more than anyone, 110 litres per person each year, it is China that boasts the world’s biggest selling beer. Snow Beer, cheap and decidedly watery, is produced in a joint venture with SAB Miller, and has 5% of the global market. This is a market dominated by big breweries, and big brands… Wrong! The beer market, like most markets, is fragmenting rapidly with craft beers made in microbreweries, serving local or niche audiences, delivering quirky products and in new contexts. This new market diversity changes attitudes – price becomes premium, products become experiential, from repetition to exploration.

Beer symbolises the shift from markets of ‘average products for average people’, to markets of discerning individuals, seeking difference and relevance.

So how do you win in this new world? Last month I was at IMD Business School, on the banks of Lake Geneva exploring how to ‘change the game’ of beer with one of Europe’s leading brewers. To spark our creativity, we sought to apply ideas from other sectors… to give it away free (then find a new way to make money, like Metro newspapers), or build a subscription model (like Nespresso with its coffee pods), or connect users around a shared passion (like Nike+), or pay as you go (like Psonar selling music for a penny a track), or build a network of branded spaces (learning from Tesla’s Supercharger network).

Using the Gamechanger framework from my new book, we explored some recent beer innovations. Change the who… Lululemon, the women’s sportwear brand from Canada, has just launched its Yoga Beer, with 77 calories plus added nutrients to aid your post- workout recovery. Change the why… Problem Solver Beer from Denmark promises to boost your brain, by helping you think bigger, different and make new connections. Change the what… Moa Beer, perhaps the world’s best beer, made in the finest New Zealand wineries, offers ultra-premium brews and packaging, starting at breakfast time. Change the how… Scotland’s Beer52 offers an annual subscription for a crate of mixed craft beers delivered to your door each week, adding surprise and exploration.

Nobody is average, and neither is any business. Consider then how you could ‘change the game’ in your market – the who, why, what and how – reaching out to new audiences, with new purpose, redefining your competitive set, getting out of a downwards price spiral, and delivering more distinctive and relevant brands and experiences. It might just become your new compass for profitable growth!

INDIAN LEADERS + LIVE-STREAMING

Google became Alphabet recently, with the new corporate brand reflecting the diversity of businesses under Sergey Brin’s leadership – from Calico (biotech focussed on slowing aging), to Nest (intelligent homes), Wing (delivery drones) and YouTube (which has just launched a gaming platform). The new organisation, and the ‘house’ brand architecture, is clean and simple reflecting Brin and Page’s mission to organise the world’s information.

Alphabet still includes Google, the search business, which gets more focus (and a new font!) under former product manager and ex-McKinsey consultant Sundar Pichai. He is one of many Indian-born CEOs – including Microsoft’s Satya Nadella, PepsiCo’s Indra Nooyi, Mastercard’s Ajay Banga and Deutsche Bank’s Anshu Jain – bringing new attitudes (humble, collaborative), new skills (typically engineering) and new perspectives (of emerging markets) to the leadership of many of the world’s biggest companies.
MASH-UP

‘Out-thinking’ your competitors is the best source of advantage in such a fast-moving techfuelled world, and in particular how you connect and apply these new technologies. When Twitter saw the challenge of Meerkat, a new app sending live streamed video to Facebook, it had to think differently. Within weeks it had snapped up Periscope, a similar business, for $100 million – before it was even launched. Kayvon Beykpour’s inspiration for the live streaming app came from Istanbul’s Gezi Park protests two years ago, and the desire to share live events with the world. As demonstrated by Snapchat, video has replaced instant messaging, which replaced archaic media like email. Periscope is currently the fastest growing platform in social media, with clear opportunities for real-time marketing, connecting brands with live and topical events, more relevant and personal.

GRAINS OF RICE + EXPONENTIAL GROWTH
Uber is a great example of an ‘exponential organization’, a term coined by Salim Ismail, another Indian, former VP of Yahoo!, and leader of the NASA-inspired Singularity University. Since Uber’s launch by Travis Kalanick five years ago – loved or loathed – it is now in over 300 cities across 60 countries, with an estimated value of $50 billion.

As I check my smartphone, and see the little cars driving along roads within minutes of me, and at fares typically half the price of regular taxis, it is amazing to think how a company with a mobile-centric platform, and few physical assets, can scale so quickly. It’s simple and addictive. Even the dynamic pricing model has to be marveled at – prices can rise 10-fold at times of peak demand. The model is simple. Indeed, somebody is probably plotting the ‘Uberification’ of your industry right now… although it might be Kalanick himself, who has just launched UberEats, soon to be the world’s largest home delivery food service.

Chinese electronics business Xiaomi is even more exponential than Uber, having grown to a $67 billion valuation since launching its first ‘MiPhone’ four years ago, an Android smartphone that looks remarkably like the iPhone. CEO Lei Jun says that ‘xiao’ is about starting small then thinking big… “a single grain of rice of a Buddhist, is as great as a mountain” (‘mi’ stands for mobile internet). Xiaomi has been a sensation, recently selling a record 2.1 million handsets in a 24 hour flash sale (a marketing tactic that dominates in urban China), and becoming the world’s third largest smartphone maker. Jun is targeting emerging markets, having focussed this year on launching into India and Brazil. Next year he launches a laptop, whilst investing heavily in content, from local language apps to TV.

One other Xiaomi product, launched last month, could actually change the world. The $15 MiBand fitness tracker does everything a Fitbit and Jawbone can do, but at a fraction of the cost. We already know (from Apple Watch) how wellbeing can engage new consumers in technology. Imagine the consumer base that MiBand could reach with such a low price point, the flow of personalised data that results from usage, and subsequent desire to connect to other devices. It might even be the ‘tipping point’ for the internet of things, as well as Xiaomi’s grain of rice that turns it into the next Apple or Google, or both.

MILLENNIALS + ADVOCACY
Delivering the keynote speech at the launch of a $100m digital bank project, I listened to the strategy to target ‘Millennials’. First up were a range of new savings products, and then a new mortgage proposition… Errrr… do we really think that this new generation have the same needs and aspirations as existing customers (average age 47 years old)? Are we really customer-driven, or just planning the same old thing with a new digital platform?

Millennials – defined as those born between 1980 and 1997 – also known as Gen Y, Gen We, and Digital Natives – are by no means a homogenous tribe, but their attitudes and aspirations are quite...
distinctive. We recognise many of their traits – passionate and caring, life before work, spontaneity not planning, transient not permanent, global not local, social more than individual. They expect speed and simplicity but with limited patience – everything should work, instantly and intuitively. Especially online. Meaning, mobile.

New research by Goldman Sachs explores Millennials as consumers. Everything revolves around them and their friends, connected by their smartphones and networks. Consumption is driven by time and place, and influenced by others who they trust – advocacy. They prefer access over ownership – renting cars and homes – the collaborative economy. And they live active lives – casual fashion, wellness and sport. They also expect to live in at least three different countries during their lives, and likely to move through seven distinct phases of career.

Additional research by Deloitte focuses on Millennials’ demands as employees. They want to work for businesses that care, 75% believing companies are too focussed on their own agendas. They want more challenging roles, and not to be at the bottom of an age or experience based ‘hierarchy’. They want to shape business for people like them (although they should remember there are many other audiences to engage too!). They, and particularly in emerging markets, prefer the energy of smaller and more entrepreneurial companies, rather than big global corporations limited by culture, process and size.

Millennials are big on advocacy. When trust in brands is at its lowest ebb, yet trust in peers (friends, colleagues, people like you) is sky high (according to Edelman’s Trust Barometer), advocacy matters more than ever. This is not just a shift from measuring satisfaction to recommendation (or Net Promoter Score), but fundamentally redefining communications, channels, relationships, and in particular (outdated) loyalty programs. If people trust people, not brands, then their loyalty is to each other, facilitated by the brand. Their impulsion to buy is not advertising, but the encouragement of peers, and their preferences and choices are based on stories and experiences of others. Indeed they are more likely to want to share than buy – to share their possessions through rental (Zilok) or repurchase (Bepop), to share their passions through communities and activities. Far beyond a Facebook page, there’s a need to innovate marketing to enable people to connect and collaborate and do more.

So which brands have the highest levels of advocacy in today’s world? The new Global Advocacy Index by BCG throws up some interesting results… Overall, the most successful brands included Finco (an Italian bank focussed on how money helps people do more), USAA (the American insurance business, with particular strength in schemes for specialist groups of people), and Simyo (the Spanish telecoms that offers an incredibly simple SIM-only pay as you go model). Advocacy is highest in Spain and Italy, driven by people with passion, and lowest in Japan, driven by a more traditional and acceptant culture.

One high scorer in the report, that won’t be getting such good recommendations right now, is Volkswagen. Whilst the fall-out from its emissions scandal continues, it is not just the penalties and compensation claims that could amount to $10 billion. The reputation damage to its brand, and subsequent loss of advocacy, are likely to cost it twice as much in lost future earnings and diminished market value.

**DESIGN THINKING + NEW BUSINESS MODELS**

Whilst the best ideas and innovations might seem to be the monopoly of digital start-ups, there is no reason why more established, and physical, businesses can’t be as successful. This is the premise behind a new business innovation program that I am currently facilitating for business leaders across Europe. It brings together the disciplines of design thinking and new business models to develop gamechanging strategies for more dramatic and sustainable growth. It is co-located at the Hasso-Plattner Institute in Potsdam, Madrid’s IE Business School, and Nordic Executive Academy in Kolding.
Design thinking is a funky name for a simple approach to problem-solving that can be applied to any aspect of business, not just products. At its heart are three simple principles – human, creative and real – learning from the customer’s world (deep diving into what really motivates people, through practical observation and individual discussions), diverging before converging (giving space to explore new ideas, suspending judgment particularly on ambiguities), and then quickly making ideas tangible (through pictures, models and prototypes, which then become the focus for iterative development).

Similarly, business model innovation is not new. Back in the 1959, Xerox created an incredibly powerful copier, but found that few companies could afford the high price of the new machine. By moving to a subscription-based model, low rental fee then pay per copy above a certain number of sheets, it became attractive, and an incredible success. Combining design thinking, with the well-known approaches of Alex Osterwalder and others, we worked through an accelerated approach to creating their futures, inspired by new insights into their existing and potential customer, and parallels in other markets.

Learning from Li & Fung’s virtual sourcing network, an online optician is now exploring how to change its industry’s supply chain. Inspired by UberEats, a food producer is exploring new trends like street food and home delivery. With a touch of Tesla’s Supercharger Network, a power company is rethinking how to roll out charging models for everyday use. Building on Cemex, a horizontal drilling company is focussed on reducing flooding in areas at risk. Learning from construction firm Skansa, an ad agency is designing a new business model to share client success. Borrowing ideas from Johnny Cupcake’s t-shirt shops, an exhibition centre is rethinking its space and how to sell it, and the Nespresso business model is helping an industrial valve maker to explore new markets.

Next step is to make the best ideas happen – that’s when we really start to be creative… More about the Business Innovation Program at www.slideshare.net/geniusworks

**HAIER + THINKERS 50**

Talk of new business models takes us to China. Haier, now the world’s largest white goods business, recently celebrated 10 years of its Rendanheyi (or win-win) business model. CEO Zhang Ruimin sees the approach as a way to stay small and focussed – maintaining the entrepreneurship, intimacy and speed of a start-up – despite now being a $32 billion multinational with 70,000 employees. Haier is actually a family of 200 micro-businesses, each largely autonomous, and 70% of them with revenues exceeding $20 million last year.

The Qingdao-based company has stretched far beyond its refrigerator origins of 1984, and is now on the cutting edge of robotics and connected home devices. Just this year it launched Coton, a pocked-size washing machine, ready for any emergency. Haier is a shareholder in each of its micro-business, alongside all of its employees, who share in their own profits. Ruimin, who has seen Rendanheyi deliver 28% annual growth for the last 10 years, and profits grow by 1200%, is now looking to co-creation as the next phases in his journey, and for Haier to become leading player in the sharing economy.

Haier is recognised in this year’s Thinkers 50 Awards, the bi-annual ranking of business gurus, often called the ‘Oscars of management thinkers’. Founded by British journalists Des Dearlove and Stuart Crainer, the list is the one that every business academic or author wants to be on. The shortlists of thinkers, ideas, books and businesses are certainly worth looking to for inspiration. The most recent day-long festival of business brainpower took place in London in November 2015.

Robin Chase, the co-founder of Zipcar (with a new book, *Peers Inc*) was up against the Queen of Collaborative Consumption, Rachel Botsman (*What’s Mine is Yours*). Whitney Johnson, the investment analyst who set up a fund tracking disruptive innovations with Clay Christensen, encouraged you to *Disrupt Yourself* (her new book), whilst Korean strategist W Chan Kim is still searching for Blue Oceans (uncontested markets). Al Gore’s former speechwriter and Whole New Brain thinker Dan Pink was
neurologically matched with Denmark’s very own ‘buyologist’ (and neuromarketer) Martin Lindstrom. Check out the new rankings – and their big new ideas for business – at Thinkers50.com.

**HEALTHCARE + FERRARI**

Healthcare is another category being disrupted incredibly quickly – with the convergence of adjacent sectors, shifts in power and expectation – all fuelled by technology. I’ve probably done more work in healthcare than any sector in recent years, from Apotex in Canada to Almirall in Spain, and many others. Chronic disease is soaring, whilst aging puts new pressures on budgets. There is a shift to payment by outcomes, and demand for more personalised treatments.

It’s easy to get excited by the proliferation of digital platforms. From Apple to Epocrates, Mango and Scanadu, the future is about more than apps. Organova leads the world in the 3D printing of human organs, whilst Second Sight has found a way to give vision to the blind. Cleveland Clinic is an icon of patient-centric care, whilst recently launched Smile+ wellbeing stores include doctors, dentists and more. Not all solutions are sophisticated. Look at the recent Cannes Health Grand Prix winner, where a charity created the lucky ‘Iron Fish’ for rural Vietnamese to throw into their cooking pots, a simple cure for iron deficiency.

Roche is a great example of big pharma’s attempts to ‘change the game’. The Swiss giant’s first disruptive move was to acquire biotech firms Genentech, which specialises in personalised therapies, and Japan’s Chugai. Most recently Roche invested in 23andMe, the DNA profiling business that will read your body’s future for £125, and PatientsLikeMe, the social network where patients share experiences with others like them. With the big data to focus on truly personal and predictive wellbeing, and the specialist products to respond, Roche is ready to engage the intelligent patient who is now in control.

The best way to innovate is from the future back, thereby leap-frogging the distractions and incrementalism of today. One way to ‘find the future’ is to learn from parallel markets where businesses have already overcome similar challenges, and consumers adopted new behaviours (my friend Ramon Vullings has just published a great book, *Not Invented Here*, on cross-industry innovation). Another way is to find extreme users. Maranello in Italy, home of Ferrari, is certainly a place of extremes. The roar of over-tuned engines and blur of de rigeur red sports cars seem at odds with the tranquil countryside. Enzo Ferrari always called his factory an innovation lab, always looking to push the boundaries. He described “extreme technology, beauty of design, and the emotion of driving” as the three enduring keys of the Ferrari brand.

With the cheapest model, the 458 Italia starting at $234,000, the sound of that perfectly roaring engine will still be the closest the majority of us will ever get to the Ferrari experience. Which is why brands like Ferrari are looking to innovate in new ways. The Brand Innovation Lab is all about innovation though the lens of the brand. The more the brand is about human aspirations, rather than product functionality, the more opportunity there is to innovate – both within and beyond the category, to enhance the customer experience, and to reach new audiences for profitable growth.

**CHOPSTICKS + TREASURE HUNT**

So what are the best marketing ideas around the world right now? From new products to innovative campaigns, new pricing models and unusual channels to market, where can we look for inspiration and ideas to apply to our businesses? Jules Verne set off on a voyage Around the World in 80 Days. I’ve just launched a modern day Treasure Hunt to bring together the 80 best ideas in marketing, and then shared them over two inspiring days at the Global Marketing Summit that I chaired in Istanbul on 9-10 December.
To help us, we brought together marketing innovators from each part of the world. From Asia, Kaiser Kuo, Communications Director of Baidu joined me, talking about everything from the Chinese internet giant’s battle with Google, to the rapid growth of O2O (online to offline, offline to online) business models across Asia, Baidu’s smart chopsticks to detect unsafe food, and his Chinese heavy metal band. I interviewed HRH Princess Basmah Bint Saud to explore the Middle East, with particular focus on the emerging role of women in business. Virgin’s ex digital guru Alex Hunter covered all things entrepreneurial USA, including his grassroots marketing model used by Virgin America to challenge the regulators, and Hamish Taylor, former boss of Eurostar gave a view from Europe, and what CEOs look for in great marketing ideas.

And to accelerate the search, we had two expert treasure hunters, Anouk Pappers and Maarten Schafer from CoolBrands in Amsterdam, who spend six months every year traveling around the world looking for the world’s next big marketing insights. They hang out with the most interesting entrepreneurs and business leaders, communicators and innovators, and then tell their stories. Each year they publish a coffee table book called *Around the World in 80 Brands*. But their insights go much deeper – into the culture of markets as distant and diverse as Rio de Janeiro and Shanghai – and into what drives personal and brand reputations in today’s hyperactive world.

You can join the Treasure Hunt by uploading the best marketing ideas you find around the world at TreasureHuntTurkey.com.

**INSPIRING IDEAS + PRACTICAL ACTION**

The only real way to understand changing markets is to get out there. In recent months I have worked with cruise lines and hotel chains, food companies and fashion brands, media and telecoms to explore their potential futures, develop more innovative strategies, and accelerate profitable growth… This is achieved through a burst of keynote energy and inspiration, a short workshop to change ambition and direction, or a fast and practical project, working collaboratively with your team to make real ideas happen.

Recent stops for me included Gamechangers Live events (keynotes and workshops) plus some exciting strategy and innovation projects seeking to reshape the worlds of finance, healthcare and food. I was on a tour of US cities during October, including New York and Philadelphia, and then off to Rezekne to explore ‘Pilot Fish Strategies’ in deepest Latvia, stopping off in London for a ‘The Best You Can Be’ workshop, on to Almaty in southern Kazakhstan, to the Innovation Factory in Kolding during November, and then to Odense which wants to be a gamechanger city…

December kicked off at the European Marketing Conference in Brussels, on to Dubai for a little sunshine and consulting project, and finally to Istanbul for the Brand Innovation Lab at IBS plus the culmination of the Treasure Hunt with MCT. There was also online voting for the Gamechangers Awards 2015, the winners of which are featured on my new website, www.theGeniusWorks.com.

If you want a glimpse of any of this, check out my YouTube channel including over 200 video stories of the best brands and business concepts at www.youtube.com/thegeniusworks.

Peter Fisk is a bestselling author, keynote speaker and expert consultant. He is founder of GeniusWorks, helping companies to develop more innovative strategies for brands and marketing. He was recently nominated to Thinkers 50 Guru Radar, as one of the world’s best business thinkers, and is visiting professor at IE Business School, Madrid. His book *Gamechangers: Are You Ready To Change The World?* was published in 2014. Find out more at www.theGeniusWorks.com or email peterfisk@peterfisk.com.
Kiran Kapur talks about the Cambridge Marketing Review Radio Show which has completed its third season airing on Star Radio

The Cambridge Marketing College’s radio show has completed its third season, 48th episode and first Periscoped interview. The show covers all aspects of marketing and has an emphasis on practical advice.

The show has covered topics as diverse as exporting, remote team working, corporate branding, marketing a national charity and libel laws but digital marketing continues to be a key area of interest for listeners. One of the hot topics for listeners is building their number of followers. Many worry that having very few followers on their social media channels could damage their brand. Two people well placed to advise on how to grow your followers are Simon Lewis and teenager Hannah Wilkins.

Simon Lewis is co-founder of the UK Marketing Network.co.uk and he explained about how he set up a thriving network of over 60,000 LinkedIn followers, plus Twitter and Facebook. He started the Network in 2009, just after the economic crash. The Network began with a group on LinkedIn, then toured the UK to create offline networking events. People who attended then discussed this online. Simon believes that an online community should generate discussion and share ideas, otherwise, the organisation only has a list of people, not engaged followers. Despite such a huge online following, Simon argues that offline events drive the online conversations. In about 2012, the model changed and he began to develop conferences under the OnTheEdgeLive! brand, based around a community feel rather than a usual conference format.

KEEP CONTENT FRESH

Along with followers, you also need content. Simon Nicks of Star Radio explained Periscope which is a live streaming app allowing you to broadcast and watch live videos which are then accessible for 24 hours. Neil Wilkins provided our first Periscoped interview when he gave a Masterclass on Twitter for the Uninitiated: explaining hashtags, lists and suggestions for keeping your Twitter feed updated. Neil has the answers.

Mike Berry, author of The Best of Global Digital Marketing Storybook (right), gave examples of inventive and effective digital campaigns. One example he discussed, Finngenerator, was created by the Finland Tourist Board and is a technology that
allows you to put in your name and generate a Finnish name. It’s a very simple idea that is almost impossible to resist, is fun and shareable. They claim people from 227 different countries used it. You can find more examples from Mike’s book at https://www.youtube.com/channel/UCpBJ7532rzPb8jOFOTrJyw.

**THOSE ‘SLIPPERY’ MARKETERS**

Away from digital marketing, Professor Malcolm McDonald gave his frank views that all is not well with the marketing function. He is concerned how marketing is viewed by other management disciplines. A 2007-2008 study of what CEOs think of marketing found that marketers are not trusted and seen as wasteful. Research by Cranfield Business School showed that marketing is viewed by senior directors and managers as slippery, expensive and unaccountable.

Professor McDonald argues this is because marketing has forgotten the importance of bottom line profit. Instead, we have become obsessed with relationship marketing, which he describes as “happy, clappy, touchy-feely, muesli and open sandals, all talking about delighting customers… Delighting customers is the quickest way to go bankrupt.”

If this sounds surprising, it is because of his views on segmenting your offering. He argues that there is no such thing as ‘a customer’. Customers must be segmented because without this, you marmalade your offer across a mythical consumer, and risk not delighting any customer. He is critical of the ways that marketers have chosen to carry out segmentation because marketers use “the garbage of socio-economics, demographics and geo-demographics which are about as useful as a bird of prey with a squid”. As an example, he pointed out that under socio-demographics, the Archbishop of Canterbury and Boy George are both socio-economic group A, but apart from wearing dresses and singing a lot, they don’t behave the same.

His solution: World class marketing needs proper needs-based segmentation. But less than 15% of companies do this.

McDonald is equally concerned that marketing has become relegated to digital content creation, which pushes marketing further away from the boardroom. When lecturing, he uses a cartoon where the head of marketing is saying to a board meeting, “It’s a pity our earnings per share are down 40%, but the good news is that our Likes on Facebook are up 50%.” CEOs are not interested (he used a far more earthly term) in Facebook ‘Likes’. Boardrooms are only interested in the bottom line.

Of course, digital is important. Once you understand segmentation you can use digital brilliantly, but you have to do the basics first, or digital is an expensive waste of time.

**SOFT SKILLS**

We had a mini-season looking at the soft skills marketers need for success. Suzie Rice of StyleHeaven.co.uk advised how to dress for success. She suggests that the right 12 core items in your wardrobe will produce 84 outfits. She also claims that her average client has £4,500 worth of clothes unworn in his or her wardrobe. She says the best way to avoid this type of mistake is to take things back to basics and trust your own choices, including shapes and colours.

Frances Tipper of Spoken World gave a masterclass on a vital skill that scares many people: public speaking. Public speaking is the number one fear of business people around the world, and Frances runs a presentation skills course called ‘Presentation Skills for Quivering Wrecks’, so she is well placed to advise. Her top tips were to remember that most people have a very short attention span, so planning a presentation as a simple journey and then leading the audience through this, makes it easy for the audience to follow. Otherwise, it is very easy for the audience to switch off. When taking the audience on the journey, her advice is that a good opener is vital, explaining what is coming up, giving stories throughout and then finish with a strong conclusion.

Our mini-season concluded with Colin Linton, a senior examiner with the CIM with over 26 years of experience in setting and marking exams. His advice is, read through the question very carefully several times, noting the command words (for example ‘describe’ is different from ‘evaluate’). An outstanding script is directly relevant to the question set, is focussed on the question topic, and is not an essay about everything the student knows about a particular topic. Most examiners like to see practical application as well as theory.

Finally, the show always has case studies of companies doing marketing well. Lauren and Pierre de Wet met while working at Nandos and then set up their successful Cambridge cleaning business, The Art of Clean. They explained how they use social media and an unusual website design to make their company stand out. Andrew Hatcher explained how he has set up a book publishing business in a difficult market climate with the publication of marketing textbooks, complementing the publication of this journal. Season 4 starts on 21 January and can be heard at: Star Radio Online, weekly on Thursdays at 7pm.
THE CONTEXT

A lack of consumer confidence, especially in the B2C sector, is considered to be one of the greatest obstacles to the development of electronic commerce. This lack of confidence can be largely attributed to the lack of direct interaction between the consumer and the seller. In traditional commerce, trust is built between the parties during their interactions and this constitutes one of its biggest advantages. These interactions involve human contact and create opportunities for the development of personalised services, unlike the impersonal interaction of e-commerce that takes place between the customer and an internet server. In addition, a large number of small and medium-sized traditional retailers have intangible assets (a brand recognised by consumers, a significant experience in personalised service, a prestige accumulated over decades) with high strategic value. For their part, e-commerce operators have already realised that human contact is important in order to establish meaningful relationships with their customers.

Antonio Alves and Ana Maria Soares from the University of Minho in Portugal address the issues that surround the introduction of avatars as human warmth stimuli in e-commerce sites and the implications for small businesses.
Existing research suggests that the use of avatars (technologically created virtual characters with human characteristics) can make online sales channels more persuasive by increasing their credibility and trust placed in them, and by providing a social stimulus and human warmth when interacting with online customers. As a consequence, avatars generate greater satisfaction with the merchant’s site, a better opinion about the product and an increased purchase intent.

Today's technology allows us to equip a website with 3D animated avatars that have a high level of interactivity and many graphics options. Avatars can be developed from images of real human beings, with a synthesised voice thanks to synthesis technology from texts (Text To Speech technology - TTS), a real human voice or even with Artificial Intelligence based on the collection of information on tens of thousands of topics that can be adapted to the specifications of online stores. Such technology allows consumers to initiate a two way conversation with the virtual character and get more intuitive and pleasing answers. The cost of this technology for a store is approximately $250 per month (€ 195)11. This is affordable from a budgetary point of view even for small traditional retailers.

In this article, we present an experiment which aimed to test the impact and the effectiveness of different types of avatars on trust, credibility, and sociability levels and human warmth, as perceived by consumers and the effect on their buying intentions. To do so we compared:

1. A virtual store with a photorealistic avatar with a real human voice with
2. An online store with a naturalistic avatar with a TTS voice, and
3. A virtual store without an avatar.

**THE THEORETICAL FRAMEWORK**

According to current research, the lack of social or emotional interest of many virtual stores, and the fact that they are perceived as impersonal and devoid of human warmth are weaknesses that harm e-commerce, despite its steady growth. It is possible to cause a feeling of warmth and sociability towards a website by allowing a real interaction with other humans (through virtual communities, forums, discussions, etc.) or by stimulating imaginary interactions through socially rich texts, images, customised greetings, and by using audio and video representations of human beings acting intelligently i.e. avatars. The word ‘avatar’ comes from Hindu Sanskrit and is used in this context as a graphical representation that can be animated using computer technology.

The theory of social response argues that the use of human characteristics such as language, voice, interactivity and the social role of computers, can increase the social reactions of users even though they are aware that the machines are not human beings. In recent years it has also been suggested that avatars can be used to inform consumers about the products on sale in order to overcome the impersonal side and lack of sociability and warmth in internet retail.

Nowak and Rauth conducted a study to assess avatars on their androgyny, their anthropomorphism, and their credibility and appeal. Their findings demonstrated that anthropomorphism and an avatar’s masculinity or femininity (absence of androgyny) both reduce uncertainty regarding the characteristics of the character represented by the avatar and influence perception of the avatar.

These results suggest that reactions to avatars are consistent with the theory of Reduced Uncertainty. According to this theory, during an interaction, the main goal of an individual is to reduce uncertainty about the person with whom they are interacting. Since avatars are used to represent the seller in a virtual online store, these results suggest that consumers use information about the virtual agent in a way that is comparable to the evaluation of a human being in direct interaction.

In a computer environment the characteristics of an avatar can be customised to promote a variety of impressions and reactions. The nature of the avatar and level of anthropomorphism can be tailored to individual preferences. A huge database can inform the avatar on what to do or say enabling it to compete with the best offline relationship marketing systems.

The possible roles that avatars can have on e-commerce sites have been studied in depth by McGoldrick, Keeling and Beatty (2008) the three main roles recognised by consumers were:

1. The friendly and sociable receptionist welcoming us
2. The personal assistant or the recommendation agent
3. The role of the employee who solves problems.

The results also indicated that women tend to appreciate the interaction of avatars more in all roles; that the preference for avatars is inversely proportional to the age of the consumer and that the more experience the consumer has with the site, the more he will tend to skip using the virtual seller. These relationships between age, gender and experience with virtual stores, and consumer involvement with the product and product type, suggest that avatars can have an essential role in the segmentation of online consumers.
Perceptions of trust towards an online seller are more positive when an avatar is present

The avatars created from images of real human beings having a real voice reinforce the perception of sociability and warmth. Sociability and warmth (social presence) induced by the presence of the avatar increase purchase intent and repurchase in the virtual store.

Trust in a business is normally defined as the conviction to act as recommend-

3

CREDIBILITY

Website credibility has also been identified as an influential factor in online shopping. Credibility was defined as the psychological judgment where the content, the message and objectives are seen as credible. Although the terms credibility and trust are sometimes used interchangeably, these concepts are not synonyms. Credibility refers to the quality of a source, media or message, which may or may not cause trust associated behaviours.

Credibility is also closely linked to persuasion. Persuasion is a result of credibility and can be operationalised, for example, by an acceptance message. The credibility of the source is a decisive factor in the acceptance of the message.

Two studies conducted simultaneously by Holzwarth et al. suggested that the use of avatars to provide information on the products increases the efficiency of internet sales channels. The first study demonstrated that placing an avatar in an online sales channel increases customer satisfaction towards the vendor and creates a positive impact on public opinion about the product and purchase intent. The second study demonstrated that manipulating the attractiveness and the expertise of the avatar makes it more convincing. Specifically, the most attractive avatars are the most effective for all levels of commitment towards the products. Taking this into account we made the following assumptions:

Avatars created from images of real people and which have a real voice reinforce the credibility given to the online store.

The credibility induced by the avatars increases the purchase intent and repurchase.

The results for the naturalistic avatar with a TTS voice did not confirm the general findings of

THE RESULTS

In general, the results confirmed all three proposed hypotheses (H1, H2 and H3). Photorealistic avatars with a pre-recorded human voice in a virtual store induce feelings of increased trust, credibility, and sociability and human warmth when compared to a virtual store with images and text. The results for the naturalistic avatar with a TTS voice did not confirm the general findings of

1

The avatars created from images of real human beings having a real voice reinforce the perception of sociability and warmth.

1a

Sociability and warmth (social presence) induced by the presence of the avatar increase purchase intent and repurchase in the virtual store.

2

TRUST

Trust in a business is normally defined as the conviction to act as recommend-

2a

Trust towards sellers induced by avatars increases purchase intent and repurchase.
THE RESEARCH

Figure 1 below shows the conceptual model used to evaluate the impact of the presence and the type of avatar on perceptions of sociability and human warmth, trust and credibility.

The study adopted an experimental approach in order to have maximum control of external variables such as the influence of the model, the level of sophistication of the website, the influence of the type of product, price, and most importantly, the brand.

THE AVATARS

Anthropomorphic avatars are considered to be more attractive, more credible and more likely to be chosen by people to represent them. In addition, female avatars were considered more attractive than male avatars. To understand whether the specific characteristics of anthropomorphic avatars also have an influence, two different versions of avatars were developed for this study: a purely virtual avatar with a TTS voice and an avatar created from the image of a human being (realistic-photo with a real voice).

THE GROUPS

The experiment was conducted using three groups, with participants allocated to each group randomly and one group acting as the control. There was a post-test in the form of a questionnaire.

The participants in each group visited a different simulated virtual store based on the presence and type of an avatar (X1; X2; X3):

- X1: A simulated virtual store without any avatar. This group worked as a control group.
- X2: A simulated virtual store with a purely virtual avatar with a TTS voice.
- X3: A simulated virtual store with an avatar created from the image of a human being (photorealistic equipped with a real voice) representing the merchant or an employee.

The three virtual stores had a technically simple design as similar as possible to that of the real virtual stores. The products selected on sale were trainers/sneakers because they are products that do not require a complex decision process.

Before accessing the main page of the shops, participants viewed a set of pages with instructions regarding the experience and the technical features of the websites to ensure optimal navigation.

There was a home page where all products were visible (six in total). For each product, there was also a specific page bearing the detailed product description. The internet design of these three stores was similar in all aspects (homepage, navigation pages) with the exception of the introduction of avatars in stores 2 and 3. The design of the website interfaces was deliberately kept simple in order to minimise its influence on the behavior of the participants. The orally transmitted information by store avatars 2 and 3 was exactly the same as the text in store 1. Product prices were also the same.

After experience with the different free simulated virtual shops, the post-test survey was conducted with all groups. As the distribution of the participants in the groups was random there was no preliminary test.

continued
existing research about the ability of avatars to arouse feelings of trust. This result may be due to the fact that our avatar with TTS did not have the ability to be friendly or did not generate sufficient empathy with subjects to generate increased feelings of trust towards the seller. However, the results did confirm the results of previous studies relating to the ability of the avatars to arouse feelings of Credibility, and Sociability and Human Warmth. Looking at the differences between the two types of avatars, the photorealistic avatar presented higher averages regarding the perception of sociability and human warmth and credibility, but it did not appear to induce remarkable differences in consumer perceptions when compared to the naturalistic avatar with TTS voices, except for ‘Trust’. The differences in evaluation by the participants in the experiment, which were favourable to the photorealistic avatar, were not statistically significant. Again, a possible explanation for this may be the fact that the photorealistic avatar was not perceived as sufficiently different from the naturalistic avatar with TTS voice to be perceived by the subjects as friendly and able to empathise.

Another explanation may be that the progress of TTS technology has now made it so similar to the human voice that they can generally create the same feelings of empathy and perception of sociability as the photorealistic avatars with a real human voice. However, Qiu and Benbasat concluded that the TTS voice does not carry significant social stimulation when compared to the real human voice. We must also consider the possibility that the subjects may not have seen the photorealistic avatar as a representation of a real human being.

Regarding the influence of the Trust, Credibility and Sociability and Human Warmth on the Intention to Purchase and Repurchase of consumers (Hypotheses H1a, H2a, H3a), the results confirmed the importance of active induced feelings of Trust and Sociability and Human Warmth – particularly the latter. This result supports previous studies that the use of avatars can increase the persuasiveness of virtual sales channels and purchase intent. However, Credibility had no influence on the Intention to Purchase and Repurchase of the consumer. Hypothesis H3a was not confirmed: there was no direct relationship between credibility and the intention to purchase and repurchase of consumers.

This result contradicts in part the studies by Gelman et al. (2009) which concluded that the credibility of a website has a significant direct impact on consumer behaviour. Our result may be due to the fact that the concepts of credibility and trust are linked and that in general, credibility precedes trust: humans have confidence in what they consider to be credible first. An alternative explanation may be the type of product: simple sneakers do not do not involve a complex technique or a high price. This purchase therefore does not require high levels of credibility for the average consumer.

The variable most positively related to Intention to Purchase and Repurchase was Sociability and Human Warmth which demonstrates the importance of sociability factors on e-commerce sites. Trust also had a significant positive correlation with the Intention to Purchase and Repurchase.

CONCLUSION

This research has looked at the introduction of avatars as stimuli of human warmth, e-commerce sites and their impact on the perception of sociability, trust and credibility. Overall we can conclude that the introduction of avatars on e-commerce sites, especially photo-realistic avatars, has a measurable impact on perceptions of sociability and trust towards the seller and the credibility of the virtual store.

From this study, along with the results of Wang and Fodness and those of Benbasat and Qiu, we can conclude that animated avatars enrich direct interactions with consumers during online business. In particular, they provide a response to the lack of consumer trust, which is considered one of the greatest obstacles to the development of electronic commerce. This technology is accessible to small retailers in the world of e-commerce, bringing the opportunity to broaden their market and add value to their business.

The technology, especially when associated with artificial intelligence, is promising in the field of Customer Relationship Management, in market segmentation and lead generation. Artificial intelligence, based on knowledge about customers, can equip the avatars with the ability to recognise the customer with whom they are interacting, and create a personalised relationship with suggestions for products based on their purchase history. Companies can take advantage of this by providing as much information as possible to their customers, thus improving their shopping experience and reducing operating costs. Customisation is the variable key of digital marketing. In our view, these are the two areas that marketers should pay special attention to.
IMPLICATIONS FOR MANAGEMENT

In addition to contributing to the body of knowledge with regard to the role of avatars in online stores, this research aimed to evaluate the potential of this technology for small internet retailers. Our results confirmed the usefulness and benefits of this technology. Although the photo-realistic avatars present superior advantages, even the presence of simpler avatars induced remarkable differences in consumer perceptions. Managers should consider the use of anthropomorphic avatars as an affordable way to direct their business into e-commerce and take advantage of their knowledge and experience of personal relationships in this new sales channel.

Despite the fact that these purchases may occur in other channels, nowadays the internet has a great influence on purchasing decisions. Consumers want information about products and prices before buying online. An attractive internet presence inducing Trust, Credibility, Sociability and Human Warmth, and able to create rich social relationships with the client, can also increase demand in real stores. The use of avatars is therefore a way to attract new customers by favorable word of mouth.

Unless they are financially strong and stable, small retailers cannot maintain their traditional physical presence in the historic centres of cities. Paradoxically, this is possible by promoting their expansion in the virtual world thanks to electronic commerce and they should take advantage of the avatar technology available.

All references and footnotes can be accessed at www.cambridgemarketingpress.com/?p=4779

La Revue Francaise de Marketing is available in full from ADETEM (French National Association of Marketing Professionals)

António Alves has an MSc in Marketing and Strategic Management and Ana Maria Soares is Doctor of Management and Assistant Professor, both at the University of Minho, Portugal.

THE QUESTIONNAIRE

A questionnaire was developed and presented to each participant. The questions and scales used were drawn from the research reviewed earlier. The questionnaire included questions (Likert scale of 7 points) to measure Trust (5 questions adapted from the study of Bart, Shankar, Sultan and Urban, 2005), Credibility (4 questions adapted from the study of Cugelman, Dawes, and Thelwall, 2009), Sociability and Human Warmth (9 questions, adapted from Wang and Fodness, 2010) and Intention of Purchase and Repurchase also from the study of Wang and Fodness (2010).

THE SAMPLE

The experimental participants were recruited online through social media (Facebook and LinkedIn) and by email. The recruitment process was conducted only by internet in order to control external variables such as ‘technology acceptance rates’ in order to ensure that all subjects had skills in internet-related technologies.

Participants were randomly assigned to one of the three groups. They were then contacted by email and social networks, and given instructions on how to conduct the experience and answer the questionnaire.

In total, 98 subjects participated in the experiment and responded to the questionnaire. Each group consisted of a sample of more than 30 people in order to preserve the external validity of the experiment: 33 subjects participated in the X1 experience (control group), 31 in the X2 experience and 33 in X3.

SAMPLE PROFILE

The majority of subjects were university graduates (57%). 23% had completed lower secondary education and 12% had not reached secondary education. 7% of subjects had only a primary education. In terms of occupation 23% of the participants were students, 16% belonged to the class of professionals and managers, 15% were industrial/skilled workers.

In terms of internet use, 85% of subjects reported having already purchased at least once over the internet, 56% indicated they made purchases on the internet several times a year and 13% said they do so every month. 60% of subjects were using online banking. If we define ‘advanced usage’ as using the internet for both banking transactions and the purchase of goods or services, then 58% of subjects belonged to this category. The analysis of the composition of the three samples revealed that there was no significant differences regarding major demographic characteristics (see Table 1).

TABLE 1

<table>
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<tr>
<th>DESCRIPTION OF SAMPLE BY GROUP</th>
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TESTS OF RELIABILITY

The reliability of the scales used to measure the latent concepts Trust, Credibility, Sociability and Human Warmth and Intention to Purchase and Repurchase was tested using Cronbach Alpha. The results confirmed internal consistency as shown in Table 2. Given these results, four new composite variables were created using the arithmetic average of each group of elements corresponding to the latent concepts Trust, Credibility, Sociability, and Human Warmth, and Intention of Purchase and Repurchase.

TABLE 2

<table>
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<tr>
<th>RELIABILITY OF TEST RESULTS</th>
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<tr>
<td></td>
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<tr>
<td>Confidence</td>
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<td>Sociability and Human Warmth</td>
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<td>Purchase or Repurchase Intention</td>
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The success story of André Rieu

Theo Dingemans takes an in-depth look at the marketing success of André Rieu, the Dutch classical composer and performer

My mother and I went to an André Rieu concert in Maastricht, the most Southern City of the Netherlands. It was great to be there again in that warm and romantic environment where I spent a lot of time over weekends and holidays when I was young visiting my family. The concert was great and we loved it.

As we left I started to wonder how Rieu was able to become so successful. The marketer and entrepreneur in me were woken up and so I decided to give it deeper thought and decided to contribute my output to the Cambridge Marketing Review. Being truly international but Dutch and foremost Maastrichtenaar (Citizen of the City of Maastricht) I had a vested interest.

The HISTORY

André Rieu Productions is led by the conductor himself, supported by his son Pierre and wife Marjorie, who helps to pick the repertoire and write the stage patter. Marjorie, a former German language teacher, helped support her husband financially when he formed his own group in 1978, the Maastricht Salon Orchestra. His first steady gig was performing at homes for the elderly. “It was a tough crowd, but they were the only people that wanted to listen to us,” Rieu says.

In the Netherlands Rieu became famous when the From Holland with Love album was released in 1994 and something happened that no one would have thought possible: From Holland with Love triggered a waltz craze in the tiny country. André Rieu remembers, “This CD was the definitive breakthrough for me. One of the pieces on it is the ‘Second Waltz’, a beautiful, very melancholy waltz. In reality, the piece is called ‘Waltz No. 2 from Jazz Suite No. 2’ by Dmitry Shostakovitch, but it would
probably never have been a hit with a title like that. Marjorie came up with the name ‘Second Waltz’ at the time, and that’s what it became famous as.”

From Holland with Love soon headed the Top 100 in the Netherlands. The album stayed in the Top 10 for more than a year. From that point there was no stopping him. In Australia the 58 year old Rieu, who is often compared with Liberace because of his spectacular concerts and populist take on classical music, was the top-selling music act in 2008, shifting 900,000 music DVDs and compact discs. Australians have bought almost 1.5 million Rieu DVDs and albums since Universal started a serious marketing push in September 2006. DVDs account for about 80% of his total sales. (Source: Neil Shoebridge, The Australian Financial Review). Despite all this success Rieu almost went bankrupt in 2008 as a result of his Australian tour and the investment made in the Schoenbrunn castles that he was using as decoration and setting during that tour. He was saved by the bank and recovered.

By 2009, Rieu had generated revenues of over $95.8 million and had sold almost 1 million tickets to his concerts worldwide – he ranked number 6 among stars like U2 and Madonna. According to Billboard, the US music magazine, André Rieu was ranked number 20 in The Top 25 Tours of 2013 with a total gross income of around $50m, total attendance approaching 500,000 out of a total capacity of around 550,000 – 70 shows and five sellouts.

All of this success drew the attention of the Dutch social-culture academics Maaike Meijer, Peter Peters and Jac van den Boogaard from the University of Maastricht who started some research in 2013 to investigate what was behind the brand that was André Rieu. A book was published in May 2015 with the title Maestro, zonder grenzen (Maestro, without borders). This title reflects a (Dutch) double meaning: having no borders as far as the globe is concerned, and Rieu’s personal
ambition, no limits on how to deliver his vision and drive through music.

The book provides some interesting insights, especially from a sociologic al view. For example: “André Rieu is an example of the current experience culture with his big celebrations for the people. Many performances on squares. We know it from the Middle Ages. The whole population is involved. It is about collectivity.” One other important finding from the research was that Rieu does not have a pre-competitive plan and strategy to reach the mass with his music. Most of it is just very intuitive.

So having read that, the question is, does he? If we look at it from a marketing perspective can we see the creation of a marketing strategy?

THE ‘WHY’: RIEU MAKES CLASSICAL MUSIC ACCESSIBLE

What business is André Rieu in? Well, he is in the business of entertainment. According to Rieu, “My dream is to make the whole of classical music accessible for everyone. To achieve that, I’ve had my own recording studio built and we’re working hard to make new recordings of the classical repertoire. I hope I may be given many more years to make people happy with my music!” It seems that Rieu has got a clear vision and mission and we can hear echoes of Walt Disney in his approach who had a very clear mission statement, ‘Make People Happy’.

Rieu recounts, “Even as a child, I was fascinated by the world of music. My father was a conductor, and I remember the huge orchestra and the wonderful sound it made, all those bows moving together – I thought it was fantastic. But even then I can remember being surprised at the sombre atmosphere during the concerts. Everybody looked so serious, you weren’t supposed to cough or laugh, even though the music seemed to me to radiate so much joy!”

We are all probably familiar with the solemn atmosphere that is often found in concert halls with classical music and how it intimidates most people, effectively keeping them away. With Rieu it simply does not exist. His orchestra consists of young, enthusiastic musicians, who according to Rieu, “put their heart and soul into the music every evening when they play in our concerts”. What is noticeable is that at each and every concert you can see Rieu, the orchestra and the audience all having a lot of fun together. Swaying with the music, humming along, clapping, jumping up and down. Rieu perceives every evening as a wonderful experience, and for him, “there couldn’t be a greater pleasure for a musician”.

Here I can see similarities with Simon Sinek’s approach. Sinek is an author best known for popularising the concept of ‘the golden circle’ and ‘Start With Why’. For Rieu he explains that in his world it all starts with ‘Why?’; the purpose, cause, or belief that inspires you to do what you do. For him the ‘Why’ is central to his approach and he sees a direct connection with the human limbic system, the emotional centre of the brain, which is primarily involved in motivation, emotion, learning, and memory.

Significantly Rieu realises that he is entertaining within the experience economy, a period that started in the late 90s. He is a maestro of what he calls ‘Sense & Feel’. Meijers, one of the University of Maastricht researchers, noticed that you never see ‘playing hands’ during the recordings of Rieu’s concerts. Instead of zooming in on the hands playing the instruments and showing the virtuosity of the musicians, which is habitual in classical music, Rieu makes sure that the recordings only show faces and facial expressions. For Rieu this is a conscious choice. If you see hands all emotion can get lost and Rieu goes directly for emotions.

One of Rieu’s clear goals is to make classical music accessible to all. He perceives the elite condemning this kind of culture and he is happy to use this as the basis of some of his jokes. He is focussed on overturning existing preconceptions. He supports this approach by commenting, “Nowadays we
live in an individual world. Not the family but the individual is the cornerstone of the society. Therefore there is the need for collectiveness that should be experienced at a massive scale."

This is demonstrated at each and every Rieu concert where there is a lot of public emotion on show on the stage and in the audience. People let their feelings be known by crying and embracing each other without any barriers to showing and sharing these feelings. Perhaps all he has done is update the experience economy. It was already there during Mozart’s time and it seems to still work. So many brands are trying to create this type of emotional response to their products and services – Heineken, Apple, Nike, Coke – the list is very long.

A MUSICAL BLUE OCEAN STRATEGY?
It is not just the performances that makes the Rieu phenomenon interesting, it is also the way he orchestrates his music. He deliberately makes pieces shorter but just long enough so that classical music can be experienced by the mainstream. He chooses popular classic pieces that the majority of people will recognise. His musicians play the music as Rieu wants them to play it. He has got the sound and orchestration in his mind and they have to perform it like that. Moreover, most of the musicians have been members of the orchestra for many years and have become an extended family, meaning they have evolved an understanding of how each other plays. Rieu comments, “We are practically married, my orchestra and me. I can’t do without them, and they can’t do without me.” His Johann Strauss Orchestra started in 1987 with 12 members, giving its first concert on 1 January 1988 but has expanded dramatically over the years, nowadays performing with 50 or 60 musicians.

Rieu, of course, is the ultimate performer and not a usual conductor. He peaks at the beginning of the concerts and then somehow maintains that level of energy and enthusiasm throughout. He constantly makes contact with his audience when his orchestra plays, joking around, introducing the music, his guest musicians, and telling stories about the music to give it more context. The audience is invited to have fun, laugh, cry and dance and that is what makes the concerts completely different from the more traditional classical concerts.

His wife Marjorie says, “My husband loves classical music but he hates the way it’s done. The atmosphere is so stiff. In the audience, you can’t breathe, you can’t cough, and everybody looks at you. That’s what he tried to change.”

Rieu has been building his orchestra’s profile for about 30 years, but he is a good example of a more recent phenomenon, the ‘crossover’ category of artists. Lately many critics, fans and artists have come to accept crossover as a genre in itself – not a threat to traditional classical, though not necessarily a gateway to it either. You could say that Rieu has used, whether deliberately or not, a Blue Ocean strategy by creating and occupying a new market.

QUA PATET ORBIS – AS FAR AS THE WORLD EXTENDS
Rieu’s approach adopts a fairly generic ‘one size fits all’ approach which seems to work. The response from his audiences worldwide is very similar – sharing emotions and feelings is part of all human beings worldwide. “Rieu has got a deep respect for other cultures,” Meijer emphasises. When he is in other countries he speaks a few sentences in the national language, usually includes a set with local musicians and will include some popular songs from the country on the playlist. Rieu has some good researchers but that apart he has got a good feeling for it by himself. Meijer adds, “He sometimes gives the people, often seized with emotion and weeping tears, their own music back.”

PROMOTION
Rieu is a maestro in the area of promotion as well and has used the medium of television to great effect. Most of his fans
had called Clooney the Friday before (they had never met before) and told him that he would like to dedicate his new album that was about to be released, ‘Love from Venice’ to George as a honeymoon gift. Perhaps unsurprisingly Clooney accepted the offer. But Rieu didn’t stop there, realising the power of this connection. He swiftly edited an old video made in Venice and added to it the music of ‘Love from Venice’. The video shows Rieu, all alone, in a gondola on the Grand Canal during a splendid evening sunset. Despite only taking a few hours to edit, the next day the story was in all the newspapers, the video was a hit on YouTube (where he now puts parts of concerts up for free) and it provided an excellent platform for the release of the album.

Clever Marketing or Pure Passion?

It is difficult to find out if there is a genuinely considered and constructed marketing strategy behind Rieu’s success. You would though that to achieve such success over such a long time there must be something structured going on behind the scenes. All the research, however, does not uncover any specific strategy and reports in summary that it is all based on pure intuition. Rieu is an entrepreneur but one who seems to be led by music and intuition first, and although his marketing activities seem to echo best practice it may be the case that he in fact invented many of them.

On the way home from the concert something about the essence of Rieu became very clear to me – he creates ‘stickiness and storytelling’. What remains after the concerts are good feelings and memories. I have literally no idea what brand of clothes, shoes and watch I was wearing, what I drank or ate or what other marketing messages I might have seen. What remain as memories are the good feelings and shared emotions. And that is exactly what André Rieu is giving you. Pure passion! That’s for sure.

Theo Dingemans, MA, DipM, MCIM, Chartered Marketer is an internationally experienced entrepreneur in marketing and business administration working in consultancy and interim management in for-profit and not-for-profit organisations. He is also a freelance lecturer at several Dutch Universities of Applied Science, coach, risk management trainer (mental and physical defensibility) and freelance ski instructor.
The Marketing Job Board brings a refreshing new recruitment channel to businesses serious about recruiting first-class marketers.

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**Fill guarantee** – we appreciate that finding your ideal candidate can be like searching for a needle in a haystack, so will continue your listing until you have found your chosen candidate. With dozens of years’ experience in marketing recruitment, our experienced team are also on hand to advise you on ways to get the most from your advert.
Management theories come and go, but that doesn’t mean the old ones end up in the dustbin. In fact, they lie around, ready to be brushed off and used again. As David K. Hurst writes in a review of recent books about management (Strategy + Business, Winter 2006), different management theories “appear, are adopted enthusiastically, and then disappear, only to be reincarnated later under new names”.

Of course, recycling can be effective if the idea is a good one. But what’s good for one company or business context may be wrong for another. Among the books Hurst discusses is Hard Facts, Dangerous Half- Truths, and Total Nonsense, by Jeffrey Pfeffer and Robert I. Sutton, which warns against the dangers of embracing an idea simply because it represents the latest management trend.

Picking up an idea without understanding the particular circumstances that gave it power for another business can be a giant mistake. Then again, an idea that flopped elsewhere might be perfect for your situation.

Don Moyer has collected his series of cartoons as a book, entitled 64 Drawings. It is available from Blurb at www.blurb.com/bookstore/detail/949041
This email concerns your article on marketing metrics in the current edition of the Cambridge Marketing Review, which I enjoyed reading. I liked the models, but got a bit confused whilst reading the article.

For example, your measures about ‘Society’ and ‘Environment’ don’t appear in your second figure and the measures you propose seem to be disconnected from the three main ‘Lens’ (spelled ‘Lense’ in the figure?).

My view is that unless these can be linked in some way to the general financial measures you correctly refer to, I can’t see the point of them other than to stroke egos. Let’s not forget ICI and other once-successful companies, whose measures of CSR were excellent (society, charities, employees, local communities, the environment etc.), but because they destroyed shareholder value by not satisfying their customers’ needs as well as their competitors, all those deserving communities suffered terrible consequences. At the other extreme, let’s not forget the likes of Kodak and Nokia, whose measures of the effectiveness of media such as digital were state-of-the-art, but totally pointless, as they didn’t pay attention to what was happening in their markets!!

I also have some concerns about mixing up Lead indicators and Lag indicators. Lag indicators are, of course, things like revenue and market share by product for market/segment, customer retention, product/customer mix, customer acquisition, customer retention, channel performance and the like, all of which results in corporate turnover, profit and shareholder value.

Lead indicators are those inputs (actions) that lead to the aforementioned outputs and generally concern what we can crudely refer to as the ‘4 Ps’, which in turn lead to the measurement of hygiene factors, productivity factors and critical success factors.

I have attached a model that summarises what I mean and which shows very clearly the link between actions on the ground and corporate performance, something those idiots who insist on doing ROI calculations for every item of expenditure just don’t understand. We do, of course, need to measure efficacy for all expenditure, but this can only be done, in my view, by understanding the several measurable intermediate links through to the profit outputs. Not to understand this causes metrics to become detached from any kind of meaningful purpose.

There is more I could say, such as:

- what needs to be measured?
- why does it need to be measured?
- how should it be measured?
- who should measure it?

- how frequently?
- to whom should it be reported?
- at what cost?

and so on.

The answers to these questions are important. For example, Directors are agog with indifference about how many Facebook ‘Likes’ there are (unless, of course, they can be translated into what they are interested in, which is profitable revenue (via leads, conversions to sales and revenue)).

Nonetheless, I still liked your article and your models, so thank you.

Warmest Regards,

Malcolm

Professor Malcolm McDonald MA(Oxon)
MSc PhD DLitt DSc
Emeritus Professor, Cranfield University
School of Management
**TECHNOLOGY REVIEW**

*A selection of some new marketing technologies selected by the Editor*

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**BeanIoT**

The rise of the internet of Things (IoT) is spawning a massive range of new technologies but one of the simplest ones that we have seen in recent months is from a start-up called BeanIoTTM. BeanIoTTM is a highly configurable, 'wearable', and easily deployable IoT 'edge-device'.

What’s an edge device? Well, an edge device is essentially a device which sits at the point at which data can enter or effectively exit a network and so as such is technical doorway onto that network.

The BeanIoTTM is designed to be either worn, carried in the pocket or remotely deployed throughout a home or factory to build an adaptive wireless network of static or moving nodes. It monitors and responds to an extensive range of stimuli giving the consumer a completely new interactive experience.

Every device has an array of sensors which can be used to do such things as monitor air quality, detect a fall, track an asset or provide product information at points of sale. BeanIoTTM may be the start of a new era in the collection of personal 'Big data' allowing it to work for you across a vast array of applications.

BeanIoTTM can deploy from 2 to over 6000 nodes in a single system (mesh) and can be configured either via gesture or app on tablet, smartphone or smartwatch, meaning that its potential is huge.

[www.beaniot.com](http://www.beaniot.com)

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**Cambridge Coding Academy**

Not so much technology in itself but potentially something that professional marketers might need to consider now and in the future is the concept of programming or coding. In an industry transformed by digital technology, professional marketers need to start equipping themselves with the skills to harness this technology.

While programming or coding can be outsourced, this can put marketers unnecessarily at the mercy of professional developers and prevent them using technology to experiment with ideas. With essential coding skills, professional marketers are able to create their own websites and blogs, and prototype concepts, without having to call on the services of a developer.

Cambridge Coding Academy has developed a unique way to explore the idea of coding, develop your understanding about what technology can do and gain essential new skills to apply to your own projects and new opportunities.

The series of courses takes you through practical coding activities that lead to tangible outcomes. They range from introductory workshops that show you how to build an interactive web app or game, through to more specialist workshops in visualising and extracting insights from data.

Cambridge Coding Academy runs hands-on workshops and will soon launch an online coding platform for personalised, self-paced learning.

[https://cambridgecoding.com](http://https://cambridgecoding.com)
Google Soli

Just as the last CMR went to print Google decided to suspend its Ripples product that we featured last time. With luck this one might last past printing!

Google believes that the days of swiping a finger against a glass screen might soon seem as antiquated as dialling numbers on a rotary telephone. They have been working on a new technology that might change the way we interact with our technology. Project Soli is working on letting users move their fingers in the air to control objects in the virtual world using radar to detect precise finger movements or finger 'micromotions'. The company has demonstrated an early version which shows how pinching the thumb and index finger, or rubbing them together at different speeds, could be used to control all sorts of things without actually touching them. The idea it seems is that the technology could be integrated into electronic devices, such as smartwatches with cramped screens not well-suited to traditional input methods like finger-swiping or styluses. It is also envisaged that Soli technology could also play a big role in virtual reality by providing a way for people to interact with the digital objects they encounter in virtual worlds. There is a video that shows how it works at https://goo.gl/L089mi

www.google.com/atap/project-soli

Lily Automated User Tracking Drones

Drones still have unhappy connotations of warfare and espionage but it hasn’t taken long for them to be grabbed by marketers for a range of different uses including showing off buildings – inside and out – and providing aerial views that would otherwise be hard to capture.

Lily, alongside a number of other makers has developed a new strain of drone that uses GPS to track a specific target – in Lily’s case, you.

Lily’s drone can currently fly for up to 20 minutes, tracking its ‘owner’ and shooting photos and video footage of them as they move about. Initially pitched at skiers, snowboarders, cyclists and other athletes, the drone will fly a maximum of 15m and a minimum of 1.75m above its owner’s head, to avoid accidents, with an average speed of 15 miles per hour.

The drone’s various modes include ‘flying behind me’, ‘in front of me’, ‘fly in a loop around me’ or ‘fly up past me’. It is waterproof, can record sound, takes photos and video and is highly portable. Its uses seem endless.

www.lily.camera
This is a useful book that sets out a practical approach to creating a thought leadership process.

The book fits neatly into the current discussion about Content Marketing and Curation. Today we all blog and produce content which is aimed at improving our SEO and enhancing the position of authority that we hold within our sector. This is particularly important for the B2B sector, where the standard use of social media has limited impact, and evidence reinforcing rational discussion is essential. Therefore the positioning of organisations through their content is becoming increasingly important.

Prizeman gives a very useful definition of what Thought Leadership is:

- An original idea
- With important implications
- Backed by evidence
- Clearly expressed
- Publicly discussed
- That strongly influences the opinions of others

The topic of thought leadership has been around for a while and there are many books on it, one of the best being by Laurie Young (Prompting Businesses to Think and Learn, Wiley 2014).

One of the important aspects raised by The Thought Leadership Manual is that in order to be a thought leader there is a lot of thought required! The point of having ideas is sound but in order to be recognised as being a leader there needs to be a lot of ideas, well publicised in order to gain the authority desired in its market. It is a crowded market, we are constantly being bombarded by new ideas from all directions but only some have the quality to establish the originator as an innovator and leader.

Prizeman gives an interesting list of what makes a successful thought leader. He rightly points out that it isn’t always someone with technical authority as they are often hidebound by jargon. Rather, it is people who have a passion and want to express this for a particular purpose: to make the world a better place or their industry more effective. Thought leaders are able to get their message out to a wide audience and so must be good at networking.

Not all people attempting to be a thought leader have this set of skills and this leads to an interesting discussion about whether or not you’re an Expert, a Bluffer or a Thought Leader. For some companies, being a technical expert is fine but this doesn’t necessarily lead to thought leadership.

The bulk of the book (five chapters) is about how to create a successful thought leadership campaign.

Coming from a consulting background, Prizeman sees part of that task as the creation of an internal campaign to get your organisation focussed on the corporate objective to be achieved and then getting the buy-in of the stakeholders within the company. This is the business case for thought leadership as he sees it. Thereafter the process is of research and knowledge building in order to create a hypothesis and substantiate the solution. The task then becomes one of creating publicity in order to gain market traction in terms of reviews, commentary, and acceptance of the Idea / Theory. He has interesting sections on how to get your thoughts into leading media and on how to get your clients involved in process.

This approach sees Thought Leadership as a deliberate marketing tool for positioning of an organisation. Not as others have found it, as the vehicle by which they propound their own views that have come to them after several years /decades of practical experience.

The book is written in a very practical style and obviously comes from someone who has practised what he preaches many times. It is a good guide to the creation of a process for thought leadership but that in itself doesn’t help you to create those earth-shattering ideas in the first place.

This review was provided by M&SB
www.marketingandsalesbooks.com

You would expect a book coming from the folk at Cambridge Marketing College to be good. And it is. Unusually, it’s not a textbook – there’s little theory within it. But it’s a fabulous collection of case studies, best practice and insight from a glittering array of the great and the good in professional services marketing.

Contributors come from firms such as AECOM, Allen & Overy, Atkins, Baker & McKenzie, Freshfields Bruckhaus Deringer, Kreston Reeves, MacRoberts, PwC, White & Case and leading suppliers such as Acritas, Meridian West, Nisus Consulting, Professional Services Marketing Group (PSMG), SutherlandsPugh and Thomson Reuters Elite. So there is a bit of a big firm bias and while the construction and engineering sectors are represented along with the accountants, consultants and lawyers it was a shame that there are no contributions from the property industry.

The book is arranged around five themes with three chapters in each:

- Growth (leadership themes)
- Understanding
- Connecting
- Relationships
- Managing

What I found particularly appealing is that the voice of the practitioner dominates, albeit supplemented by some excellent suppliers and consultants. It also has international appeal – there are several examples from territories beyond the UK with insights into cross-cultural challenges (especially in the area of client research and change management).

After the three or four chapters in each theme – many of which are studded with useful statistics and solid advice – there is a helpful summary extracting the main messages. The diagrams are nice and simple too. Some of the material is really at basic beginner’s level but some insights will be appreciated by the seasoned professional.

Building on some other leading books, and acknowledging the special challenges that marketers have in the professions, it brings us bang up to date with how professional services marketing and business development has become professionalised.

It would have been good to see material on issues such as new business models, pricing, managing the client experience, marketing automation, innovation and new product/service development but maybe there is a follow up planned. Let’s hope so.

What is also good is that whilst digital is integrated throughout, there is no detailed, technical material to divert from the main themes and messages.

I particularly enjoyed stories of international segmentation, international market development, strategic alignment, key account management (KAM), setting up a client listening programme and closing the commerciality gap.

Standout chapters for me included ‘From communities to cohorts’ by PwC, ‘Thought leadership: transforming insights into opportunities’ by Meridian West and ‘Conversation is king – connecting through leadership and sales’ by the Asia-Pacific Professional Services Marketing Association (APSMA).

I managed to read the entire book in just over three and half hours. I’d say that it was an excellent investment as I found it reassuring and inspiring in equal measure. And while it leaves you thirsting for more detail, everyone will get something of value from it – whether a newbie or experienced professional service marketer or business developer or a lawyer, accountant or other ‘fee-earner’.

Some of my favourite sound bites from the book included:

- “Client work that involved five countries or more was 30% more profitable than single-country domestic work”
- “This positioning lends itself very well to thought-leadership based marketing which is one of the most effective forms of marketing for any professional services firm”
- “Technorati indicates that your employees can reach an audience that is up to 10 times larger than the one your brand is currently reaching and acceptance of a recommendation is on average around 70% higher through personal recommendation as opposed to unsolicited communication”
- “Research by ITSMA (Information Technology Services Marketing Association) suggests that almost half of clients (48%) say they are more likely to consider firms that personalise content marketing to address their specific business issues (2014)”
- “There are three basic levers of profitability in a professional services firm – cost-cutting, equity management and revenue generation”

Profit alone is no longer enough for a company to succeed. It is purpose, a driving mission to change things for the better, that defines the real winners.

Why? Put simply, the environment for business has changed, and the expectations on companies – from employees, customers, investors and observers – are much greater. Today’s world is information rich but attention poor: people struggle to keep up with the bombardment of advertising messages, but at the same time, they expect more of the brands they buy from. Millennials, the twenty and thirtysomethings who are coming to dominate both the employment and consumer markets, are significantly more likely to believe that the brands they consume reflect their values. By 2025, they will make up three quarters of the workforce.

According to research from Havas, consumers would not care if as many as 74% of brands disappeared tomorrow. Becoming a business with purpose, one that resonates with its customers for reasons beyond product and price, is a crucial ingredient to ensure that you are one of the 26% that people will care about.

In the view of John Mackey, the founder of ethical grocer Whole Foods: “Humans are evolving: we want to have more purpose, we want our lives to make a difference, we want to work for businesses that are more creative, and we like to think that our creativity is motivating other people.”

As the expectations of consumers ratchet up, the world of business is itself transforming, at high speed. In the UK alone over the last five years, over 760,000 businesses have been created. And, as the rate of business formations surges, so too is the pace of company growth accelerating. Last year, the Wall Street Journal began tracking the world’s population of ‘unicorns’, the start-ups valued by investors at over a billion dollars. In January 2014, the total number was 42; since then it has more than doubled, to a round 100.

It is now easier than ever to start a business and, moreover, to grow to global scale in record time. Companies whose stories are told in Mission, like Airbnb and Uber, have become international, multi-billion dollar success stories in well under a decade. A British example, Ella’s Kitchen, was founded in 2006 and last year became the market leader in baby food products.

All three are, in very different ways, mission-driven companies.

Ella’s Kitchen wants to change children’s relationship with food, and address the childhood obesity and malnutrition crises the UK faces.

Airbnb, according to co-founder Joe Gebbia, is working to change the experience of travel and allow people to find a home anywhere in the world.

Uber, highly controversial as well as successful, is driven by its stated mission to provide “transportation as reliable as running water, everywhere, for everyone”. Its founder, Travis Kalanick, has said he believes Uber can ease congestion in London by taking a million cars off the city’s roads through its ridesharing service.

These companies epitomise the new categories of business to be emerging: the carers, companies who want to improve people’s lives; sharers, taking advantage of the unprecedented networks the internet has created; and darers, the technological phenomena who refuse to take no for an answer. These are the companies that are changing the world, and the way people live their lives; and it is that purpose which defines and motivates them.

Most excitingly of all, the best may lie ahead. It is estimated that two thirds of the companies who will make up the S&P 500 in a decade’s time have not yet launched. The companies that are going to change your life, are probably not just those you haven’t heard of, but those yet even to be created.

This review was provided by M&SB
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PRICE TREE ANALYSIS

Nick Milner introduces us to Tree Analysis as a strategic tool for visualising and setting product or service market prices with clear reference to competitor prices.

WHAT IS IT?
Pricing is a cornerstone of marketing, which drives companies to generate revenue and profits. Price Tree Analysis is a strategic tool for visualising and setting product or service market prices with clear reference to competitor prices.

WHEN TO USE IT
Boards, leadership and marketers will find price trees useful as part of:
- Strategic positioning
- Competitor analysis
- Communicating with investors

Price trees are also very useful for product managers who need to:
- Set a market price for a new product/service
- Review prices of existing products
- Understand price elements
- Communicate a competitive pricing plan to the market

HOW TO USE IT
To create a price tree, draw a base and a tree trunk for each product/service. Then draw branches to correspond to your company on the left side and the competitors on the right side (see Figure 1).

Notate each branch with your services and your competitors’ names and price. The base of the trunk is zero and the trunk uses a ratio scale i.e. if a price is half way up the trunk compared to the top price, then it is half price (see Figure 2).

PRICING ELEMENTS
Where a product or service has different elements or is priced differently depending on circumstance (e.g. whether it is Import or Export), then each element is the subject of a different tree (see Figure 3, next page). Competitor logos and prices can be added to the completed price trees. This will make it quicker for companies to understand the big picture.

Figure 1 Basic Price Tree

Figure 2 Price tree with pricing data

continued
The completed price trees in Figure 3 also illustrate that competitors may price some elements at zero and make their revenues from other parts of a service.

**SOURCES OF COMPETITOR DATA**
Collecting timely and accurate competitor data can be a challenge. In B2C, prices can easily be collected by desk research. However in B2B, prices are often secret or customised, which makes finding precise data difficult. In cases like this, the important principle is to seek accuracy not precision. Contacting trade associations, market analysts, or others who have a broad view of the market can be helpful. Customers will have a view of the pricing submitted in a bid and may be willing to share it. Plus, staff who have worked for competitors can sometimes be helpful for background information too. Where it is of vital importance, techniques such as ‘mystery shopper’ can be used but this takes more time and money.

**STANDARDISING UNITS**
Sometimes when competitor data has been collected, the underlying pricing structures may be different.

For example, one client from the logistics industry gave prices for shipping containers by container size whereas a competitor priced on weight of the loaded container. In cases like this, or when different currencies are used, the methodology for standardising measurement units must be made clear.

Having collected together all known competitor pricing data and adding your prices (as in Figure 3), check that it makes initial sense. For example, are competitors with a reputation for premium pricing at the top of the tree? Also, if you were to add all the elements of a price together for each competitor, do their overall prices make sense? Are the new entrants or those with weaker brands pricing below the main brands? Triangulating the prices of competitors usually generates further questions and testing of data and sources.

**ADD TREES WHERE NEEDED**
To review pricing in different countries or list prices versus discounted prices, additional price trees may be used.

**PRICE DECLINE**
Prices are higher at the early stages of the product lifecycle when demand is high and competition is weaker. Prices change on a regular basis and so price trees need updating and all sources (and the dates when the data was collected) should be made clear. Annual price decline can be shown by having different trees for different years. In practice, price curves are a better way of showing the shape and rate of price trends.

**STRENGTHS AND WEAKNESSES**

**Strengths**
- Visual and easy to understand
- A lot of data can be shown simultaneously
- Shows the main competitors
- Highlights gaps in understanding of competitor pricing during data collection

**Weaknesses**
- Technique depends on quality of input data so where competitor data is hard to get or prices are bundled, trees can be incomplete
- Not showing price trends

To find out more, contact Nick Milner at nick.milner@milnerltd.com.

**FURTHER READING**
As a company, we have been using pricing trees for a long time but we have not found an academic source for this technique. For an overview of pricing, see Macdivitt, H. (2013) Cambridge Marketing Handbook: Pricing Points Kogan Page

Nick Milner, PhD is the Managing Director at Milner Strategic Marketing Ltd. Nick has over 25 years strategy and marketing experience, working across a range of enterprises from small start-ups to large listed companies. Nick is a Fellow of the Chartered Institute of Marketing, a Freeman of the Worshipful Company of Marketors, a Chartered Marketer and a Chartered Psychologist.
When relationship marketing becomes prickly
By Greta Paa-Kerner, digital strategy consultant and lecturer at Bucks New University

Gronroos is a surname that you may or may not have heard of, but you will undoubtedly be familiar with his theory – the theory of relationship marketing. In today’s marketing environment, Gronroos is more relevant than ever as relationship marketing is at the heart of what a brand does, particularly online. However, as with any relationship, there are courtship norms that must be followed or else, frankly, it just gets weird. Digital courtship is no different and brands must engage with their audience by walking a fine line between personalisation and the ‘creep factor’. We all know that creepy feeling, when a brand knows just a little too much about us and we feel a bit unsettled.

MARKETING IS A CONTINUOUS RELATIONSHIP
Firstly, it’s important to understand the important contribution that Christian Gronroos, the Finnish academic, made to developing a service quality model. Although his exploration concerning the relationship between service and quality predated wide use of the internet, he laid forth the idea that the relationship marketing develops with an audience requires on-going maintenance and the reward is repeated purchases. Marketing is continuous in nature as is the relationship that a brand will form with its clientele. Provided that the relationship is well maintained, this affinity should endure over time.

According to Gronroos, “If the interaction and planned communication processes are successfully integrated and geared towards customers’ value processes, a relationship dialogue may emerge.” That means consumers invite a relationship and the courtship may continue, hence today’s in-bound marketing framework is proven effective.

This theory of forming a relationship between consumer and brand was groundbreaking at the time, but is now common practice in the age of big data and digital marketing. By the very nature of living in an always-on environment, there is not only an acceptance, but also an expectation that a brand should understand their consumer and interact with them in a meaningful way. But this contract is two-sided, most consumers generally accept the use of their data if it is intended to benignly improve their online experience and their relationship with a brand.

PERSONALISATION DRIVES COURTSHIP TO NEXT LEVEL
Personalisation is a natural extension of the relationship marketing paradigm. According to an Accenture Personalisation Survey conducted this past Spring, US consumers welcome personalisation in the following online situations:

- Website optimised by device (desktop, tablet, mobile) (64% responded favourably)
- Promotional offers for items the customer is strongly considering and an intuitive website for browsing before purchase (59%)
- Price comparison capabilities (59%)
According to the survey, almost half (48%) are receptive to the idea of receiving reminders to re-order items that may have run out. As it is relevant and is based on intent, it is not ‘spam’ in the eyes of the consumer.

And Accenture isn’t the only organisation tuning in on what consumers will allow. According to a recent Global Loyalty Lens report produced by analytics company Aimia, more than half (55%) of the 20,000 consumers surveyed said they would share their personal information to get better offers and rewards. They found that more than 80% of consumers in the 11 markets they studied were open to sharing personal information such as their names, email addresses and nationalities with brands. Additionally, 70% will share their dates of birth, hobbies and occupations too.

WHEN THE SITUATION TURNS CREEPY
As with any healthy relationship, there is a give and take and consumers are expecting the brand to use their information in a meaningful way. The situation breaks down if marketing gets too personal in an irrelevant way; it just gets creepy.

Why does this happen? The data-driven marketing company Teradata describes it well (and uses humour too) in their video about ‘Avoiding the Creep Factor’. According to Teradata, brands must not confuse ‘context’ with ‘relevance’. In their example, the consumer conducted research for a school project, which had nothing to do with intent to buy. The brand then took this data and began targeting the consumer with irrelevant products based on that school project research. When the context doesn’t match the customer needs, the relationship break down.

Again, citing the Accenture Personalisation Survey, only 20% of US consumers want retailers to know their current location and a mere 14% want to share their browsing history.

Consumers don’t like retailers to get too personal: there is a line that a brand can cross. Referring to the Accenture Personalisation Survey, the following activities were frowned upon by consumers:

- Retailers suggesting not to buy items online outside their budget
- Mass retailers and grocery stores advising them not to buy items outside of their dietary restrictions
- Store associates who can provide recommendations based upon their family health issues
- Retailers giving them feedback from their friends online

As a best practice, brands should be clear about how they use personal data. Just because a company can do it, doesn’t mean that they should.

In summary, access to wider data requires more restraint and a greater sense of responsibility by organisations. Companies must decide whether they are providing their consumers with a value-rich experience or whether they are just overusing personal data. Relationships can be strengthened or broken on this factor.

Greta Paa-Kerner is a seasoned practitioner with 20+ years of marketing experience. Her comprehensive career spans all aspects of marketing from strategy to implementation, client to agency, B2B to B2C, and online to offline. She works as an independent consultant and as a senior lecturer in digital marketing and innovation.
The theme for this Winter 2015 issue of CMR is **Contextual Marketing**, a theme we have defined as how both strategic and tactical marketing needs to adapt to the conditions of the market in terms of customer segments, industry sectors, geography, growth phase and many other factors.

**CONTEXTUAL MARKETING**

**4  MAKING BRANDS FIT – JAYNE CONNELL**

Jayne Connell, Director of Branding at Interstate Creative Partners uses a series of different branding journeys to illustrate how brands need to truly adapt to their context in order to be really effective and to justify investment in them. The journeys start with the high octane context of Formula 1 racing where brands have to adapt to constantly changing physical environments and to the emotionally charged atmospheres that racing creates, followed by the volatile and trend-driven world of ice cream with The Ice Cream Union where brand has to remain relevant and authentic and packaging plays such a key role, through to the huge and growing world of cinema with SPI in India where brand has to be highly practical in its use within technology. In each case Jayne describes how brands have to work hard to deliver effective marketing outcomes when they need to span physical and digital contexts.

**10  ENSURING SUSTAINABLE COMPETITIVE ADVANTAGE IN THE MORTGAGE MARKETPLACE – JOANNE PALFREY**

Joanne explores the fundamental changes that are affecting the regional financial service sector in the UK. These ‘building societies’ have long been the mainstays of this marketplace, offering traditional savings and mortgage products with both face-to-face and telephone operated services. Joanne looks specifically at how technological and regulatory change is altering consumers’ use of channels to purchase and manage financial services products and how the generation of Millennials will demand change as they become the core of the mortgage customer base closely followed by generation Z.

**16  AN EXPERIMENT IN COLLECTIVE LEADERSHIP – NICK WAKE**

Nick takes us through the development and growth of Airkix, the UK’s leading indoor skydiving experience provider, focussing on the leadership style of the organisation which is the result of a very specific internal context led by its founder Simon Ward. This context means that no one member of the senior UK team (the three GMs, Sales Director and the Marketing Director) has been appointed, or has self-appointed themselves as the UK regional leader. Strategic decisions that affect all areas of the business are openly discussed and agreed upon by the entire team which leads to stuff getting done fast.

**FEATURES**

**20  CAMBRIDGE ANNUAL MARKETING LECTURE 2015 – GREG ROEKENS, CTO OF AMV BBDO**

A transcript of this lecture delivered by Belgian-born Greg Roekens who describes some of what he sees as the upcoming waves of technology and resultant consumer behaviour that all marketers are going to have to deal with in the coming years. Greg believes that ‘experience’ is the new Holy Grail and that is...
ultimately where the customer will perceive the value to be. He sees consumers as becoming not just connected but being represented in many contexts by virtual assistants which act on your behalf and make some decisions for you. He sees a transformation from the 4Ps to the 4Es of experience – the product is now an Experience, price is an Exchange, place is Everyplace and promotion is Evangelism. It is about staging experiences, and he sees one way of doing that is to look at existing products and services and then use technology to augment them.

28 FIVE CS FOR SUCCESSFUL STRATEGY – DR ANDREW MACLENNAN

Dr Andrew MacLennan, a leading expert in strategy execution, outlines five core principles for translating strategic objectives into action and ensuring high performance. He reassures that there is no simple secret solving all strategy execution challenges but he does identify five things that really matter which are Causality – undertaking activities that will cause strategic objectives to be achieved, Criticality – reducing complexity to focus resources and attention on the activities critical to delivering strategy, Compatibility – ensuring that critical activities will pull the organisation in a consistent direction, Continuity – ensuring coordination and collaboration between organisational subunits, and Clarity – making sure that there is line of sight between activities and the ultimate goal.

34 PROTECTING YOUR DIGITAL SELF – TERRY SAVAGE

Terry Savage addresses the sensitive issue of how individuals can protect their personal data in the light of the knowledge that most people are not aware of what data is being collected, how much they are providing and even less about what that data was going to be used for. Terry provides a set of four simple rules. The first rule is that whilst you may have to reveal some personal data to some sites you don’t always have to give them all of the data they ask. The second is to read the website’s Privacy Policy and if it is not there then stop! The third is to make sure you don’t share too much on social media as fraudsters will use social media to help them answer ‘challenge’ questions when trying to identify access passwords. The last rule is to shred everything with your name on it as paper is just as important for you to consider as digital sources and when they’re no longer needed, shred them.

40 MIND THE GAP – STEVE BAX

Steve Bax looks at how more and more organisations are using qualitative research to recognise the importance of getting to know their customers’ and potential customers’ needs and wants better. In the current connected marketplace it is all too easy to make assumptions about the market and a brand’s position within it. In the absence of any marketing research this is a dangerous, potentially high-risk situation to be in. A good number of corporates are working on how to gather in-depth, qualitative customer data more effectively and use it to leverage relationships with their customers and future customers to gain sustainable, competitive advantage. Steve provides a 16-point rundown of the key aspects of qualitative research that the most effective researchers will use to create and utilise output.

46 MARKETING MASHUP – PETER FISK

Peter Fisk explores the best new ideas in the world of brands, innovation and marketing. This time he looks at the economics of beer, the nature of Indian leaders, ‘exponential’ organisations, the truth about Millennials (those born between 1980 and 1997), the design thinking approach to problem solving, Haier and its pocket-sized washing machine, the digitisation of healthcare and finally a marketing ideas Treasure Hunt.
**INTERNATIONAL**

54 **AVATARS AS SOCIABILITY FACTORS ON ECOMMERCE SITES – ALVES AND SOARES**
In our first article exchange with the French journal *Revue Française du Marketing*, Antonio Alves and Ana Maria Soares from the University of Minho in Portugal address the issues that surround the introduction of avatars as human warmth stimuli in e-commerce sites and the implications for small businesses. In addition to contributing to the body of knowledge with regard to the role of avatars in online stores, this research aimed to evaluate the potential of this technology for small internet retailers. The results confirm the usefulness and benefits of this technology and managers should consider the use of anthropomorphic avatars as an affordable way to direct their business into e-commerce and take advantage of their knowledge and experience of personal relationships in this new sales channel.

60 **THE SUCCESS STORY OF ANDRÉ RIEU – THEO DINGEMANS**
Theo Dingemans takes a look at the success story that is André Rieu, the classical music performer who has changed the face of popular classical music. Right from his beginnings when the ‘From Holland with Love’ album triggered a waltz craze in the Netherlands through to him dedicating his album, ‘Love from Venice’ to George Clooney as a honeymoon gift, Rieu has implemented a well-orchestrated tactical marketing campaign that is consistently inclusive and effective. It is difficult, however to see whether there is in fact a genuinely considered and constructed marketing strategy behind Rieu’s success but all the research does not uncover any specific strategy and reports that it is all based on pure intuition. Rieu is an entrepreneur who seems to be led by music and intuition first and although his marketing activities seem to echo best practice it may be the case that he invented many of them.

**VIEWS**

67 **DEBATE – MALCOLM MCDONALD**
Malcolm McDonald challenges the way metrics for marketing are interpreted and utilised. He offers an alternative model of implementation.

73 **PRICE TREE ANALYSIS – NICK MILNER**
Nick Milner Price introduces us to Tree Analysis as a strategic tool for visualising and setting product or service market prices with clear reference to competitor prices. Explaining when and how to use this approach Nick provides a simple guide to implementation including how to integrate competitor data and highlighting the strengths and weaknesses of the analytical structure.

75 **WHEN RELATIONSHIP MARKETING BECOMES PRICKLY – GRETA PAA-KERNER**
In the first of a new series on theoretical marketing Greta Paa-Kerner takes a new look at the theory around relationship marketing in the digital context. Digital courtship is no different to traditional models and brands must engage with their audience by walking a fine line between personalisation and the ‘creep factor’ – when a brand knows just a little too much about us. Access to wider data requires more restraint and a greater sense of responsibility by organisations. Companies must decide whether they are providing their consumers with a value rich experience or whether they are just overusing personal data. Relationships can be strengthened or broken on this factor.
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