

# Marketing News



**IM** The Chartered  
Institute of Marketing

Southern Edition

Think  
about your  
advertising

## IF IT DOESN'T SELL, IT ISN'T CREATIVE... TRUE OR FALSE?

EFFECTIVE ADVERTISING: APPLICATION,  
MEASUREMENT AND ACCOUNTABILITY

CLIMB A TREE AND HOLLER  
THE TROUBLE WITH INTERNET PRODUCTS

ODD MAN OUT  
COMPARATIVE PERFORMANCE OR TRUE STRATEGY?

The bi-monthly magazine by marketers for marketers. October/November 1999



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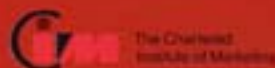
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Welcome to the 4th issue of Marketing News magazine. Fourth issue? What happened to the previous three? This is in fact the first issue to cover all six branches in the CIM South Eastern Region. Welcome to our new readers.

As marketers in CIM Royal Counties are aware, Marketing News has been published bi-monthly since its launch in March, provided entirely free of charge to the readership or the Institute. All contributors are volunteers and we actively seek to encourage news and views from newcomers to the industry as well as seasoned marketers and writers. Paid-for by advertising and sponsorship, the magazine is made by marketers for marketers and as a result it behaves rather more like a CIM fanzine than a customer magazine.

However Marketing News has never been exclusive to the CIM membership. Since its inception it has been available on request to non-member marketers. It is for sharing news and best-practice advice, for facilitating networking and profiling services – marketer to marketer, marketer to CIM, and CIM to marketer. We are also here to provide a vehicle to air grievances and potentially to be an instrument for change/improvement for marketers both inside and outside the CIM and for our industry in general.

For the membership, we have provided a high quality CIM communication channel; for non-members, a showcase for best practice which demonstrates CIM values.

It is vital for members of all branches, as well as non-members, to return the subscription form enclosed with this issue to ensure that you continue to receive the magazine, as well as to let the CIM Regional Council assess whether to use the magazine as a communication vehicle.

I look forward to hearing from you

Charlie Farrow, Editor, [cfa@newbury.net](mailto:cfa@newbury.net)

## NEWS

### Natural Prawn Killers

Hula Hoops from KP Foods has launched a brand new zone on its innovative web site, Round Control. 'The Prawn Experience' has been developed to celebrate the launch of the new Prawn Cocktail flavour Hula Hoops and can be found at [www.hulahoops.co.uk/prawn](http://www.hulahoops.co.uk/prawn).

As with all the zones on the Hula Hoops website, visitors to the Prawn Experience will find a competition or game to play, plus an exclusive Hula Hoops digital reward to keep. You can even win a year's supply of Prawn Cocktail flavour Hula Hoops.

#### Features include:

*"Prawn 99". Three spoof film clips where the stars are all prawns and shellfish.*

*Billington Cartmell and Brand New Media did some serious talent spotting at the Fishmongers then shot the following snippets of classic films; "Close Encounters of the Crustacean Kind", "Squeak" and "The Unusual Shellfish".*

*"Prawn Magic". Magic tricks involving crustaceans hosted by the shellfish magician and his scampily-clad assistant.*

*"Go Pink". Download a desktop goodies pack. Looks great. Sounds amazing.*

*"Discover Your Inner Prawn". Stare at the hypnotic spiral then click for an insightful personality evaluation and to find out what your inner prawn looks like.*

With the launch of 'The Prawn Experience', Round Control on the Hula Hoops website is just two zones away from completion. Visitors to the site will soon have the chance to enter the final competition in which they will have the chance to turn their room into Round Control and win loads of hi-tech gear including a multimedia PC, MiniDisc player and Sony PlayStation. Very importantly, they need to have completed all the zones on Round Control to enter.

Agencies responsible for prawning it up on the web are Billington Cartmell and Brand New Media.



### Brand New Media Opens New Offices

Brand New Media has opened a new London office in Covent Garden to service the existing South East client base. The client service team will be grown from London whilst the design and production team will be based in Leeds.

The full-service new media agency is currently recruiting staff for both offices. It is seeking account directors, account managers and business development staff. For further information contact: **Al Fox** on 0113 383 5000 or email [alfox@bnm.co.uk](mailto:alfox@bnm.co.uk)



## Hot Issues in Marketing

The CIM runs an informal tracking system of key issues for marketers. The list is compiled from research from both the Library and the Training Division. Many of the following subject areas are addressed through the meetings arranged by the individual branches:

**Corporate Brand Management, Achieving Competitive Advantage, Relationship Marketing/One to one marketing, E-business: generating revenue through Marketing over the Internet, Accountability and Measurement, Customer Satisfaction (the next stage on from Customer loyalty), Keeping up to date with changes in technology and the best use of technology.**

To see these or other areas covered in future issues of Marketing News email [marketingnews@newbury.net](mailto:marketingnews@newbury.net) with your comments.

## Marketers' Confidence Returns

63% expect to meet sales targets this year

Marketing Managers' confidence is back at its highest level for two years after plunging to an all time low last winter, according to the latest Marketing Trends Survey by the CIM.

According to the survey of marketers throughout the UK, CIM's confidence index, which tracks marketers' confidence in achieving their sales targets, has risen to 93.5 - it's highest level since July 1997.

A total of 63% of Marketing Managers expect to achieve their sales targets for the year ahead, with 13% expecting to over-achieve their aims - a rise of 5% since the spring. In contrast, the proportion of firms expecting to under-achieve their targets has risen by just 1% to 38%.

Overall, firms are planning for growth in cash sales of 6.9% during the current sales year, compared with the 6.6% growth achieved in the last sales year.

The renewed confidence extends to the majority of manufacturing sectors, with 93% of heavy manufacturers expecting to reach their plans. By contrast, only 34% of firms in the electrical and electronic sector believe their sales plans will be met. Within the service sectors financial services companies are the most bullish, expecting sales growth of 13% in the next year.

The survey also indicates that competition is holding down prices with six out of 14 sectors expecting prices to decline in the coming year.

CIM's Economic Adviser Professor Douglas McWilliams said: "This survey provides cheerful reading for economic analysts. Its message for the Bank of England Monetary Policy is that there is currently no need for interest rates to be raised again."

## Key Skills Needed by Future Marketers

New CIM research has identified the key skills that marketing professionals need to progress their careers in the next century. As a result, CIM has revised the syllabi studied by marketers who are working towards CIM's three educational qualifications: the Certificate, Advanced Certificate and Post-graduate Diploma in Marketing.

The research, conducted amongst leading marketers and academics, concludes that job candidates need to have marketing theory and knowledge combined with complementary core skills. As well as interpersonal, financial and analytical skills, marketers need to have decision-making ability, an understanding of the measurement of marketing effectiveness, an understanding of market research and supplier relationship skills.

David Sagar, Director of Education for CIM said: "Marketing in itself is about change. Our revised syllabi reflects the development of key marketing skills and broader management areas to underpin good marketing practice from fundamental through to strategic applications."

For more information please contact Susan Ward on 01628 427137.

## By the Book



The new course module for the Advanced Certificate in Marketing, "The Marketing/Customer Interface", is published this month by Butterworth Heinemann. Co-authored by Rosie Phipps and Craig Simmons, of Oxford College of Marketing, it focuses on the

centrality of the customer, both internally and externally, to effective marketing strategies.

The book describes the diverse range of processes that enable this communication to take place. Increased attention to customer service, creativity, innovation and the management of change demand more from marketers than ever before. The understanding marketers need to have of customers and processes within the organization, needs to go far beyond the traditional role played by the marketing department.

It draws on theories and practical examples from a diverse range of industry sectors across the world. Extensive use has been made of the World-Wide Web to collect relevant material, and a number of websites and traditional publications are recommended for readers seeking further information about specific topics.

## CLB launches first website for London marketers



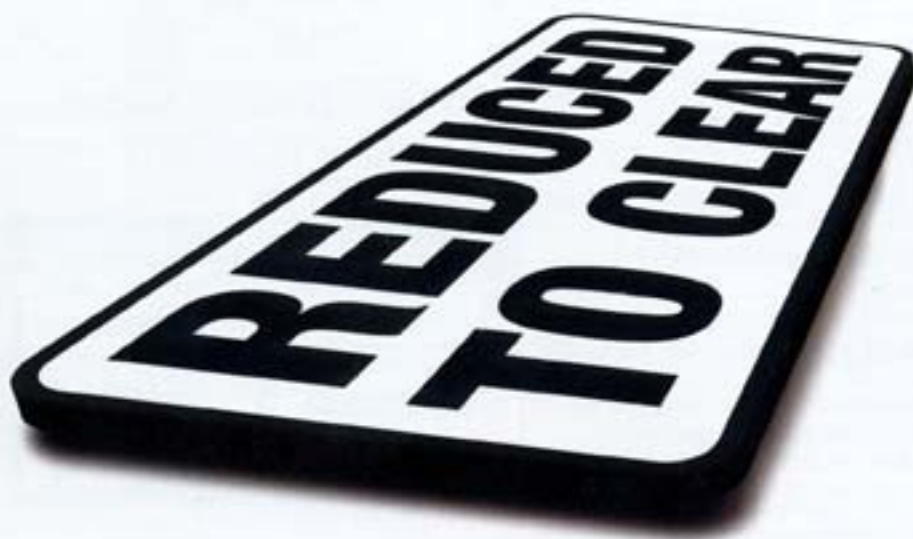
The CIM's Central London Branch (CLB) has launched the first website for London's marketing professionals and students. Daniel Yadin comments, "Our new website is a gateway to the world of professional marketing. All London marketers will benefit from it. Even if they are not members of the Institute, they are welcome to use it."

The new website covers a wide range of activities for branch members, students and associates, for professional work, studies and career advancement. [www.cim-clb.org](http://www.cim-clb.org)



# IF IT DOESN'T **SELL** IT ISN'T **CREATIVE...** TRUE OR FALSE?

By Charlie Farrow



Advertising is generally understood to work, but marketing departments are under increasing pressure to demonstrate just how well it works. But if it's an art, not a science, how can it be measured? And how do you disentangle advertising's contribution to the achievement of overall business objectives from the myriad of other influencing factors.

On occasion, it may very well be possible to demonstrate that a particular advertising campaign has made a positive impact on the bottom line, but the FT Retail & Consumer report, *Effective Advertising: Application, measurement and accountability*, maintains that sales, as a performance indicator, is a simplistic and inadequate methodology for judging advertising's effectiveness.

According to Andrew Ehrenberg, professor of marketing at the South Bank Business School, it is sheer make-believe to imagine that advertising for an established brand will deliver 'something extra', whether the 'something extra' is more sales, added value differentiation, brand building, repositioning, premium pricing or whatever. He says, "This may seem business-like; how can marketing plans ask for spending in millions and promise only 'no change'? With established brands in mature markets not everyone can win (i.e. sell more). By the self-inflicted goal of 'growth for all', most advertising and most marketing plans must fail, so why do we need advertising and marketing at all? The answer is competition. If our competitors market aggressively and we do not, they will slowly gain (other things being equal). Hence advertising has to be mainly for brand maintenance, an insurance to defend our existing levels of sales."

Finance directors perhaps unsurprisingly, regard effectiveness first and foremost in terms of business success, by which they mean direct impact on the bottom line. There is an expectation that marketing should on its own produce tangible business results over and above the expenditure invested.

Simon Broadbent, author of *Accountable Advertising* says that one of the problems with advertising is that "It is hardly understood by many who pay for it; its objectives are set in communication terms; its budget is subject to whims; no one is too sure about the real returns and so advertising budget recommendations are not much trusted. You can see this in the switch to other marketing methods, which do produce countable results. In the battle over the total budget of the brand, no advertising appropriation is now unchallenged - and as often as not, it is raided in times of need."

An IPA report published in 1998, states that 23% of Finance Directors said that if business costs were under pressure they would cut marketing and advertising first. So how can marketers help finance directors better assess the success or otherwise of a campaign?

Continues >



### Difficulties of measuring ad effectiveness

The biggest problem for marketing departments is that there are many different ways of calculating the effectiveness of advertising. Simon Broadbent says, "It is remarkable both how many different standard solutions to the evaluation problem have been suggested and the failure of any of them to be generally accepted." He points out that advertising, while making a valid contribution, is not the only factor that facilitates a brand's success. "Other contributions to success or failure are often more influential than advertising. The campaign is only one unit in the battle for brand share; it is the artillery. Other marketing activities contribute; product, price, the sales force and so on are the infantry, the airforce and the navy. Judging the artillery's contribution solely by whether we won the battle would be unfair. Therefore the campaign evaluator must allow for the effect of every other element before judging advertising."

Advertising effectiveness is not just about boosting sales, despite what the finance and sales directors may believe. Graham Hinton, president of the IPA argues that advertising can add value in many ways. It can:

- Improve employee morale during times of change or re-engineering
- Focus a client culture and ensure clear understanding of a client's vision
- Create fame for a brand, acting as the public face of the brand or company to investors and commentators
- Build trust and respect among trade partners and suppliers
- Create goodwill and a favourable view from local government and legislators
- Impact on share value

If ad evaluation is to be meaningful, it cannot be a one off project undertaken simply because the finance director is breathing down the marketing director's neck and demanding that he justify the ad spend retrospectively. It should be an ongoing exercise to enable companies to learn what works and what does not, in order to allow them to plan effectively for the future. Advertising does not have to perform outstandingly on all research measures before you conclude it is working.

### How to measure

The advertising industry is not always in agreement about which method of evaluating advertising effectiveness is best to use and to determine whether an ad campaign has worked, clear objectives must be identified from the outset. Finding one suitable measure is not the end of the story, because relating cause and effect is not usually uncovered by a single technique.

### Sales-based data: isolating advertising effect by discounting other factors

Examines all other factors that could have had an impact. By concluding that they either didn't vary at all, or not sufficiently to explain the sales trend, it can be deduced that advertising made the difference. Simple, logical and appealing to the layman, but the drawback is that commonly other things do change. Some are changed deliberately - packaging and distribution, for example, may coincide with new advertising as part of a relaunch.

### Exploring what happened without advertising

Looks at differences in brand performance between areas where advertising appeared and areas where it did not. The snag is when areas are not believably comparable - for example, a south versus north of England comparison.

### Econometric modelling

A research technique to help marketers gauge the impact on sales of both their own and competitors' actions. It allows for external influences such as the economy and the weather. An econometric analysis is an equation or model, which mathematically links sales to the factors which cause their levels to change.

Building a model is time consuming and requires a rigorous statistical testing, which frequently needs revising. The difficulty is quantifying the long term effect of advertising. It shares this problem with all evaluation techniques, whether simple visual inspections of sales data, or a tracking study, in that the short term dynamic trend is always the one which can be most plausibly associated with an advertising effect. Econometrics raises this observation to the status of scientific 'fact' and creates the illusion that the effects of sustained defensive advertising over long periods of time do not have any real existence. This can have dangerous implications for decisions on advertising budget and long term commitment to a brand.

### Consumer-based techniques - behavioural measures

The consumer panel can furnish various types of corroborative evidence - such as demonstrating that brand switching is at the expense of defined competitive brands. There remains the question of how far such phenomena can be attributed to the advertising.

### Awareness, attitude and image data

While this kind of data can tell us a lot about the effect advertising is having on the consumer, there are two main caveats. The first is to question whether much of what passes for attitude or image data bears any relation to behavioural change. The second is

that the number of respondents ascribing attributes to the brand tends to be determined by the number of people aware of, and using that brand.

### Advertising recall measures

Measures of advertising recall can add to the effectiveness argument. But attempts to prove advertising effect by cross-analysing recall of the advertising with attitudinal or purchase data do not stand up to scrutiny. The problem lies in the impossibility of telling which is cause and which effect. Users of a product, as well as rating it more highly on almost any image rating are more likely to recall the advertising for it due to selective perception. As a result the positive relationship between advertising recall and product usage is extremely common but proves little about the effect of advertising on behaviour.

No single measure in isolation will produce a watertight case for advertising effectiveness. However, each type of measurement, while imperfect can help compensate for the imperfections of the others. The more they corroborate each other, the more robust the conclusion that can be drawn.

While the most obvious and sought after effect of advertising is an increase in sales and thus profitability - at least in the eyes of the finance department isolating the effect of advertising on sales is rarely simple. The marketing department has to decide how to allocate the budget available - short term promotions which result in sales or investment in advertising to build the brand long term.

Brands are powerful assets, and more and more companies are taking steps to measure their value. This has important implications for both marketing departments and advertising agencies. If we are responsible for these valuable assets then we will also have to be increasingly accountable. The FT report concludes that in future our performance will not be measured in terms of sales but in how we add value to the brand.

### Editor's Choice

We recommend reading the Financial Times Retail & Consumer report, Effective Advertising: Application, measurement and accountability by Helen Jones which can be ordered by telephone 0171 896 2325, fax 0171 896 2333 or email: rc.enqs@ft.com

Please quote code 27798A - Marketing News offer, to claim £50 off the regular retail price. This offer is only valid for readers of Marketing News.



# DO YOU SEE YOUR ADVERTISING AS A COST OR AS AN INVESTMENT?



If you think it should justify its cost and make you money, here are some proven ways to get you better returns.

Have you noticed how clever remarks are often attributed to more than one person? Perhaps the most famous saying about advertising is "I know half of my advertising is wasted; but I don't know which half."

I have seen this attributed to three people, one British and two American: the first Lord Leverhume, who built up Lever Brothers; Henry Ford; and John Wanamaker, who started one of the first great department stores in Chicago.

As I said in one of my earlier pieces, I am a direct marketing expert, and one reason is that in direct marketing you can measure your results. You always know what works and what doesn't - though often you don't know why.

Another thought I have seen attributed to more than one person tells of a journalist interviewing a famous American businessman on a train journey. The journalist asked him how important he thought advertising was. The businessman replied: "What do you think would happen if we unhitched the engine from this train?"

A slightly more up-to-date version was set in an aeroplane. The journalist asked William Wrigley, the chewing gum king, the same question. He replied - with a rather more dramatic analogy - "What would happen if they switched off the engines on this plane?"

There has been a lot of research proving that those who advertise most usually make most profit. It takes no great brain to discover this. You only have to study big firms like Proctor and Gamble, Coca-Cola or even Wrigley's Chewing Gum - to see it.

It is, therefore, amazing how few senior businessmen, even in the world's most sophisticated firms, fully understand advertising. This is ridiculous, because vast sums of money are often involved. Too often, also, firms advertise because they feel they must - because their competitors do.

Your advertising budget can be an investment, producing a profit; or it can be an expense, producing nothing. It depends on how well you understand the advertising





process. And contrary to what many think, advertising is not just a matter of flair: there are many simple, proven principles.

#### Lessons in chewing gum

The interesting thing about Wrigley's besides the fact they advertise a lot is that their advertising is mostly very dull. It doesn't rely on clever tricks, jokes or original ideas. It just repeats the name Wrigley's, shows the pack, and usually says something about how refreshing their product is.

If you want to make your advertising work harder there is a lesson in this. Your advertising doesn't have to be clever to succeed. Actually, being clever is usually fatal. There are four reasons why.

First: your advertising money is completely wasted on anyone who doesn't understand its message.

Second: most customers are not very clever. You may think this is rather unkind, but it happens to be true.

Third: although there are far more stupid people than clever ones, their money looks exactly the same.

Fourth: even if they are clever, people rarely concentrate when they read or look at advertising, so they won't work to understand your clever idea

#### So don't be smart. Be simple.

You will find advertising agencies love to do clever advertising. The reason lies in human nature. Advertising people, like everyone else, enjoy showing off to their friends and being praised. In the advertising industry, praise comes in the form of awards, which usually go to clever ideas.

But clever ideas are rarely the ones that sell. In fact in a survey a few years ago the top creative directors in America were asked to vote for their favourite advertisements. Their list had absolutely no correlation with sales.

#### What can you offer the customer?

Apart from the dangers of being clever, there is a second lesson to be learnt from studying Wrigley's. For advertising to succeed you must offer a benefit. In their case this is usually refreshment, though they sometimes emphasise that chewing gum can be good for your teeth. This is true, because chewing increases saliva, and saliva cleanses the mouth.

There is a third lesson in that. Advertising that tells the truth works better than advertising that lies. As a matter of fact, that is an understatement. Lies not only fail to sell; they unsell. They actively put people off your brand, product or service.

If you lie and get found out, not only has all your money been wasted; in addition, you

anger the customer. I am not saying you should emphasise the weaknesses of your product or service; I am just saying, don't lie. If you read my last piece, about Public Relations, you will recall the same principle applied.

The fourth lesson is also simple: in advertising, as in everything else, it pays to be consistent. Don't keep changing your message. You confuse people. The world's greatest brand is probably Coca-Cola. For over a hundred years they too have chosen to sell refreshment. From this you can learn a fifth lesson. You don't have to be original to succeed. You just have to find the most appropriate appeal for your product or service.

You may learn a sixth lesson from successful advertisers. Neither Coca-Cola, Wrigley's nor any good advertiser makes the mistake of just boasting - "We're the best". They talk about the benefits they offer, not about how wonderful they are.

People don't like advertisers who boast, just as they dislike people who boast. They are not credible. You may think you are wonderful; but I don't care. That's because I think I'm wonderful and prefer to reflect upon my wonders rather than yours.

#### What works - and what doesn't

Here is a list of things learned in 1985 by Gallup research in America into what makes advertisements work best. I doubt if the principles have changed since then

1. The best advertisements command attention, communicate a message and persuade through illustrations, headlines and copy.
2. A successful ad rewards the reader by providing news or information, solving a problem, or appealing to the emotions.
3. You should repeat the message 3 times, in illustration, headline and copy.
4. Illustrations which relate directly to the message work on average 32% better.
5. If you don't illustrate either the product or the idea, the ad is 27% less effective than average.
6. Stereotyped pictures - chatting people, loving couples, smiling sippers and ecstatic eaters kill ads. That's because they don't develop any unique quality.
7. Specific headlines work best. Vague headlines reduce impact by 11% on average. The most damaging headlines are brag and boast.
8. Short headlines perform just as well as very long ones.
9. New ideas, products, new ways to use a product, can add an average 24% to performance.
10. Humour only adds 10% on average, and then only when used carefully.
11. Celebrities add 25%. But if the celebrity is not relevant to the product, he or she does more harm than good.

12. Recipes deliver an average of 29% over average.
13. Coupons do not add much impact, but boost persuasion an average of 26%. (Other research I have seen shows they also increase readership significantly.)

If you know all the things I have mentioned above about what makes advertising work, there is a very strong chance you know more than your advertising agency.

An interesting thought if you prefer investments to costs.



**In 1992 Drayton Bird founded the Drayton Bird Partnership who handle and advise many firms, including Mercedes Benz, The Bank of Scotland, the British Horseracing Board, Eastern Electricity and Gallaher Limited on direct marketing and other marketing matters.**

**Drayton has 39 years' experience as copywriter, client, creative director and latterly Vice Chairman and Creative Director of the world's largest direct marketing agency network, Ogilvy & Mather Direct.**

**He wrote Commonsense Direct Marketing originally published in 1982 and now in its third edition.**

**Published in 10 languages, it is widely recognised as the standard British work on the subject.**





"Would we be interested in handling the launch of an exciting new Internet product," asked the prospective client on the other end of the phone.

"Yes", I said, "We would be interested and yes we do have considerable experience of handling Internet products. Yes we do have a New-Media department, and yes again we would be happy to handle the PR as well as the advertising".

"Great", he said.

"All going swimmingly," I thought.

Yes I had heard of his company, after all they are a multi-national with a major position in Telecoms. We had a general chat about the product, a Portal brand that had already been launched in other markets; he informed me that we were recommended to him and that he was impressed with our chat. The conversation finished with him committing to send a brief.

At this point I was naturally quite excited about the prospect. After all, the Internet is where it's all happening. Major fortunes can be made in short order, and from an advertising point of view the possibility of a major TV, Press and Radio campaign did not exactly depress me.

In due course the brief arrived. The objective was clear, to create a major portal brand, to be amongst the most referenced sites in the UK. However the budget was small, the content too ordinary. There was to be no promotional give-away (free access or free e-mail) - in fact there was absolutely nothing to make any internet user choose to access this site rather any of the other 540 existing portal sites in the UK.

The question is, why would anybody, particularly otherwise bright business people expect to be able to launch a product into an already crowded, noisy, highly competitive market place and expect to succeed without anything vaguely resembling a USP?

You wouldn't launch a me-too soap powder against P&G or just another hamburger against McDonalds and expect to succeed. No, you wouldn't. But then you would have to invest money in plant and machinery, people, distribution, raw material, retail outlets and so on.

So maybe that's the problem with Internet products, maybe they are just too easy and cheap to create. The distribution system is free; the physical creation of the product is low cost and quick. However, whilst it is true that the Internet still provides fantastic opportunities to join the gold rush, there is enormous competition to stake the right claim. Like everything else about the net, the pace at which it is maturing is amazing.

The easy pitches have gone. Now like every other area of business, to succeed you need



## CLIMB A TREE AND HOLLER

By Roy Warman



that most elusive but valuable of properties - an Idea. A Unique Sales Proposition. A consumer-relevant Competitive Edge. And when you have got it, you are still going to have to promote it in the very noisy world of the Internet brand.

It is still as true today as when Mark Twain wrote it that, "he who has a thing to sell and goes and whispers down a well, is much less apt to earn the dollars, as he who climbs a tree and hollers". Maybe this is why the second and third year financial reports of Internet companies, nearly always seem to show increased turnover, but profit being held back "due to increased marketing costs".

Don't get me wrong, I believe that the Internet is still rife with opportunities for those with a genuinely good or new idea. Indeed we are involved with a number ourselves. My plea is this, before getting carried away with the excitement of this fascinating high-tech new world, take the

time to apply some good old-fashioned strategic analysis and checking: it will be time and money well spent.



Roy Warman has worked in the media industry since 1964 and has been involved with many of the major changes in the media world since then.

As a founder member of Saatchi & Saatchi, he set up and ran their media operation. With his now partner Terry Bannister, he became responsible for all the S&S communications companies. They left S&S in 1991 and now run their own agency providing marketing and communications services for clients such as Phillips, One2One, Shell and Norwich Union.

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We live in strange times where everything is interesting and moving so fast that there's little time to reflect on what is actually useful. What follows is a bird's eye view of Internet TV services currently available nationally in the UK.

It's debatable who got there first, but commercially speaking the first interactive TV based service was launched in January by NTL. It's called iTV. There has been a trial conducted by Microsoft and various technology partners which took place in 115 homes in London and Liverpool, between December 1998 and May 1999, and BSkyB's service "Open" is to go live in October 1999.

Each service is slightly different in how it works, highlighting where the art of differentiation through technology gets its wings (BSkyB uses satellite and CWC's service on test in the north is likely to be merged with NTL's cable network anyway). I've decided to risk a biased report to ensure the delivery mechanism is correct (this is important as this affects how it works). More about the competitors when they are officially launched later this year.

According to a source at NTL, anyone can use iTV if they have TV and a telephone. Subscribers to the service rent a set-top box with a dial-up modem for actual internet access of the customer's phone line and an infra red keyboard to control the service. They pay a monthly subscription of £15 per month for the equipment and access to the service. Internet access is charged at 1p per minute.

iTV offers automatic tuning to TV channels, so you can surf the net and watch TV at the same time (a popular feature according to market research conducted by NTL), plus fixed rate internet access with email facilities and low cost telephone calls - a neat package. Applications used to interact with the service are written in standard HTML or JavaScript. Software automatically scales and displays internet content on a TV screen.

NTL are able to provide this service to 80% of the UK population and are targeting those who are not likely to be heavy users of the internet. Rather, if their current client list on their travel channel is anything to go by, it is more likely to be used by people looking for information about holidays, flight information and so on.

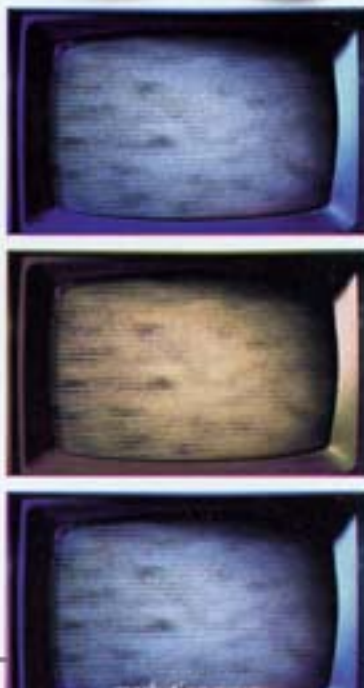
#### What does this mean to marketers?

Ask yourself the following questions:

*Can you handle customer enquiries generated by the web after hours?*



# Cyber Truths



*How well integrated is your web site with your TV advertising?*

*Can your web site work using HTML only?*

*Most importantly - who are you likely to see more of on your web site as the demographics of people with access to the internet change?*

In Microsoft's WebTV trial 90% of participants cited internet access and email as being of most benefit to them with over a third of the sample stating that these services would be the main factors driving them to purchase interactive TV.

#### Developments close to completion

##### Digital TV

This service will add significantly to the present iTV and is due to be launched this autumn. Customers in the areas where NTL have a cable network will be able to pay a monthly fee for unlimited internet access over a high speed digital modem that is faster than

ISDN (which is quite fast enough for me thank you). New online facilities like games and educational channels will be enabled by the fast connection. When buying online the customer only needs their password and then they simply enter their purchases. Their address and contact data are already recorded so it's just a case of selecting what they want and paying for it, the exact mechanism will depend on how it is implemented.

##### Interactive freephone

It is also expected that web-enabled telephone services will allow a user to respond to an advert simply by clicking on a call-me button on a web page. The benefit to marketers is that this will allow them access to the demographic data already recorded on the customer (in

a way that doesn't contravene the Data Protection Act, that is).

#### The big questions are:

*Who will be the new kids on the block in this area?*

*Will the technology work using the same protocols?*

*How long will HTML and JavaScript be the only applications used for enabling interaction?*

Ideally this column is interactive too - anyone with a view on interactive TV's effect on marketing is invited to respond to [jlwood@call2.com](mailto:jlwood@call2.com)





# ODD MAN OUT?

by Robert James

It is always difficult to break from the norm, to be the 'odd man out', to zig when others zag.

As anyone who has observed the housing market for a few years will note, the very worst option is actually to zag but to be the last to do so! It's a little bit like watching the African animals at the water hole. Every few minutes something spooks one of the antelopes, it moves and they all start to move. Over the course of a half-hour drinking session, the most observant or most wary animal may move more than the least wary. However, that antelope is the one that is least likely to get eaten.

'Strategy' is a word that is repeated in a Blair like manner by everyone in this latter part of the millennium. Strategy is "good". To be without strategy is to be without direction. I don't want to argue for a non-strategic approach. I do want to say that strategy is a big concept and implies the ability to think and act in a big manner. Too frequently strategy is confused with tactics.

I often tell people within Carlson that the three key words in business are 'talk, think, do'. Clearly this is far from original and I'm sure you are probably saying to yourself doesn't he mean 'listen, think, do'.

Well, I don't, in that I believe that the three words are not some form of self-help mantra, but rather a means of dividing people or indeed businesses or organisations.

Very few businesses or organisations are silent; they promote themselves, they 'talk'. Politicians are exceptional talkers - it is a pre-requisite for the job. In fact, anyone who has watched 'Question Time' or a similar programme will have observed that they are better at talking than listening. The same is unfortunately true in business. My contention is that many business people can





be classified as 'talkers'. Talkers don't listen, they don't see, they don't 'smell' and they don't 'touch'. Fundamentally such individuals are more keen to talk than think, or do.

Let's move on to thinking. Surely amongst the business community there are some good thinkers? In fact, and to be fair, I must also accept that some politicians are also very good thinkers. The problem is that to be popular a politician must appear to think in the same way as the populace.

I would argue that to feel 'secure' in what is inevitably an insecure pursuit, business people frequently fall into the trap of re-iterating the 'conventional wisdom' of the moment. Thus the words may not be hollow but they are predictable. How many business plans have you read that aren't based upon maximising sales, seeking new product/market opportunities and controlling costs? Similarly how many politicians are going to increase class sizes, lengthen waiting lists and increase bureaucracy?

How many businessmen or politicians would dare to be without a strategy? The answer must be none. However it is dangerous to confuse the existence of a strategy with sound thinking.

Returning to my water hole analogy. How many antelope are thinking, 'I must be more watchful, I must find a way to drink quicker, I must move faster' (comparative performance) and how many are thinking 'I must find a different water hole, my buddies keep getting eaten by lions?' (strategy shift)

I believe that in business, most of us, most of the time, are more concerned with

comparative performance than true strategy. We therefore have a 'strategy' for improving comparative performance (lines of antelopes improving their drinking technique!) rather than a strategy which gets us to our central business goal. Our thinking is too limited. We are dealing with tactics and not strategy. We have drawn a circle on a sheet of paper and concentrated our efforts within it. Most significant business developments arise when we decide to think outside the circle. Truly 'thinking' which implies 'what' more than 'how'.

Finally we come to 'doing'. If I believe that there are more talkers than thinkers, I believe that there are still fewer 'doers'. By 'doing' I don't mean doing something different - changing our behaviour. Doing the same thing in a different way (on line booksellers) or indeed doing a different thing in a different way (from daily newspaper sales to satellite or cable TV).

Doing is the difficult bit in that generally it involves uncertainty and thus risk. The risk may be to the business but it is also likely to have a personal aspect. We believe that we risk our careers when we do something that is later shown to be incorrect (Sinclair C5).

Most individuals don't want to go beyond drinking quicker and running faster. They are uncomfortable doing difficult things. They wish to stay with that which has become routine. Coming back to the African analogy; they are not interested in the next waterhole and how to get there. Or, more radically, what they have to do to get into a zoo!

We use market intelligence to minimise the risk but fundamentally we are often happier

to stick with what we know. Those who are prepared to 'do' will be in the minority; they are likely to assume responsibility for the direction of others. However, as leaders they cannot act irresponsibly, they must minimise risk for themselves and others. They must act in relation to that which is known - 'I believe there is more likely to be a waterhole in low lying ground. Green vegetation is a positive sign etc - I will therefore run (cautiously) in this direction'.

However, it is very foolish to stick to the same course of action if new contradictory information presents itself - 'My God, a cliff!' As such, we must never be afraid of changing direction in response to altered conditions. To change one's mind, based upon new information, shows that one is sensible and not indecisive. - 'Sir Clive, research shows that people won't buy an electric tricycle!'

Indeed, the most sensible animal will have explored the area and investigated new waterholes before it feels thirsty. It will have completed the most difficult stage of 'doing', i.e. assessment, before there is a need to change strategy.

Unfortunately for the antelope it has little choice, it is an animal which lives (and dies) within the context of the herd. Man lives and works within a business environment that provides greater freedom of choice.

Most talk, some think, few do.  
Who is prepared to be the 'odd one out'?

**Robert Janes is President of Carlson Marketing Group Europe.**  
robert.janes@cmg-europe.com



# BRAIN- STORMING BY THE BOOK

By Andy Wilkins

I was chatting with Charlie Farrow about the possibilities for my next article when we got into a discussion about brainstorming. Today brainstorming is applied in many different ways and it has taken on a variety of meanings - from "cerebral popcorn" and "crapshoot" to being synonymous with (and the only way of) being creative. As it is a tool amongst many that we teach folk how to use, she asked me to write this article - *Brainstorming by the Book*.

Brainstorming is probably one of the best-known tools in the world. Its popularity stems from the pervasive need to improve the productivity of groups. It is simple, easy to learn, and can significantly improve group idea generation. Brainstorming's widespread familiarity is also explained by the fact that an advertising executive who had expertise and experience with the process of selling ideas introduced it in 1939.

In his still fabulous book *Applied Imagination* (1953), Osborn outlined a variety of tools and approaches to creative problem solving (CPS). He claimed brainstorming could dramatically improve effectiveness and backed up his claims by showing that, in one study, a group using brainstorming produced 44% more worthwhile ideas than individuals thinking up ideas without the benefit of group discussion. As a result, many were keen to use this new approach and it quickly became a sensation.

This increased popularity created some misunderstanding and misuse of the term and the tool. For those who jumped on the bandwagon, brainstorming had become the new panacea. For some it means simply to get together and have a casual discussion in order to come up with a few ideas. Some believe that the term brainstorming is the same thing

as idea generation. For others, brainstorming is a universal treatment (the only way to be creative) or synonymous with the entire CPS process. For others, it was used as a derogatory term implying a waste of time.

For many professionals who work with individuals, groups, and organisations to educate and facilitate creative abilities and skills, brainstorming has a specific and more technical definition.

#### By the book

Creative productivity of groups is often hindered by the evaluative orientation of most people in meetings. Osborn's popular metaphor for this condition was described as "driving with the brakes on". He designed the brainstorming session with the sole purpose of producing ideas which can subsequently be evaluated and further processed. Brainstorming was identified as only one of a variety of tools for generating ideas, and idea generation was outlined as only one aspect of the entire creative problem solving process. Group brainstorming was suggested as a supplement to individual ideation, not a replacement.

#### 1. The four basic guidelines

A central principle involved in brainstorming is "deferment of judgement," which means the postponement of judgement during the generating phases of CPS. It is one of four central guidelines for brainstorming to help overcome the over emphasis of judicial thinking that dominates most meetings. The four guidelines are:

1. Criticism is ruled out. Adverse judgement of ideas must be withheld until later. The purpose of the brainstorming session is the generation of many, varied and unusual options.

2. Freewheeling is welcomed. The wilder the idea, the better - it is easier to tame down than to think up. Since criticism is temporarily ruled out, it's acceptable and desired that really wild and unusual ideas are shared.

3. Quantity is wanted. The greater the number of ideas, the greater the likelihood of useful ideas.

4. Combination and improvement are sought. In addition to contributing ideas of their own, participants should suggest how the ideas of others can be turned into better ideas; or how two or more ideas can be joined into still another idea.

Although deferment of judgement was the central principle outlined by Osborn, he made it clear that judgement had an important role to play in the total CPS process. Since the purpose of brainstorming was for group generation of options, sorting and evaluation were postponed or became the main agenda for another separate meeting.

The four guidelines were central for successful brainstorming, but Osborn was clear that they were not sufficient. He outlined a number of considerations for managing groups and preparing for a productive session.

#### 2. Brainstorming designed for group application

Since brainstorming was designed to be applied in a group setting, Osborn outlined many guidelines and suggestions for those who might choose to lead or facilitate a brainstorming session.

#### Use a Facilitator

He recommended the use of a facilitator who should take a least one formal course in creative problem solving and should, at least, be able to:



Mean Number of Ideas Generated For Each 5 Minute Period

Condition	Time Interval				Total
	5 min	10 min	15 min	20 min	
Highly Trained Facilitator	25.70	32.50	21.60	27.40	107.20
Trained Facilitator	23.33	21.00	20.78	16.56	81.67
Student Facilitator	22.78	18.22	19.33	15.11	75.44
Interactive Control	25.70	13.70	14.20	13.60	67.20
Nominal Control	43.20	31.90	24.60	15.70	115.40

- ask stimulating questions, develop plans for guiding the generating of ideas,
- provide warm-up practice and orientation for the participants,
- teach and reinforce the guidelines,
- and manage the planning and scheduling of follow-up sessions and meetings, among other responsibilities.

A recent study<sup>11</sup> of the effects of facilitators on the performance of brainstorming groups

It compared the performance of facilitators with different levels of training (High, Trained, Student) groups without a facilitator (Interactive) and individuals (Nominal).

The results of the study above show that to get the best out of using the brainstorming tool in groups, organisations should invest resource in the training and development of facilitators.

Some of the specific skills and knowledge that a highly trained facilitator brings to a group are the following:

An understanding of the principal of Extended Effort<sup>12</sup>. Ideas generated early in a creativity meeting tend to be more typical or obvious. As time progresses during generation, ideas become more unusual or novel. In the later stages, the familiar options often blend with the highly unusual ideas to make novel ideas that are useful. A highly skilled facilitator is able to help a group extend its effort because it often takes this time and effort for the better ideas to be generated.

The use of brainstorming enhancers. When a group starts to dry up or when a new direction for ideas is required, there are number of additional tools a facilitator can use to stimulate the group. SCAMPER and Forced Fit are two tools among many. Forced

Fit does this using unrelated objects. A random object (e.g. a toy) is introduced to the group and members are asked to force a relationship between the object and the task. SCAMPER is a mnemonic menu of questions (Substitute, Combine, Adapt, Modify, Put to other uses, Eliminate, Reverse).

#### Group Size, Composition and Timing.

A group of 5-10 participants should be selected based on the nature of the problem to be brainstormed. Participants should generally be self-starters and have a range of experience with the task. Brainstorming meetings should last from 30-45 minutes and need to be supported by someone to handle the recording and collecting of ideas during the session. Although this is often superseded today by group members brainstorming using Post Its<sup>TM</sup>.

#### Group brainstorming is complementary to individual ideation.

Since brainstorming was designed for group application, the session was designed to supplant individual ideation. Individual ideation was to happen prior to the group session and as a follow-up to allow for plenty of incubation time. Participants should be given the task and asked to note their own ideas at least two days before the meeting and ideally two weeks before.

#### 3. Preparation and training before using the tool

Osborn recommended that preparation take place on two levels. First, the type of problem to be approached had to be carefully prepared. Next, the participants attending the session had to be oriented in advance or during the session.

The problem had to be clearly stated and focused for idea generation. The task had to be specific rather than general. It should provide a single target for participants' idea-

generating efforts. Osborn recommended sending a one-page background and invitation memo with a few examples of the type of ideas desired by the problem owner. This preparation memo also requested individuals to generate ideas on their own in advance to the group session.

If the participants were not previously trained, Osborn recommended the facilitator of the meeting provide a 30 minute orientation. Training on the brainstorming guidelines, as well as complementary tools and techniques to encourage ideation, were also recommended.

**Brainstorming was introduced to encourage everyone to better apply their imaginations to challenges and opportunities and if done by the book the result will be better than if done in a half hearted way.**

**Andy Wilkins. Leader of the band. AW Associates.**

**Mob: 07050-098515 E-mail: andyofccc@aol.com**

<sup>11</sup> Isakson, S. G. A Review of Brainstorming Research: Six Critical Issues for Inquiry. *Creative Problem Solving Group-Buffalo*, June 1998.

<sup>12</sup> Osley, Dindolet and Pankas. The Effects of Facilitators on the Performance of Brainstorming Groups. *Journal of Social Behaviour and Personality*, 1996, 11 (4), pp. 633-646.

<sup>13</sup> Parnes, S. J. Effectives of extended effort in creative problem solving. *Journal of Educational Psychology*, 52(3), 119-122, 1961.





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understanding  
improvement  
components  
strategic

## Practical Ways To Plan Excellent Service

It is without doubt that excellent service improves profitability and market share because customers prefer the company to competitors and return to it for repeat purchases. However, investment in good service involves the use of scarce management time and improvement in everything from computer systems and training through to new recruitment and locations. It involves considerable investment on behalf of the supplier and must therefore be planned professionally and carefully.

Excellent service and customer care cost money. The move to improve service is therefore, a long-term investment strategy needing hard-headed planning and debate. It is not an excuse for erratic and ill-conceived investment, based on the belief that being nice to all customers will improve profit. The more experienced service companies, who provide excellent service around the world, have developed sophisticated planning mechanisms. These enable clear choices to be made about the right level of investment to be put into the right area of customer management, to get the right return. There are several key steps to achieving this:

### Step 1. Understand the strategic dimension of service

The importance of service will vary by industry, by country and by market in relation to the following issues:

- The maturity of the industry; whether it is in the early development phase, growth or maturity
- The orientation of the company; whether the company is product, sales or customer oriented
- The service content of the product
- Customer standards and expectation
- The evolution of service in the industry (a need for improvement of customer care or targeted differentiation)

### Step 2. Work out all components of service important to the customer

Good service consists of the following: brand, design, environmental layout, service access, location, people behaviour, technology, measurement, product performance and processes. However, these need to be inter-related so closely into one experience that they look seamless.

### Step 3. Understand which aspects of the service should be improved first

It is important to audit the company's current performance in each aspect of service and compare them to competitors' performance, customer requirements and employee expectations. Through this the most important areas for improvement will be identified.

### Step 4. Objectively work out which areas of service must be improved first

A service planning mechanism needs to be implemented which identifies the following:

- The most important service requirements of the customers
- Whether the competitors are improving in these areas
- The cost to the company of improving in these areas
- Whether those areas give market opportunity
- Whether investment in that area will give payback
- Whether investment in those areas will fit with company strategy

Through this analysis, the most important points of investment will be highlighted.

### Step 5. Professional implementation and measurement

Service improvement projects can be quite large and costly. They need as much careful planning as technical projects, with milestones and project managers to lead them.

### Step 6. Create an ongoing improvement process

Most sophisticated service companies have some form of ongoing process which ensures that the improvement in service is a continual part of the company's business planning.

By taking service management seriously and progressively improving the investment in service by understanding customer requirements and competitor activities, companies have gained real competitive advantage and maintained growth and profit.



# "What's happening in the South East region?"



Derek Scott

Welcome to our first edition of South East Region News for the Chartered Institute of Marketing. The purpose of this newsletter is to keep you informed of what is happening in your local branches and region. By way of some background, the South East Region was formed some 5 years ago as part of the CIM's regionalisation process, which has devolved decision making and financial control of branches to some 10 regions throughout the UK. The South East Regional Council meets bi-monthly and is attended by the Chairman and Branch Councillors for each branch within the Region. The South East Region is in fact the largest in the CIM network.

You will see in this issue the wide variety and diversity of events that are being put together for your benefit by volunteers within the membership, who make up our branch committees. They really deserve your support at these events, so I strongly recommend you make every effort to attend them whenever possible.

The purpose of detailing all the programs is that you may wish to take advantage of an event in a branch with which you are not registered. All events are open to you, so make use of them to network and gain the latest knowledge in your profession. You will find them very worthwhile and the real bonus is that they will help you to qualify for Chartered Marketer Status, via the CIM's Continued Professional Development Scheme.

I have been South East Regional Chairman since January of this year, and never fail to be impressed by the great work carried out by our volunteer branch committee in their various roles, providing appropriate speakers, seminars and events for the membership. The South East Region with over 6000 full members and 2500 student members, represents over 25% of the UK membership. For your information the branches that make up the South East Region are detailed below, although student membership rises significantly each year in October due to the academic intake.

LOCATION	MEMBERS	STUDENTS
Wessex	1046	456
West Surrey	1171	521
Royal Counties	2172	642
Croydon and East Surrey	521	295
Kent	546	255
Sussex	601	204
Total S.E Region	6057	2345

It might be as well to explain that over and above what is happening with our branches there are now regional events being planned to support the branch activities in raising the profile of the CIM throughout the Region and in line with the National objectives. Let me take a few moments to mention them.

## Regional events planned in the next 12 months are:

- An Innovation Conference for the Spring of 2000. This will be a high profile one-day conference with a Technology and I.T. theme, with the aim of showing how Technology can help senior marketers to be more successful. There will be a high profile speaker to support the conference. This will help position the C.I.M in the South East as an authority at the leading edge of marketing in an I.T. world.
- The Region is also planning a Network Directory, previously piloted in the Wessex Branch. This will enable all members to network according to their field of expertise, ie. if you are a marketer in the Health Care sector, you will have contact details of your peers in the Health Care sector across the Region.
- An E-commerce and CPD program of seminars, which will assist members in achieving CPD and will help attendees to understand the tools for successful electronic commerce within the marketing mix.
- Finally there are plans for a Digital Technologies Network, to attract and retain individual members within I.T., Telecoms and related sectors. This, like the conference, will hopefully attract heavy sponsorship and will again help to position the C.I.M at the leading edge of marketing utilising I.T. and E-commerce.

I hope that this helps to show you as a member of the C.I.M that the Institute is vibrant and active on your behalf. Not simply at the centre but amongst the volunteer members who are working to raise the professionalism of marketing practice through the vehicle of our Institute. If you feel that you can contribute in any way do not miss the opportunity of talking to a member of your branch committee, and become a 'marketing activist' for your profession. It is very worthwhile and keeps you in touch with vital information in the ever-changing world of marketing.

Successful marketing to you all.

Derek Scott, South East Regional Chairman.



# Events Guide

The individual branches within the region organise programmes of Business Meetings and CPD workshops. Members and student members are very welcome to attend events organised by other branches. Each branch has different venues, booking procedures and pricing policies, so it is important to make contact with the relevant organisers for more details.

## Royal Counties Branch Business Meetings

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- 19.10.99 Retailing Trends in the Millennium, Neil Mason, Mintel
- 18.11.99 The Shape of Things to Come, Dr Paul Fifield
- 2.12.99 World Class Strategic Marketing Planning, Professor Malcolm McDonald
- 3.2.00 Exploiting Call Centres for Competitive Advantage
- 9.3.00 A Practitioners Guide to Electronic Commerce
- 15.5.00 Corporate Governance
- 7.7.00 Royal Counties Branch AGM, Professor Malcolm McDonald

There is a £5 charge for members and £10 for guests. Students free.  
Contact: Janet Wood on 0118 9701833 or email: [jlwood@call2.com](mailto:jlwood@call2.com)

## Royal Counties CPD

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- 20.10.99 Project Management for Marketing, Robert Buttrick
- 10.11.99 Internet Marketing: How to Maximise the Potential of the Web, Dr Lisa Harris, Erica Townend
- 11.11.99 Secrets of Cold Calling
- 25.11.99 Time Management
- 7.12.99 Internet Marketing: How to Maximise the Potential of the Web, Dr Lisa Harris, Erica Townend
- 12.1.00 Introduction to Strategic Planning for Marketers
- 18.1.00 Influencing Skills

There is a £35 or £45 charge for workshops.  
Contact: Roger Byatt, 4 Conniston Close, Marlow, SL7 2RG.

## Croydon & East Surrey Branch Programme 2000

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- 20.10.99 Relationship Marketing, Desmond O'Rourke
- 18.11.99 Sharpen up your Presentation Skills, Phillip Khan-Panni
- 18.1.00 How Census Data is used in Direct Marketing, Steve Axon, Equifax
- 16.2.00 Strategic Marketing, Brian Smith, PragMatic
- 23.3.00 The Role of Business Link
- 18.4.00 Corporate Funding
- 17.5.00 New Developments in Marketing
- 15.6.00 Successful PR Campaigns

Contact: Roy Greaves on phone/fax 0181 777 3888 or Peter Davey on 01932 589728.

## Sussex Branch Events

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- 2.11.99 Meeting the Challenge: Trends behind the Sussex Economy, Mark Froud, Director of Economic Research - Sussex Enterprise
- 24.1.00 Waterside - a Catalyst for the Future, Bernie Knill, Waterside Facility Project Manager

There is a £10 charge for members. Non-members £15.  
Contact: Malcolm Davison on phone/fax 01444 254780.



# Events Guide

## West Surrey Branch Forthcoming Events

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- 13.10.99 Value Added Management, Terry McDowell (WS Atkins)  
**Tickets £7.50 £10 and £5 Students**
- 17.11.99 Heritage Marketing & Lantern Lit Tour of Hampton Court Palace, Caroline Masters (Royal Palaces Ltd). **Tickets £20**
- 18.1.00 Making the Most of eCommerce, Dr Alan Rae (Executive Studio)  
**Tickets £7.50 £10 and £5 Students**
- February Recruitment / Careers Advice Evening
- 2.3.00 The 2000 President's Charity Ball  
Speaker: Jenny Pitman. **Tickets priced at £65**
- May Leisure Marketing - How to Market Fun!
- June Social Evening
- July AGM & Using Print Technology, John Boardman

We are offering an Event Passport to all members to allow entry to all CPD events (excluding Socials) and a CPD record card all at a reduced rate. For full members, the rate is £40 for the year, for Student members - £25.  
Contact: Thom Poole on 01306 883904, fax 01306 879765 email: thom@jack-marketing.com

## Wessex Branch Meetings

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- 21.10.99 Seminar: The Euro, Chala Fiske, IBM
- 8.11.99 Branch Meeting: CIM Student/CPD Awards and Marketing the Echo, Stewart Dunn, News Communications plc
- 25.11.99 Seminar: Market Research, Derek Scott, Scott Marketing
- 7.2.00 Branch Meeting: Euroscot, Jack Romero
- 12.2.00 Seminar: Networking, Jackie Neylon
- 6.3.00 Branch Meeting: Marketing Communications to Business, Colin Bradshaw, Royal Mail
- 23.3.00 Seminar: Websites, Richard George, Xelerator
- 10.4.00 Branch Meeting: E-Business, Philip Moore, Salmon Ltd
- 8.5.00 Branch Meeting: Debate between CIM and Institute of Chartered Accountants, Marketing vs Finance
- 11.5.00 Seminar: Relationship Marketing  
AGM & Branch Meeting: The Commercialisation of Knowledge in an Innovative Company, John Howells, 3M

Members £3.00, guests £5.00, students & OAPs optional.

Branch Meetings contact: William Vine 02380 578782, fax 01380 267352, email: cim@wvinec.tcp.co.uk

CPD Seminars contact: Conrad Young 01962 854 028, fax 01962 860307, email: conyoung@dial.pipex.com

## Kent Branch Events Programme

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- 20.10.99 A Business Voice for Kent
- 24.11.99 Thames Gateway Project
- February Whitbread TC - Marketing Pubs
- 22.3.00 Lakeview Computers - Systems for Business
- April TBA
- May Maidstone Museum - Marketing Museums
- June Shepherd Neame Brewery
- 23.9.00 Branch AGM and Dinner/Dance

In addition there will be a special session on examination technique for CIM students in May.  
Contact: Malcolm Parker 01634 830633.



# Events Guide

## Healthcare Industry Group

12.10.99 Seminar: Healthcare on the Internet.

The Internet is a rapidly growing communications medium that healthcare marketers cannot afford to ignore. Our evening seminar will highlight some of the recent developments in healthcare on the Internet, and improve your knowledge of how the Internet can be used in the marketing mix.

6.30-7.30 Welcome, Registration and Buffet

7.45 p.m. Keith Pollard, Managing Director of Healthcare Internet Specialists, Acumen Solutions

8.30 p.m. Questions

There will then be an opportunity to 'surf the Web' as several on-line PC's will be available for participants to use. This event carries 2 hours CPD accreditation.

There is no charge for the seminar, but numbers are limited. Contact: Morag Hughes, 37 Holligrave Road, Bromley, Kent, BR1 3PJ. Fax 0181-289 8558 or e-mail: morag@holligrave.freeserve.co.uk Upon receipt of your booking, a confirmation and a map will be sent to you. The venue is within walking distance of Berkhamstead station and parking is also available.



## MOEBIUS

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# May the 'Source' be with you

The CIM Information and Library Service is the UK's largest, quick response, up-to-date source of marketing and sales information. Members have prime use of the service at discounted rates. There is no need to even travel to Moor Hall as it is accessible by phone, fax or email.

*'Knowledge is now the key resource. The future belongs to those who know how to access and use information.'*



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## Unique

The library maintains a unique database. It is updated daily with references to newspaper articles, journal articles, conference proceedings, reports and books. These references are then able to be searched using a thesaurus managed by the team, covering terms such as advertising effectiveness, market segmentation, and relationship marketing; or using key words from shoe care and mushrooms to alternative energy and countries of the world. This is currently carried out by the staff on behalf of the members and can then be posted or emailed to them. These listings are free and have sufficient bibliographic information to be used in any library that has similar stock.

A photocopying service can then be offered from the listing (where possible within the Copyright, Designs and Patents Act 1988) and the articles posted out.

## Books

A range of books are held for loan to members and you can either request specific titles or ask for a list of books on a topic to be sent. They can then be posted to you free of charge (UK and Eire members only). Texts held range from marketing and management texts through careers, interviewing techniques, knowledge management and corporate identity.

## So why is the CIM library different?

CIM's Library is a marketing specialist library. We aim to collate data about techniques of marketing, instances of marketing success and failure, as well as market information to allow good marketing decisions to be made.

An extensive range of journals are held covering UK and US markets, academic and

practitioner as well as the broad sheet newspapers. They also subscribe to major marketing series including Mintel, Key Note and Snapshots. Major conference proceedings are held from the Academy of Marketing and the Market Research Society yearly conferences. These are treated as journals and the articles indexed separately to allow in depth access.

Grey or ephemeral literature also has a place. This is literature not usually published in a formal way. This may include working papers, statistical booklets from companies such as McVities - Biscuit Market Report and ESSO - Oil Sector: The responsible way forward. Again all of these items are included on our database.

## Desk Research Services

Dedicated staff are able to carry out desk research for members for a small fee - currently £35.00 plus VAT. Articles can be selected for you covering the requested topic and posted out.

## Visiting

The library, based at Moor Hall, is open 9-5 Monday to Friday and members have free access. (Please bring your membership number). You would then have access to the full range of material held.

## Examples of recent requests

*Definitions and articles on Ambush Marketing*

*Who manages the A,B,C1,C2,D,E Socio Economic Definitions?*

*Where can I buy a mailing list of Marketing Directors?*

*What is the current thinking on Relationship Marketing in Financial Services?*

By Lisa Harris

## Student News

I hope your exam results were all you ever wanted them to be... if not, help is at hand. You will find details of reasonably priced intensive weekends and revision courses in the West London and Oxford areas in this issue. Once again, the programme won the national CIM Award Best Student Activity Programme. Well done to the whole team!

In the last 'Student News' I mentioned that tax relief was available on College tuition fees. Since then, Rosie Phipps from Oxford College of Marketing has advised me that the

Government has just announced new scheme which will establish Individual Learning Accounts to provide £150 worth of vouchers per person towards the cost of vocational courses. The idea is to foster a national commitment to 'lifelong learning' by providing a direct financial incentive to study. People in full time education are not included in the scheme. There is a helpline if you would like to find out more about this better-than-usual use of taxpayers' money - **phone 0845 6010997.**

As avid readers of this column will no doubt recall, Royal Counties sponsored a Student Award Programme on behalf of colleges in the area during the last academic year. Photos and interviews with the prize-winners will feature in the next edition of Marketing News. As the response to this initiative from local colleges has been disappointing, it has not yet been decided whether to build upon the pilot scheme this year. As always, your views would be appreciated to **lisa.harris@lineone.net**



# PASS your CIM December 1999 Exams

## CIM Student Revision Programme

CIM Royal Counties branch and neighbouring CIM branches are delighted to support their students through the Student Revision Programme which has just won, for the second year, the prestigious CIM Award for Best 1999 Student Activity Programme. First established in 1993 by CIM Heathrow branch, the Programme is now sponsored by CIM Greater London Region, supported by CIM South-East Region, and run by the Student Support Group.

Student feedback indicates at least a one-grade improvement as a result of attending our workshops, so let us help you avoid the dreaded grade "D", a marginal fail. So whether you're new to CIM Exams, are sitting re-takes, have moved up a level, are involved in distance learning or an intensive course, these workshops are perfect for strengthening your syllabus knowledge and polishing your exam technique with our team of CIM subject specialists.

Our workshops cater for both the brand new 1999/2000 Syllabus launched by CIM this term and the old 1994 Syllabus examined until June 2000. Where significant changes occur both the old and new Syllabi are offered separately. Based on student feedback we now offer several types of revision workshop which are held mainly on Saturdays/Sundays in November/early December between 10.00am-4.00pm. Friday workshops run 1.30-7.30pm.

For further information and advice on workshop choices, call Caroline on 01784 463057 (during office hours)

### Syllabus Days

To top-up subject knowledge by covering syllabus highlights. Come in sponge mode and soak up the syllabus. Ideal if you have missed topics, feel rusty or have particular subject difficulties.

### Prep Days

To polish and refine your exam performance, exam technique hints & tips, lots of exam questions/mini-case practice with an expert tutor. Ideal for building confidence and improving exam performance. Where two subject Prep days are offered, different exam papers will be used.

### Syllabus and Prep

The ultimate preparation. A Syllabus day followed by a Prep day. Get the knowledge and polish your exam performance. Book both and save money as well as stress.

### Tutorials

Get the help you need for any subject. If you are a first time student or retaking, we can offer diagnostic and revision planning support. We can cover any difficult or missed topic areas as required. Available by appointment.

### Diploma Roundup for Case Study

Ideal for students who have exemptions. The Case Study Examiner expects you to have a comprehensive understanding of the entire CIM syllabus. Refresh your knowledge in a one-day intensive workshop covering CIM Syllabus highlights.

**Case Study** workshops are broken into four sessions and you can attend one or two workshops or the whole set. Each workshop focuses on a different aspect of the actual Dec '99 case. Working in small groups with lots of expert advice you can revise your approach. An early start is recommended.

**Technique** shows you how to approach the Case.

**Audit** workshop helps you to produce a SWOT.

**Strategic Options** workshop considers alternative strategies for the Case organisation.

**Exam Prep** workshop prepares you for the exam.

**Case Study Surgery** provides individual tutorials to help you prepare for your Case Study exam. Available in hourly slots by appointment.

## Three ways to save.

In response to student feedback and to spread demand, we now offer three types of discount.

1. **Lower prices for "Early dates" workshops.** See Programme dates overleaf.
2. **Multiple-booking discount:** £5 off when booking 2 workshops, £10 off 3 workshops, £15 off 4, etc.
3. **Early booking discount:** £5 off every workshop when payment received 10 days prior to first workshop.

Book early as places are limited and plan to save money as well as stress. Programme & Booking Form are overleaf.

## Student feedback

Pointed out exactly where I need more work! Boosts confidence. Glad I did both days. Helped with exam technique & increased my motivation. Very enthusiastic tutor. Made it easy to understand, unlike the book!

For further information and advice on workshop choices, call Caroline on 01784 463057 during office hours or see the student web page at: [www.royal-counties-cim.org](http://www.royal-counties-cim.org). Places are limited so book early.

## Student Support Group

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by Paul Fifield

# SnakeOil

If you are anything like me, you will remember the infamous stories of early "marketing" in the Old West - the snake-oil salesman. Travelling from town to town and goldmine to settlement along the western frontier of America, he would sell his miraculous "snake-oil" from the back of a covered wagon to a tough but credulous crowd. The "snake-oil", often no more than water with a few herbs added, was hailed as an old and valuable remedy derived from the deadliest of snakes which would cure everything from hangovers to gangrene, all for just \$1 a bottle.

Why did the settlers seem to fall for the sales talk? There were a number of these smooth-talking salesmen around the frontier and, although you were unlikely to see the same one again, why should one incredible offer be any more true than the previous one? After all, these were not stupid people - to survive in those days they had to have their wits about them. No. The reason why the snake-oil salesman made a living was, as they knew, not because the remedy they offered

was so good, but because the problems the settlers had were so bad. So bad that they were prepared to try anything once. Buying a remedy to cure hangovers has got to be better than stopping drinking surely!

Also, to be fair, we must remember that it is easier for us to spot representations of the Old West snake-oil salesmen and wonder how on earth people were so gullible to be taken in that way. As always it is more difficult to spot and avoid today's snake-oil salesman, they are so much more - well, believable really.

Today's snake-oil salesmen are really very good indeed. The ones selling business snake oil to top management are better than most. But we don't know any of them do we? Well let's see.....

The following is a simple and not exhaustive list of management tools or approaches that have been put forward at some time by the experts as "the thing to do". Are they snake oil cures or are they genuine?

The suggestions are offered, like Scrooge's visions, in three parts: past, present and future.

#### PAST:

- Management by Objectives
- Management by Walking About
- Portfolio Management (BCG)
- Strategic Business Units
- Time Management
- Customer Care
- Globalisation
- "Excellence"
- Total Quality Management
- BS5750/EN29000/ISO9000

#### PRESENT:

- Re-engineering
- Business Process Redesign
- Benchmarking
- Customer service
- Investors in People

#### FUTURE:

- E-Commerce
- Customer Relationship Management



Whether you accept these as real contributions to business or as snake oil depends on how charitable (or how embarrassed) you are. Certainly, the above were never offered by their champions as the single cure for all business ills - but they never felt obliged to disabuse us of that notion either!

Some of the list are "good things" that any manager should be doing anyway, but that is not going to make the difference between survival and failure. Other ideas were placed before us in such a black-and-white fashion (or at least that is how it seemed) that when the approach was eventually questioned or disproved, managers had to jump on to the next fashionable bandwagon. The BCG matrix was the great saviour until Hanson showed us how to make money out of "Dog" companies. Standardised products for the new global markets were the only way forward until Levitt said that wasn't exactly what he meant. We all had to aspire to be "excellent companies" in Peters' terms until we noticed that of the 43 companies named by him, only 6 were still excellent eight years on. What is a manager to do?

Figures starting to come through now are suggesting that significantly more than half of the companies who carried out TQ programmes internally abandoned the initiative. It is also whispered (very quietly) that BPR/Re-engineering projects have not been a great success either - between 15% and 20% of projects here have got close to delivering the forecast benefits. Exact figures are not easy to come by but that's not a surprise either!

Despite these revelations, the lemming tendency in management is very strong - irresistible really - and the demand for information on Call centres and CRM looks like surpassing even the record-breaking BPR/Re-engineering surge.

Most alarming of all, how do the snake-oil salesmen manage to consistently generate repeat sales? How is it possible that the Big-Company-Consultant not only turns up at your door with the next Good Idea as soon as the last one has failed - but then convinces you to buy it! The consultants, advertising agencies, IT companies (to name but a few) appear to have been "churning" their clients through one fad after another for years with apparent impunity - how?

To understand the reasons you have to see that nobody really sells anything - somebody buys it. Fad surfing is not the seller's fault, they are only responding to market demand. So why do we buy into these fads? Why do we always seem to be searching for the easy answer? Why do we seem to be convinced that a single answer

exists at all, a panacea that will solve all our problems? Why, in so many instances, do we seem unable to learn from (repeated) experience?

The reasons are many and varied:

#### **We don't like the answer**

Really we know the answer already but we don't like it and we wish it were something else. Our Western education and belief systems insist that if there is one problem, there must be one corresponding solution. Nice, neat and scientific but not so. We know it intuitively but may not feel secure about voicing it. All the time that we or our managers can hide from taking the necessary actions, nothing will be done. As with other unpleasant jobs that are put off, there are two possibilities; things will either get better - or worse. Profitability trends, unfortunately, tend to prefer the latter direction.

#### **Don't be different from the others**

It is more acceptable in organisations to be seen searching for the Holy Grail, than saying that it doesn't exist. Much of business life is taken up by the searches for various Grails, so this activity is seen as quite normal and therefore productive. Only the very good or the very stupid swim against the current.

#### **The Emperor's new clothes**

British management is constantly told that the days of the enthusiastic (and gifted) amateur are numbered. When the qualified (and inexperienced) consultant MBAs say how it ought to be done the in-bred inferiority complex can make the emperor's new clothes look really quite attractive.

#### **The new is more fun**

The fashionable is always more exciting. Just human nature I'm afraid, we all want to be involved in something different. A new "grand solution" what could be better? As always, the new displaces the old even when the old might be better!

#### **Keeping your job**

Now is not the time to take risks, no matter how high you are in the organisation. It is often easier (and safer) to take difficult decisions supported by an impartial report from an external agency. The method can be politically expedient but if used to excess only leads to management abdicating its responsibility.

#### **It's easier**

Most of the fads involve changing internal company processes; this is always easier to do than change the way the company interacts with its markets. It's easier because the internal company environment is controllable and measurable and we can see what effects the new cure-all is having. The company's external environment however is

much more unpredictable and difficult to measure - therefore easier to ignore.

#### **WHAT IS A MANAGER TO DO?**

Any organisation, like a person, can get sick. Sometimes, like the common cold or a hangover, it passes without doing anything special - other times it does not. After the organisation has "taken two aspirins" and still doesn't get better, then what?

#### **Look beyond the symptoms**

This you should try and do for yourselves. Symptoms may be painful but can at the same time disguise the underlying cause of the problem. Declining sales hurt. But before you fire or 're-organise' your sales force maybe you should check for the underlying cause of the problem. Is the price too high? Is the price too low? (believe me, it can happen) Is the product what the market wants? Does the delivery and service level match customer needs? Is the sales activity being neutralised by head office bureaucracy? Any curative will only be effective if it works against the cause of the problem - you don't want to make matters worse do you?

#### **Take responsibility for the illness**

No matter how caring or involved the physicians (snake oil salesmen are another case completely) it is not their life that hangs in the balance. If the treatment goes wrong, for them it is a statistic, for you it is survival. The problem is yours - a good manager cannot entrust the future of his or her company to any other hands.

Wonder drugs are few and far between - claims are more plentiful. It is your organisation and you have a right (and a duty) to know what is being done to it, and why.

Once you have taken responsibility for the illness it follows that you also take responsibility for the treatment and the cure. If it is to come out as you plan, you need not only to be involved in the treatment, but to control it from day one.

#### **Pick the right doctor**

You wouldn't consult a dentist for bunions so why...? Picking the right doctor is critical. Your organisation is a living thing. It has people, rituals and a past history, all of which must be considered in its treatment. The best doctors are those who ask questions, who expect to work with you rather than for you, who understand that organisations and markets are unpredictable, who can empathise.

#### **Homeopathy or chemotherapy?**

Chemotherapy definitely has its place. When there is no other route it may be justifiable to put the patient's life at risk in this way - but for a hangover??? Not only



is chemotherapy hazardous (it kills healthy as well as diseased cells) it is expensive and it puts the doctors firmly in control.

Homeopathy uses small but powerful doses of support to help the patient organisation's own defences to fight off illness.

Homeopathy works by teaching the body how to fight off illness and to restore its own defences. If focused on underlying problems rather than symptoms, this approach also helps the organisation to avoid dependency on curatives that were inappropriate in the first place.

Doctors with a particular skill and renown for amputation will tend to see diseased limbs everywhere! The human body needs a constant flow of oxygen to survive. The organisation needs profits. Profits can only come from satisfied customers. If this flow dries up the organisation will die regardless of the amount of expensive or elaborate surgery carried out on the body itself.

#### **KILLER APPLICATIONS?**

It's probably about time that we all looked again at how we approach business. To the innocent it must seem that we are unnecessarily complicating what is, after all, an extremely simple situation.

*If you are to remain in business then you have to create and retain customers. You will do this by giving the customer what he or she wants, at a price that is both attractive to the customer and profitable to the organisation.*

There really is nothing secret or complicated about the marketing concept. It might not always be the most fashionable approach, nor always the most macho - but it is normally the most effective.

The never ending stream of 'management fads' that have been sold to managers are little more than attempts to re-package parts of the same old problem. Organisations will survive and flourish only as long as they continue to give their customers what they want. When the sales revenues start to fall there is normally a very simple reason - the customers have started to leave. Why is this so difficult to grasp?

Customers leave because they believe that their needs are going to be satisfied better by another offer. The organisation will only improve its financial situation by getting its customers back - and to do that they will have to offer something that the customer wants. Why is this seen as complicated?

To change the offering to something that the

customers will want again means talking to customers. The answer is outside the organisation, in the marketplace, not inside with systems, process or organisational structures. Too many fad applications will only enable the organisation to deliver the wrong offering even faster and more efficiently - the ultimate 'killer-app'!

#### **And now - 'Customer Relationship Management'**

It's one thing playing around with the back office systems and processes. While obviously well-intentioned managers 'streamline', 're-engineer' and 're-organise' the internal processes, the important business of satisfying the customer can still go on. The recent increase in interest in CRM is a much more worrying fad. Now we are contemplating well-intentioned meddling with the customer base.

The reported 85% 'failure' rate of re-engineering programmes has obviously been a disappointment but has not directly resulted in a significant increase in company failure. Moving the fad culture to the front office, however, is quite another story. Managers in organisations are used to the ebb-and-flow of 'initiatives', they come and they go and life goes on, that's what work is all about. Customers don't see it like that - they don't have to.

I could talk about how integrating the call centres with the databases and the 'loyalty' systems doesn't really add up to 'Customer', 'Relationship' or even 'Management' but that is worth a ViewPoint of its own. The important point is, why are you even considering it? Do you really see the Emperor's new clothes or is the payoff this time just too good to miss?

I'm sure that results of the re-engineering fad were just bad luck, this time it will all be different.

#### **AND FINALLY.**

George Bernard Shaw said that "...all progress depends on the unreasonable man". Maybe, but not necessarily in commercial organisations. Progress is of course the key and, much as we might prefer to deal with the world as we would like it to be, progress is only achieved by working with the world as it is. And the world is not customer focused.

There is nothing really new about marketing, about customer focus, or about the material contained in these ViewPoints. Nor is there meant to be. The original ideas are still the best and are still waiting to be profitably implemented.

This ViewPoint is designed to show direction



rather than destination. Much as we would all like to work in a company that worked to satisfy customers first, and counted profits second, it is unlikely to happen. The pragmatic answer lies somewhere between where you are today and where this ViewPoint shows you could be. "The journey of a thousand miles starts with a single step"

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#### **For more information contact:**

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Special event radio or a Restricted Service License Radio Station (RSL) is a friendly and controllable medium, a public information service and a potential revenue earner for the event and/or sponsor through the sale of sponsorship and advertising. In many respects an RSL operates in exactly the same way as an Independent Local Radio station (ILR) and is often staffed by professional broadcasters who have learned their craft in ILR or the BBC.

At the Mitsubishi Motors Badminton Horse Trials and the Vodafone Derby the title sponsors have their own radio stations as part of the overall sponsorship package. 'Ownership' of the station allows the sponsor continuous credits in jingles and presenter mentions, exclusivity within their sector and heavyweight advertising and PR.

Advertisers too can reach a highly targeted audience who tune in to listen to interviews with key personalities as well as background news and gossip adding to their enjoyment of the event. Packages are available across a variety of different events from Fairford Air Show and The Great Yorkshire Show to the Network Q Rally.

Broadcasting on the FM frequency allows listeners in the surrounding area to tune in on their car radios as they travel to spectate. The proximity of the event to major centres of population determines the extent of a local resident audience. Once there, portable radios (offering another branding opportunity) can be sold so listeners can follow the action at the 9th tee even if they are half way to the 15th or in the bar!

Motor sport is another area to embrace the RSL concept with alacrity with radio stations at every qualifying round of The Touring Car Championships. At Le Mans it is simply the only way to keep in touch with the race for the thousands of Brits who cross the channel every year and for whom public address commentary in French is literally meaningless.

RSLs are ideal for events which cover a wide area and do not necessarily have a single focus of attention such as Golf Tournaments or County Shows. Movement by movement commentary on a horse performing a dressage test gives spectators access to a ringside expert who can help to de-mystify the sport or supply the latest news from an insider.

Despite the apparent limited nature of an RSL, the audience is far from restricted since it is now possible to broadcast the output of the station as live audio over the Internet and reach listeners worldwide. For sports which do not enjoy live coverage on mainstream media, this is the quickest way that enthusiasts can find out what is happening. Internet listeners get really involved, often sending e-mails which are then broadcast. At this year's Badminton Horse Trials nearly 50,000 people from around the world tuned in over the four days. Hot links from the host web site to sponsors' or advertisers' web sites enable listeners to access further information at the click of their mouse, while sound bites from the event can remain on the web site together with adverts well after the marquees have come down.

An RSL sponsorship costs around £10,000. Specialist companies such as ARB Audio & Visual of Banbury provide a complete service including technical and programming facilities and application to the Radio Authority for the necessary licence.

Alternatively RSLs offer excellent value for your advertising £ with the message delivered as part of an authoritative, informative broadcast not simply as part of a diet of music or phone ins. RSLs reach an audience with a real interest in the editorial content and offer highly targeted opportunities to hear.

Before long it will be the norm to pack a pocket radio whenever you go out to a major spectator event. Perhaps RSLs should be renamed USLs with the U standing for unrestricted!

**Fiona Lees is a Chartered Marketer and Director of Diamond Consulting Services Ltd, a Marketing Consultancy with special knowledge and expertise of RSLs.**

# RESTRICTED SERVICE BROADCASTING

Fiona Lees explains how this exciting medium offers unrestricted marketing opportunities



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figure 1

# DEMAND MANAGEMENT

## IT USED TO BE CALLED SALES AND MARKETING

by Prof. J. Hugh Davidson

Demand Management is about a radical change in running businesses, in which marketers will play a leading role, and you heard about it here first. It is not a name change for Sales and Marketing. In the 1990s we have heard a lot about Supply Chain management, and re-engineering, but little about the Demand Chain. We have seen downsizing, yet profitable growth remains elusive. In the next decade Demand Management, led by a Director of Demand, will transform businesses and prove to be the key to gaining sustained profitable growth. The benefits will be simpler, faster, more customer-driven businesses.

### The Need For Integrated Demand Management

Here is a business history of the 1990s in 300 words. Mature markets, intensified competition, and downwards pricing pressure have made it difficult to increase revenue. Rapid changes in technology, and in distribution channels, plus faster catch-up by competitors, have reduced the rewards for tomorrow's investment. And industry over-capacity, plus ever more demanding customers, is making it tougher to sustain today's profit levels.

The main response by companies has been cost reduction and improved productivity, with a strong focus on the supply side of the business. The supply chain has been recognised and endlessly analysed as a totality, using IT and process management. The result has been a faster, leaner, more streamlined supply structure. Manufacturing and distribution have re-invented themselves as 'Product Supply Management' (Procter & Gamble) or 'Supply Chain' (BAT), covering purchasing, engineering, operations, logistics and sometimes customer service.

The Demand side of the business has proved less successful in the 1990s, and, on the

Marketing side, changed little. The Demand Chain, driven by Marketing, Sales, R&D, and Customer Service remains functionally based, and is rarely managed as an integrated totality. While there are more Marketing Departments today, the people in them are doing the same kind of things as 10 years ago. However, Sales Departments have changed, as customers have become more concentrated, and the skills now needed are those of business-to-business marketing. This change in substance is illustrated by the names now used, such as 'Customer Business Development', 'Trade Marketing' or 'Industry Solutions Group'. R&D and technology, which provide vital ammunition for tomorrow's profitable growth, often remain disconnected from other elements of the Demand Chain. And, Customer Service, a vital element in Demand, is often closer to the supply side than to Sales and Marketing.

### What's wrong with today's Demand structures?

The primary weakness is that in most organisations, Demand is micro-managed within a number of functional departments, rather than macro-managed across departments. There seem to be six problems, all of which represent opportunities for Marketers:

**Accountability.** If you are CEO, and your problem is a Demand one - eg lack of profitable growth - who do you talk to today? If you ask the Marketing Director, she/he may point to sales execution or weak R&D output. The Sales Director is concerned at cuts in the marketing budget. R&D thinks it could do better if it had fewer, bigger projects, with clearer marketing briefs. In tomorrow's organisation, the Director of Demand will have four-square responsibility for leading profitable growth. However, this will require a radical change in



### Six Stages of Demand Chain

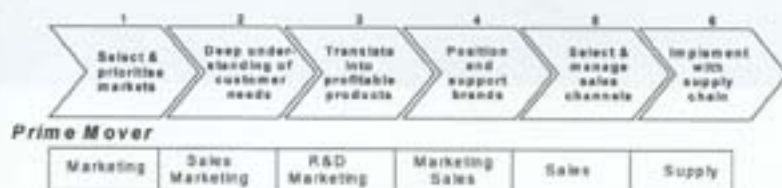


figure 2

incentive schemes to ensure that employees are motivated to create profitable growth for the company.

**Complexity.** Influenced by globalisation, mergers, and escalating product ranges, companies have become more complex to run. In some large service organisations even advertising and marketing are spread across a number of different departments. There is a need to simplify structure, and the one proposed, split into Demand, Supply, Finance and People, would have been well understood by Adam Smith:

Based on research by Lancaster University, the average UK company has 8 directors of whom 4 to 5 are executive, the rest non-executive. The structure in Figure 1 above fits this. Many UK companies still have no one on the Board with customer responsibility, and it is therefore questionable how often customer performance is discussed at this level. The anecdotal answer is 'rarely'. With a Demand Director, such discussion would become frequent and productive.

**Teamwork.** While major change or innovation projects now often involve cross-departmental teams, Demand Management has largely remained stuck in a functional rut. Sales, Marketing, Customer Service and R&D compete for scarce resources, swap blame, indulge in petty politics, and have different outlooks, cultures. There is a need to pull them together in a more integrated way, under a forceful and imaginative leader, whose only objective is profitable growth.

**Speed** to market and speed of response are now essential in any business. Complexity and lack of teamwork are enemies of speed.

#### Innovation and franchise development

Recent studies of Marketing people show that most spend almost all their time on routine maintenance tasks, and only 10-15% of their time driving it forward for long term competitive advantage. This is not by choice. The Demand Director would identify the people resource needed, within the Demand Chain, to fundamentally build profitable growth. She/he would budget for this realistically, and cut the volume of maintenance work, by reducing departmental boundaries, adopting GE's concept of 'boundarylessness', an ugly word

designed to eliminate walls, fences and barriers between departments.

#### Interface between Demand and Supply

In many companies, Marketing still develops new products or programmes with little discussion with operations or manufacturing, then 'throws them over the wall' to produce at a late stage. The result is that many products or services are produced inefficiently, through lack of design input by operations, and short lead times.

#### How Demand Management would work

Let's start by looking at the 6 steps in the Demand Chain, in Figure 2

Many internal departments are involved in each stage, but usually one or two are prime movers. The requirements for success in managing the Demand Chain are strong specialist knowledge, clarity of shared objectives, cross-departmental teamwork, innovation and speed.

Structure for Demand Management would vary by type of company, and a typical structure is shown in Figure 3:

The primary roles of the Demand Director would be to:

- Achieve agreed levels of profitable growth
- Select, manage and rotate key personnel. His/her successor must have experience in 2 to 3 of the five primary functions reporting to the Demand Director (see figure 3).
- Develop a Demand Plan and Budget, but be prepared to move resources between functional areas during fiscal years, where necessary.
- Ensure every area of Demand is devoting sufficient resources to innovation and development.
- Retain functional skills, but insist on cross-departmental teamwork.
- Motivate and reward people based on sales and profit targets, customer retention, speed, innovation and teamwork.

#### Benefits of Demand Management

There are six benefits:

1. Single point of responsibility for profitable growth

### Typical Demand Management Structure - for profitable growth



figure 3

2. Simplification, and clarity of purpose.

Everyone on the Demand side will have a single objective - achieving profitable growth by successfully managing the Demand Chain.

3. Change from functional to cross-departmental working, for more teamwork.

4. Ability to move resources between various areas of Demand, during fiscal years, as circumstances dictate.

5. Greater speed.

6. More focus on innovation and franchise development.

#### Implications for marketers

The Demand Director could come from a range of backgrounds, since Marketing and Sales are increasingly converging, and in some businesses, R&D and technology are of special importance. She/he would be well qualified to move up to Chief Executive. To qualify to become Demand Director, Marketers would need to build upon their traditional skills, strengthen their skills in cross-departmental management of people, and broaden their competencies in Customer Service, Customer Management, Technology and Finance.

#### Your feedback

How do we get there? One of the advantages of a regional publication like this, which goes out to only a few thousand like-minded people, is that it can be interactive. I'm writing a book on Demand Management at present and would very much appreciate your feedback on this article:

Does it make sense to you or not?

What has been your experience of these issues? (Examples welcome.)

How can the concept or thinking be improved?

Please get in touch - I guarantee to respond to all contributions, whether favourable or otherwise!

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# Efficient Consumer Response

## BANDWAGON OF THE DECADE?

by Charlie Farrow

Efficient Consumer Response (ECR) is defined by the ECR Europe executive board as 'working together to fulfil consumers' wishes better, faster, and at less cost'. But isn't that just marketing?

There is a certain amount of confusion about what ECR really is. Some see it as just common sense. Some fear it is a consultant's bandwagon. What ECR really stands for, they quip, is 'every consultant's retirement'. Sceptics dismiss ECR as a buzzword and a fad, merely considering it as a rebundling of a range of already familiar techniques and approaches. Converts see it as an opportunity for total business transformation. Each view has an element of truth.

The aim of ECR is to apply a total system view to eliminate all activities that do not give value to the end consumer and to encourage all those that do. This is achieved by the use of enabling technologies and a less adversarial relationship between all parties in the supply chain.

One way of looking at it, as does Nestlé UK director of planning and logistics Tom McGuffog, is to ask what would happen if the supply chain was not made up of many different companies each pursuing their own interests; if the supply chain was one 'virtual' company using all its skills and resources to the same ends - getting the right goods at the right price delivered at the right time. One key difference would be the flow of information. For example, information about sales would flow naturally from shop to warehouse to factory, or even direct from shop to factory.

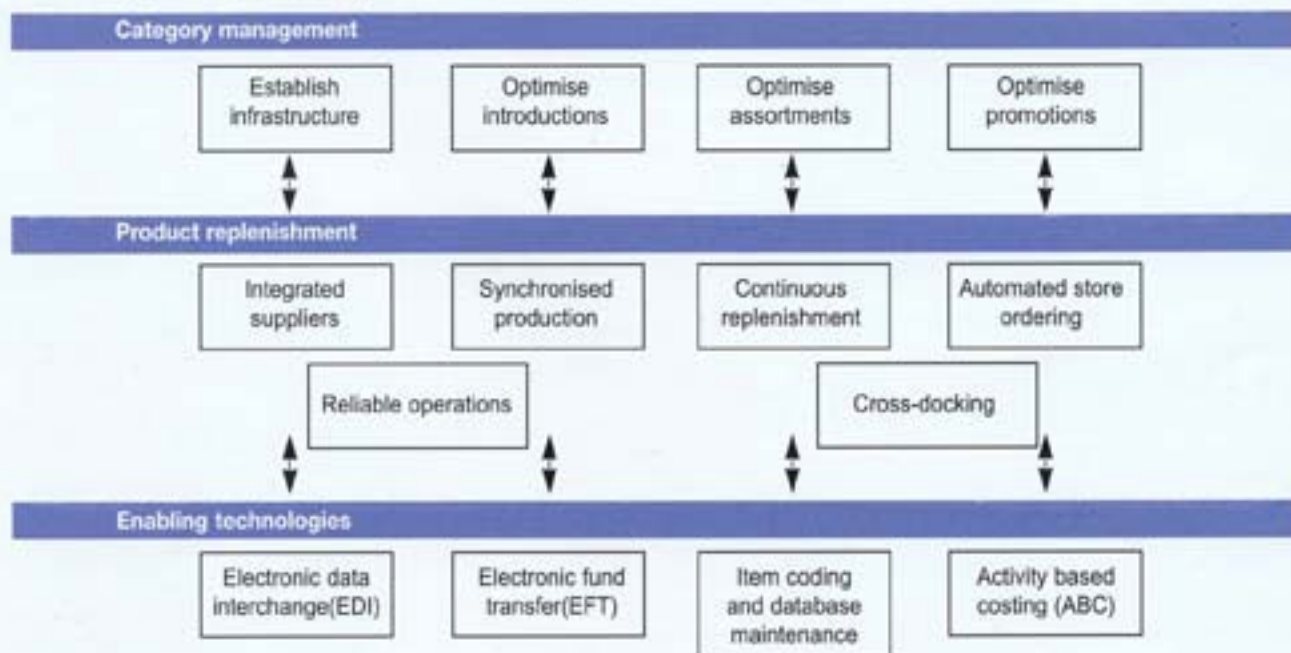
Currently much of this information is boarded and guarded by each party as proprietary or as ammunition for negotiations. Retailers and manufacturers are often extremely skilful at the game of 'pass

the hot potato', yet the net effect of their combined expertise does nothing to make the total supply chain more efficient or responsive. If each company in a series is busily 'pushing' product to the next player in the supply chain then each transaction adds substantial costs. And very few, if any of these costs add value to the ultimate product or service the consumer receives.

To compound the problem, each trading party within the supply chain tends to set up procedures and practices, employ staff - even whole teams - to help manage the uncertainty. And uncertainty is, as they say, the mother of inventory.

So ECR is all about change and continued improvement in the supply chain. It focuses on 14 ECR improvement concepts in three strands as described in the figure below.

### The 14 core ECR improvement concepts



Source: ECR Europe/Coopers & Lybrand

Continues>





Kurt Salmon's 1993 publication *Efficient Consumer Response - Enhancing Customer value in the Grocery Industry* defined four major strategies, each of which, in theory anyway, creates value by satisfying consumer needs for product, convenience and price. These areas remain the focus of ECR:

#### 1. Efficient replenishment

The traditional starting point of ECR, the focus here is on ensuring the slickest possible flow of product to the retailers' shelves. This supports joint category management with a physical supply chain that is flexible and responsive enough to react quickly to changes in demand. It focuses on shortening and eliminating costs in the order cycle starting with accurate point-of-sale data. It includes programmes such as EDI, cross-docking, computer assisted ordering and new receiving techniques.

#### 2. Efficient assortment

By optimising product mix and space allocation, it aims to create a 'transparent' environment, where consumers understand clearly what role each product plays and what its specific benefits are. It addresses how many items to carry in a category and how much space to give each item.

#### 3. Efficient product introductions

Increasing the success rate of new products by regular involvement between manufacturer and trading company in category planning discussions using the customer as a sounding board in the design process. However, conflicting interests and mistrust often undermine effective collaboration.

#### 4. Efficient promotions

Addresses inefficient promotional practices that tend to inflate inventories. The official ECR scorecard highlights three key aspects: strategy and planning, execution, and evaluation. Many promotional activities have little or no strategic or tactical logic, fail to fulfil their objectives, or are inadequately evaluated. According to Coopers & Lybrand's original value chain analysis in Europe, 16% of ECR's total supply chain cost saving (whose equivalent amounted to 5.2% of final consumer price) would be achieved by optimising promotions.

The difficulties inherent in the adversarial nature of manufacturer/retailer relations plus the short term nature of most competitive activities has meant that development of the last two ECR strands has been disrupted and diverted. The scale of the obstacles facing ECR suggests that many of the touted benefits are simply unrealistic in the short to medium-term future.

However, the first two strands have been demonstrably effective. There remains too, the major issue of how benefits and costs are shared and smaller participants may have to bear an intolerable share of the burden of implementation. However some partners are indicating their willingness to pay partners for costs incurred in ECR projects.

Fundamentally most attempts to implement ECR principles include the following characteristics:

- A closer and less adversarial working relationship
- A search for win-win solutions in these relationships
- A view of the supply chain as a total system and the deployment of multifunctional teams to optimise the running of that system
- A heavy dependence on information and the sharing of information
- A total category, rather than brand-centric view of marketing

It all sounds thoroughly sensible. But there are doubts over how and to what degree end consumers will actually benefit from ECR. Hoped for benefits include lower prices, reduced out-of-stocks, better targeted promotions, faster and more appropriate new product introductions, more appropriate ranging, less clutter on the shelves, and an easier shopping experience overall. Nevertheless, research for ECR Europe shows that the prime motivation for companies is cost cutting not improved consumer value. It has been widely assumed - not least because of the name - that ECR will deliver benefits to consumers. Many companies, however, are ruling out lower prices as an ECR objective. In doing so they risk criticism, from consumer pressure groups and competition authorities. If ECR becomes a way for manufacturers and retailers to collaborate in order to improve their margins and profits without passing the benefits to the consumer it may be deemed anti-competitive.

What's more, if ECR isn't adding consumer value, it isn't really marketing either, is it?

The Financial Times Retail & Consumer report, *Efficient Consumer Response: A new paradigm for the European FMCG sector* by Alan Mitchell can be ordered by telephone 0171 896 2325, fax 0171 896 2333 or email [rc.enqs@ft.com](mailto:rc.enqs@ft.com)

Please quote code 27798A - Marketing News offer, to claim £50 off the regular retail price. This offer is only valid for readers of Marketing News.





There are 32,000 businesses employing 2-250 people in the Thames Valley

Business Link have specialist advisors in the fields of export, design, innovation and technology

**32,000**  
**small companies**

Thames Valley comes second only to the City of London in terms of economic performance

By Liz Harris

# Business Link:

**A SOURCE OF HELP FOR YOUR BUSINESS?**

95% of these firms actually employ less than 25 people

**employ less than 25 staff**

Also available is a directory of local specialist consultants covering 450 areas of expertise

The specific remit of Business Link Thames Valley is to deliver business support service



The purpose of this short article is to discuss the services offered to small businesses in the region by Business Link. If you are a CIM member who is gainfully employed in developing your own business (something that seems to be happening more and more frequently these days!) you will hopefully find some information here that will be of practical benefit.

Before I visited Business Link Thames Valley in Reading to research this article, I must confess I was rather vague about what the operation is all about! The Business Link brand is well known, but its role appears to overlap with that of partner organisations such as the Chamber of Commerce (which provides a voice for business in government) or the Enterprise Agency (which supports start-up businesses). The local Business Link is a subsidiary of Thames Valley Enterprise, part of the Training and Enterprise Council (or TEC) national network that is funded largely by the European Commission and the Department of Trade and Industry. The specific remit of Business Link Thames Valley is to deliver business support services to companies throughout the region that have between 2 and 250 employees. Have I confused you yet? To add to the perceived ambiguity of roles, recent UK governments seem to have delighted in making regular changes to the whole nature of business support provided by the DTI. For example, the current structure of autonomous regional bodies is set to change again in April 2001 when a more centralised system of control will be re-introduced...

So, now that I'm an expert, here follows an idiot's guide to the Business Link services currently available:

#### Why support local businesses?

Some statistics first - there are 32,000 businesses employing 2-250 people in the Thames Valley Region. 95% of these firms actually employ less than 25 staff. Small firms, then, are a prime source of economic growth and hence prosperity in the region. Research by Warwick University has established that the Thames Valley comes second only to the City of London in terms of economic performance, but still lags well behind even second-tier German regions such as Hamburg. As unemployment in the Thames Valley stands at just 1.5%, one of the major problems faced by growing businesses is in securing skilled staff. Other issues that are deemed to be inhibiting our economic performance at present are traffic congestion, lack of modern office space and ineffective use of information technology.

As I'm sure many of you will testify, the 'average' small business owner is far too busy with day to day operations to be over-concerned with the economic growth of the region - which is where the Business Advisors come in. By providing advice or even project funding to small firms, Business Link can help firms to grow by making the most of the opportunities that are available.

#### What type of support is on offer - and what does it cost?

Some of the 20 Business Advisors at Business Link Thames Valley are full time employees, others work part time or are self-employed. They come from a variety of business backgrounds - many have held senior roles in large firms or have run a number of businesses of their own. An individual Business Link office may also have one or more specialist advisors with expertise in the

fields of export, design, innovation and technology and financial packaging. You can buy the time of a Business Advisor for £140 per half day, and after an initial free assessment the individual whose background and interests best match the specified problem will be assigned to you. Requests for assistance are diverse but might include a search for a 'business angel' or perhaps advice on the revision of an IT system or the development of a new business plan. For smaller companies, a Business Advisor may act as a mentor whose role becomes more akin to a network broker as the company grows; for example he may later be asked to draw upon his own contacts to find a suitable non-executive director for the client. It is important to emphasise the advisory nature of the role - unlike a full consultancy service, ownership of the necessary tasks remains with the client.

Another service offered is the Register of Accredited Service Providers (RASP) which is a directory of local specialist consultants covering over 450 areas of expertise. If, for example, you were looking for a website designer, then you would be given the contact details of three firms who might be suitable points of contact, free of charge. Royal Counties Marketing Consultants - if you would like to add your organisation to the register please contact Business Link Thames Valley on 0345 51 22 88 for an application form. You need to supply details of three client references that will be taken up.

#### So what's all this about more changes?

At present there are 83 Business Link offices around the country, and this is due to be reduced to 50 in the year 2001. At this point the DTI aims to introduce the Small Business Service (SBS). In the Thames

Valley, Business Link will be bidding to run the new Small Business Service franchise under new arrangements. The existing Training and Enterprise Councils will be replaced by Local Learning and Skills Councils, with a broader mandate relating to post-sixteen education and training.

I hope this brief article has been useful in clarifying the nature of the help that is available locally for small firms. For more details, Business Link Thames Valley can be contacted on 0345 512288 or [businesslink@tve.co.uk](mailto:businesslink@tve.co.uk)

CIM Royal Counties and Business Link Thames Valley are collaborating to run an Internet Marketing Course from 8.30am to 1pm on 9th November at the Phyllis Court Club, Henley on Thames. This inter-active and non-technical seminar will cover key issues such as electronic commerce, web-based marketing communications, value chain innovation and inter-firm partnering. Practical and impartial guidance will be given on Website set-up and running costs, and how to select suitable vendors. A discounted price of £95 plus VAT is available to CIM members who book before 22nd October, quoting their CIM membership number. Full details and a booking form are enclosed as an insert with this magazine.





# legal viewpoint:

## THE 1999 ELECTRONIC COMMUNICATIONS BILL - IMPLICATIONS FOR E-COMMERCE

In July this column reported on the UK Government's plans to regulate the use of encryption and digital (electronic) signatures in electronic commerce ('UK plans for the information society').

Finally, at the end of July, after a controversial consultation period, the Government published a draft of its main piece of electronic commerce legislation. The Electronic Communications Bill sets out the Government's proposals for a legal framework for e-commerce, including policies surrounding electronic signatures and encryption controls. The publication also marks the beginning of a consultation period on the contents of the Bill.

Launching the consultation, IT minister, Michael Wills said that the Bill was part of a package of measures being introduced by the Government to lay the foundations for e-commerce to flourish in Britain and to build confidence in trading electronically by protecting users' credit card and other personal details as well as sensitive commercial information.

### WHAT DOES THE BILL DO?

The Bill does not provide a comprehensive e-commerce framework. It focuses instead on three issues of importance:

#### • Cryptography Service Providers ('CSPs')

CSPs would offer services to aid the growth of e-commerce such as electronic signatures and secure transmission of data. Since industry has long called for self-regulation rather than government intervention in this area, the Bill contemplates an entirely voluntary licensing scheme in the shape of a 'Register of Approved Providers'.

#### • Recognition of Electronic Signatures

The Bill contains provisions to ensure the legal recognition of all electronic signatures and their admissibility in court.

#### • Investigation of Protected Electronic Data

Perhaps the most contentious area of the Bill deals with law enforcement issues. This section will create new offences including failure to hand over an encryption key when demanded by the police (by serving a 'decryption notice') and "tipping-off" others that a notice has been served or revealing its contents.

### WHAT DOES THE BILL LEAVE OUT?

Several ideas which have been mentioned

during earlier consultations have now been dropped:

- a presumption that an electronic signature would be legally recognised in the absence of evidence to the contrary.
- specific allocation of liability of CSPs to their customers and to those relying on their 'certificates'. These issues will be dealt with by existing law and any contractual arrangements the providers may make with their customers.
- regulation of unsolicited commercial e-mails - this will instead be covered by voluntary industry measures, the draft Electronic Commerce Directive and the Distance Selling Directive, (which is due to be implemented into UK law by June 2000).

### KEY ISSUES AND CONCERNS

Electronic commerce is clearly an area where the Government is keen to promote the UK as a front-runner in terms of encouraging new businesses and innovative policies. On the global stage, however, the UK faces strong competition from countries (such as Canada and Ireland) which are raising the stakes by offering both a more supportive, less regulated environment and financial incentives for electronic businesses to set up within their jurisdictions.

However, despite the Government's efforts to gain an advantage through legislation, the Bill has received a mixed response from industry and public policy pressure groups. On the one hand, the Government appears to have listened to industry by removing the proposed mandatory 'key escrow' (whereby users would be obliged to deposit a copy of their private encryption 'keys' so that law enforcement agencies could access them). On the other, some commentators feel it is likely to harm industry, hold back the growth of e-commerce and undermine consumer protection, leading to the possibility that electronic business could be driven out of the UK. Why is this?

- To begin with, there are concerns that the Government is simply reserving powers to impose a statutory register of cryptography services at a later stage through secondary legislation. As so many of the specific provisions are left to the discretion of the Government, there is a fear that the "devil is in the detail".
- Electronic signatures arguably still do not have the same legal effect under the Bill as their paper-based counterparts.

- The key proposals should be those relating to giving electronic signatures legal recognition. These would be better condensed into one short measure rather than being 'bundled' with law enforcement provisions which seem to receive a disproportionate emphasis.
- Finally, the proposed law enforcement powers themselves should be mentioned briefly. Decryption notices will be secret, so it will be impossible to complain effectively if they are used in an oppressive way. Civil liberties groups are critical of wording which allows the authorities to serve a warrant or decryption notice on anyone they think "appears" to hold the key to coded data and it may be difficult for individuals to prove that they are not in possession of a key. The new offences may put employees of an Internet Service Provider in a vulnerable position.

### WHAT HAPPENS NEXT?

The consultation period on the draft Bill lasts until 8 October 1999. During this time it is open to anyone to comment on the Bill to the Department of Trade and Industry (by post or e-mail). We are likely to see further debate over the Bill's provisions. The Bill will be introduced into Parliament some time after November and is therefore unlikely to become law before next summer.

Denton Hall who contribute this column, is a major London-based international law firm, providing the full range of corporate and commercial legal services with one of the highest-rated teams specialising in new media publishing, technology and communications.

Please let us know about areas that you would like to see covered from a legal point of view in future issues of Marketing News. To make contact please e-mail Elizabeth A. Forsyth on [eaf@dentonhall.com](mailto:eaf@dentonhall.com) or telephone +44 (0) 171 320 6559.

For further information about the Bill and other e-commerce issues, please

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