NIGEL WRIGHT GROUP

CONSUMER FOCUS

INSIGHTS INTO THE CONSUMER SECTOR

Issue Eight >>

Yankee Candle in focus >>

President & GM EMEA Melanie Stack gives an insight into how the US consumer products maker is transitioning into a global organisation.

How to build a digital ecosystem

SVP Victor Duran from Amer Sports, the owner of Wilson and Saloman, explains how its products help create global communities for athletes.

The future of digital services

eBay's Andrew Whitehair tells us how the ecommerce giant is developing tools to get ever closer to its users.

Development with a difference

TwiningsOvo's Annkatrin Ott shares some interesting people development initiatives within the business' international markets division.

Featured interviews:

Miguel Chapa, Marketing Director at Bel Spain

Paal Hansem, CEO at Fresh Fitness

Pedro Diezma, Founder at Zerintia Technologies

PLUS >> Huge opportunity for French economy **Analysis of Germany's bio industry** Private label decline in Spain **Spotlight on Sweden's Nutricia** Talent mapping for the future **Building the marketing function at Hovis** Nigel Wright's new offices

Welcome >>

CONSUMER FOCUS – ISSUE 8

NIGEL WRIGHT GROUP

Welcome to the latest edition of Consumer Focus Magazine, our dedicated annual publication for the global consumer industry. >>

A combination of a declining oil price, low inflation and rising salaries has meant consumers with renewed spending power have been at the forefront of industry growth this year. Businesses have also benefitted from a healthy and competitive export environment, facilitated in large part by the European Central Bank's (ECB) progressive monetary policy, which has had a positive effect on unemployment figures in many countries.

> "...we catch up with senior executives from some of the sector's most dynamic brands"

A slowdown in emerging market growth, however, has impacted some businesses and the longer term uncertainty created by a vote in favour of Brexit will no doubt continue to reverberate over the coming months and years. Governments across Europe will continue to consider their negotiating positions with the UK in relation to the structural changes created by Brexit and its longer term implications for the EU model.

In this issue, we catch up with senior executives from some of the sector's most dynamic brands to find out how companies are leveraging opportunities to grow, amidst what is an increasingly complex and challenging trading environment.

A big factor at the heart of the most successful growth stories continues to be innovation. Increasingly fragmented consumer tastes and price preferences mean that brands must work doubly hard to improve products and keep consumers interested. In our featured article on page 6, Yankee Candle's Melanie Stack tells us how innovation, optimisation and authenticity are the key product attributes driving the group's transition into a global organisation.

Furthermore, the ability to build a genuine connection with consumers has led to greater investment in big data analytics, as firms attempt to turn customer data into powerful insights.

On page 48, Ebay's Andrew Whitehair tells us how the ecommerce giant is developing tools to get ever closer to its users. And on page 20 we learn how sporting goods giant Amer Sports is seeking to further integrate its brands into a 'digital ecosystem' with products that track and analyse fitness performance across a range of different metrics. Wearable technology is investigated again in greater detail on page 62 in our interview with industry influencer Pedro Diezma.

While enjoying boosted sales and high footfall, many brands and retailers are realising that the pervading culture of discounting is stifling growth. This is particularly apparent, as we find out on page 33, in Spain, where supermarkets like Mercadona have risen to prominence over the last few years. Bel Group's Miguel Chapa, however, explains on page 35 how brands are fighting back and on page 26 Former SCA Global Innovation Director turned consultant, Richard Nall, has some more insightful tips for building FMCG brands in the age of the discounters.

Elsewhere, the health and wellness industry is scrutinised on pages 56 and 66 when we talk to key players in Germany's burgeoning bio industry before taking a look at a Norwegian fitness enterprise success story. TwiningsOvo's Annkatrin Ott shares people development initiatives within the business' international and emerging markets division on page 44 and on page 14 is an in-depth analysis of opportunities in France's untapped digital economy.

As ever, throughout this edition you can find all of the latest news from our teams across Europe.

We hope you enjoy the latest edition of Consumer Focus Magazine and would welcome feedback on any of its content.

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YANKEE CANDLE®
the world's best loved candle™

Melanie Stack

President & GM EMEA at Yankee Candle Inc

For almost three decades Melanie Stack has presided over, and grown, some of the world's best loved brands including Barbie, Radox, Monopoly and Weight Watchers. In 2013 she was appointed European head of US-based household products maker Yankee Candle. Nigel Wright caught up with her to talk about her latest challenge and the role she is playing in helping the business transition into a global organisation. >>

It's just over two years since you joined Yankee Candle. What was it about the role and the organisation that attracted you to the opportunity?

I've always worked for heritage brands and brands that I'm passionate about and can relate to as a consumer. Yankee Candle definitely fits that mould. I was excited by the fact that Yankee Candle is a hugely successful brand with significant potential to grow further. It already has excellent penetration in the US market and there are still a great deal of opportunities for expansion in Europe and beyond. Furthermore, when I met the Yankee Candle management team I was really impressed by their alignment around, and demonstrable passion for, the brand. The other aspect of my attraction was due to the phenomenal reputation Yankee Candle's owner, Jarden Corporation, has for its inspirational leadership and its success at growing brands, as well as the opportunities for professional development that exist within the wider Jarden group.

Most of your career has been focused on reigniting brands and successfully turning around businesses – examples include Matey (Sara Lee), Barbie (Mattel) and more recently Weight Watchers. Yankee Candle, however, is already enjoying huge growth. What, therefore, is the key challenge for you at Yankee Candle?

The key challenge is around transitioning the business into a truly international organisation. This requires a need to develop deep understanding of the cultural nuances of the various markets that Yankee Candle is targeting, as well as looking for ways to constantly innovate and reinvent the components of the brand. My experiences within the toy and personal care industries, as well as at Weight Watchers, are directly

Melanie Stack, President & GM EMEA at Yankee Candle Inc

applicable here. So, the dynamics around marketing 'seasonality' and constant product innovation are very similar to the toy and

personal care industries and are elements that were successfully leveraged to grow brands such as Radox, Matey, Fisher Price, Barbie, Hot Wheels and Monopoly. At Weight Watchers, it was very revealing to discover the subtle differences in eating habits as well as 'psyches' regarding weight loss around the world. Understanding these differences as well as the similarities, and building them into the brand and the products was essential to growing Weight Watchers' international

> "...when I met the Yankee Candle management team I was really impressed by their alignment around... the brand."

business. I think the same cultural differences exist when it comes to peoples' homes and Yankee Candle will need to be cognisant of this when developing fragrances, and the types of emotions it wants to convey through fragrance, when entering new markets.

What key objectives are you hoping to meet over the next few years?

Over the next three to five years the focus is very much on expanding the Yankee Candle business across Europe. We already have great distributors in some markets but we're keen to develop more distributor relationships elsewhere. We've also now established 'in country' operations in France and Italy and we're in the process of building our teams and capability in those markets. For the first time in its history, Yankee Candle has also started working in a joined up way across its portfolio of brands. So, for example, we're now leveraging synergies that exist between Millefiori, the business we bought in Italy in 2014, our Yankee Candle Classic brand and a new brand called Home Inspiration which is aimed at mass market retailers. From our growing network of offices, we're able to utilise different channels and better segment and target consumers and build up a better understanding of the profiles of the markets we wish to grow in.

What ambitions are there to grow further beyond Europe in MEA? How is Yankee Candle typically approaching those markets?

We have a strong distributor base, especially in Africa, and we aim to continue strengthening our distributor network across the region. We are hiring sales and customer care teams on the ground, building a support structure to give us a real presence in the marketplace. In some of the more developed territories, we have actually begun giving the sales teams more marketing and brand support from the centre which is really paying dividends, because we're now experiencing a lot of momentum in those countries.

> "Over the next three to five years the focus is very much on expanding the Yankee Candle business across Europe..."

It's Yankee Candle's incredibly strong sales operation that is key to its phenomenal growth. There is an opportunity, however, to now introduce a more traditional consumer marketing approach to complement the sales operation. How is the business rolling this out?

Historically, the guardianship of the brand has always been in the US and as a consequence of this, in Europe, the business has basically established very strong sales organisations that have relied on the marketing support and brand guidance passed down to them from the corporate centre. Over the last three years, however, there has been a clear shift away from this model. The implementation of a global strategy for our brand architecture, based around the Millefiori, Classic and Home Inspiration brands, seeks to establish different solutions for the different channels and consumer purchase occasions. As part of this strategy, we have invested in strengthening our marketing capability across Europe and we now have marketing representation in each of our core markets - the UK, France, Italy and Germany. In addition to this, we're also strengthening our commercial capabilities through upskilling across all of the channel disciplines such as digital, retail, category management and trade marketing. This is giving us a rounded capability to manage the brands locally and build the brands with different channels.

How is Yankee Candle embracing digital?

The US business has a fantastic website and it is currently doing some interesting things in the digital space such as personalised photo candles. The European business is currently working closely with the US team to develop its digital capabilities, particularly around mobile, to raise awareness of the brands sold in Europe. Furthermore, in Europe we're also bringing our websites back under Yankee Candle control, after having previously outsourced the management of our online presence. So, there is currently a lot of development work taking place to build our visibility online in Europe. I think it's also important to note that Yankee Candle is a very viral brand and testimonials and recommendations are vitally important. So social media campaigns tied in to new product launches form a key part of our marketing strategy throughout the year, as we try to engage consumers in conversations and create anticipation as our range evolves.

What do you look for in a retail partner and how do you work with retailers to maximise sales?

Our retail proposition and profile is really important to us. We work with a number of retail partners in the UK and a few in Italy and the most successful relationships are with companies that have strong visual merchandising credentials and a genuine passion for our brand. At the end of the day, Yankee Candle is a very experiential brand and we have a number of destination retailers in which we invest a lot into visual merchandising and other promotional and marketing support. The gift trade, in particular, does a phenomenal job of trailing and showcasing our ranges and delivering a strong service to consumers. Throughout the year we have what I would

describe as a great cadence of new seasonal product launches. Yankee Candle is very dependent on seasonal offers for occasions such as Valentine's Day, Mothers' Day and

> "What has made and continues to make Yankee Candle stand out from its competitors is its commitment to offering consumers a broad choice as well as our innovation, optimisation and authenticity."

Easter and so on. Our retailers must be able to manage our core business proposition with lots of choice and really strong ranging in a way that makes sense to the consumer.

What other skills is Yankee Candle currently trying to introduce to the business? Why should people consider joining Yankee Candle?

Our other key priority is to bring in people with strong general management capabilities, and I'm delighted to say that we've now successfully appointed country managers in France, Italy and the UK, responsible for building the local business units. Furthermore, in 2017 we are opening a new factory in the Czech Republic and in preparation for that, we are currently seeking to identify good operations and supply chain profiles. The kind of people who will succeed at Yankee Candle over the next few years as it transitions into an international organisation are those who thrive in high growth entrepreneurial environments, with dynamic cultures. These are the kind of people who should definitely consider joining our business.

The male candle or 'mandels' trend is something that Yankee Candle has sought to influence over the last few years. What other market trends is Yankee Candle currently monitoring?

The focus is very much on seasonal trends and we're currently collaborating with various European fragrance houses to develop new seasonal offerings. For example, we're beginning to see huge success with some of our capsule collections such as My Serenity and Mediterranean Dreams, the latter of which is inspired by Mediterranean fragrances and colour palettes. Furthermore, last Christmas we pilot launched a new line and format called Centrepiece, an electronic melt warmer where the melts come in capsules enabling you to change between fragrances to suit the mood. It was an expensive item, but still generally sold-out as consumers were impressed by the inventiveness of the product; and it was still selling strongly in early 2016.

What is the innovation process like at Yankee Candle?

The process is well defined and has historically been driven from the US, however, as the European business has grown, we've gradually had more input into developing local fragrances and themes for Yankee Candle products. Today, I would say it's a genuinely collaborative effort across the global business, to leverage opportunities and trends and deliver products that meet consumer expectations. It's generally a long process, as delivering quality superior products and ranges is absolutely at the heart of the Yankee Candle proposition. I would describe it as ultra-rigorous, and it takes into account a number of significant factors such as fragrance, burn performance, health, safety and quality.

Nigel Wright continues its support of **Cancer Research UK**

In July 2015, the company raised a grand total of £10,700 on behalf of the charity by taking part in the Yorkshire Three Peaks Challenge. Twenty seven employees from across seven international offices took part in the walk, with many completing the route in under nine hours. >>

On Saturday 11th June, Nigel Wright once again took up the Yorkshire Three Peaks Challenge and successfully raised a further £9,462 (as of 14th July) in support of its charity partner Cancer Research UK.

Employees from all 13 of its offices across Europe signed up to take part. One of the biggest contingents travelling to the UK was Nigel Wright's Swedish team, from offices in Stockholm, Malmö and Gothenburg. Nigel Wright client, Swedish confectionery brand Cloetta, agreed to support its countrymen's effort by suppying the walkers with some of their delicious chocolate.

Other employees also upped the stakes this year by attempting to run instead of walking the 37.5 km. CEO Paul Wilson commented:

"We are delighted to have Cancer Research UK as our designated company charity and to continue our support for this wholly worthwhile cause. Additionally, we are extremely proud of our team for taking part in the Yorkshire Three Peaks Challenge and indeed many of the other events that we organise. So far, a fantastic sum of money has been raised and our gratitude extends to the friends and families of our employees who take the time to donate and spread the word of our efforts."

Talented expansion

Like many businesses enjoying more favourable economic conditions during the last year, Nigel Wright's priority in 2016-17 is to continue searching for the best talent to help fuel its domestic and international growth. >>

As part of its strategy to consolidate its leading position in established markets and move forward with new growth opportunities, Nigel Wright continues to recruit across its UK and international offices.

Group Executive Director Mark Simpson commented, "Despite the high number of people joining us, maintaining quality is always crucial to our talent acquisition strategy and therefore we have a rigorous process in place for identifying and selecting the best people."

As well as hiring experienced consultants, Nigel Wright firmly believes in growing its own talent and is currently recruiting for its competitive graduate scheme, after already successfully hiring four graduates in 2015-16.

Its graduate scheme offers one of the most competitive packages in the industry and a full year of training where those seeking a successful career in business will be able to gain new skills and experience in all areas of recruitment.

Simpson continued; "We're passionate about our vision and we want to equip our people with the right tools to fulfil it. We are dedicated to our people's development, including over 90 hours of formal training from directors, managers and support functions in the first three months, which is supplemented by on-the-job coaching and development by a line manager".

Kathryn Gill, a former retail industry buyer, who joined the business as a consultant in January commented; "I'm thrilled to have joined Nigel Wright. To get the opportunity to work for a consumer industry recruitment leader with a significant international footprint is very exciting. I'm already learning a huge amount of skills that will help me progress in my career."

For more information on working for Nigel Wright, please visit www.nigelwright.com/employers/work-for-us

Consumer division demonstrating impressive **customer service results**

Nigel Wright measures its customer service performance using the Net Promoter Score (NPS), a global management tool that can be used to gauge the loyalty of a firm's customer relationships. >>

In the last financial year, 2015-16, Nigel Wright's consumer division achieved an impressive NPS of 45%, following submissions from over 800 clients and candidates served by the division between May 2015 and April 2016.

The table below shows the Net Promoter Scores for Nigel Wright Consumer's main markets, as well as the overall score for the division. Nigel Wright's Andrew Openshaw commented:

"Collecting valuable customer data gives us a strategic advantage in the marketplace by allowing us to identify any issues and then make immediate improvements across all areas of our business. Net Promoter gives us a really clear and more in-depth idea of how our customers value our service'.

Research suggests that NPS is actually correlated with overall revenue growth and the score achieved by the consumer division this financial year is certainly in line with the heightened demand for Nigel Wright's services in the sector. Analysis of other B2B providers indicated that a Net Promoter Score of 30+% means you are largely seen as 'unique' by your customers.

Openshaw continued, 'We are always looking for ways to improve scores and in June 2017 when the new results are in, we anticipate that the consumer division's Net Promoter Score will have grown during that time'.

Division	NPS FY 15-16 (%)
Germany	58
Sweden	48
Denmark	48
Spain	43
Norway	42
UK	42
France	36
Overall	**45**

How **talent mapping** can help secure your business' future

Overview

With the economy returning to growth, businesses are aware that the most talented employees are coming out of hiding and seeking new opportunities to help boost their careers amidst positive market conditions. The best people, however, are also usually the most discerning and will only engage with roles and companies they perceive to be absolutely right from a personal and professional point of view.

Put simply, although it's possible to attract the best talent in a buoyant market, it's even harder for companies to intimately understand what they need to get right to get the best on board.

The latest research suggests that talent management and succession planning are the number one priorities for HR&D functions today. Talent gaps are a major strategic concern and developing or investing in innovative ways to engage with, hire and retain the best talent is what will ultimately set businesses apart from their competitors, and play a critical role in their immediate and future success.

Talent mapping is increasingly seen as the definitive way to ensure that these objectives are achieved. It's important, however, that businesses are absolutely clear what the talent mapping process is, why and when they need to carry out a talent mapping exercise and how they will make sure the process is successful.

What is talent mapping?

Talent mapping is often confused with the preliminary stage of the executive search process. This is when a search firm, together with the hiring company, identifies businesses where it is believed the right kind of people will exist. The search firm will then target those companies, with the aim of finding and hopefully teasing out the right kind of talent before approaching them with an opportunity. This is a valuable service but it is also part of a fixed project, with a very specific objective to find one particular person.

Talent mapping, on the other hand, is a strategic service that is used by businesses to plan for short, medium and long term talent acquisition. It is used by the most perceptive companies to ensure that a recruitment process doesn't just result in a quick hire, but rather that it focuses on the short, medium and long term needs and leads to a number of strategic talent acquisitions over a prolonged period of time.

Entering into a talent mapping partnership involves the provider of the service assisting a business with measuring and defining its internal current capability, as well as its future potential capability. This process should reveal various immediate or future talent requirements and whether or not those needs can be met internally or externally. The service provider will then gather intelligence about organisations, industries and talent on an on-going basis, building a talent pipeline, which the business using the service can access whenever demand requires it.

Talent mapping recognises that if you're trying to identify candidates for multiple potential vacancies, you need a large pool of candidates from which to make your selection. Often, those engaged during the talent mapping project are regularly contacted and updated over a long period of time, meaning when there is an immediate need, they can be reached quickly and the search firm doesn't have to repeatedly start from scratch and sell opportunities to the market.

When and why do companies talent map?

Companies can benefit from talent mapping during times of growth or austerity, and because there is such a broad range of analyses that can be done during the process, they can be selective about the aspects on which they would like to focus, to best suit their needs.

The benefits of using talent mapping go way beyond simply giving a business the capability to make multiple hires over a long period of time. It also increases the chances of them hiring the absolute best candidate. Organisations that talent map also find that it can improve their employer brand and raise their reputation in the market.

Furthermore, because the process involves gathering industry and competitor data, as well as finding the best talent, it acts as a great benchmarking tool for strategy, remuneration and employee benefits, competitor structures and reporting lines, roles of responsibility, skills, academic background and so on.

Stockpiling this kind of intelligence over a sustained period of time can give businesses a detailed and holistic view of the market for talent and it enables them to be decisive in their hiring, while building a clear foundation for succession planning.

How can Nigel Wright support you?

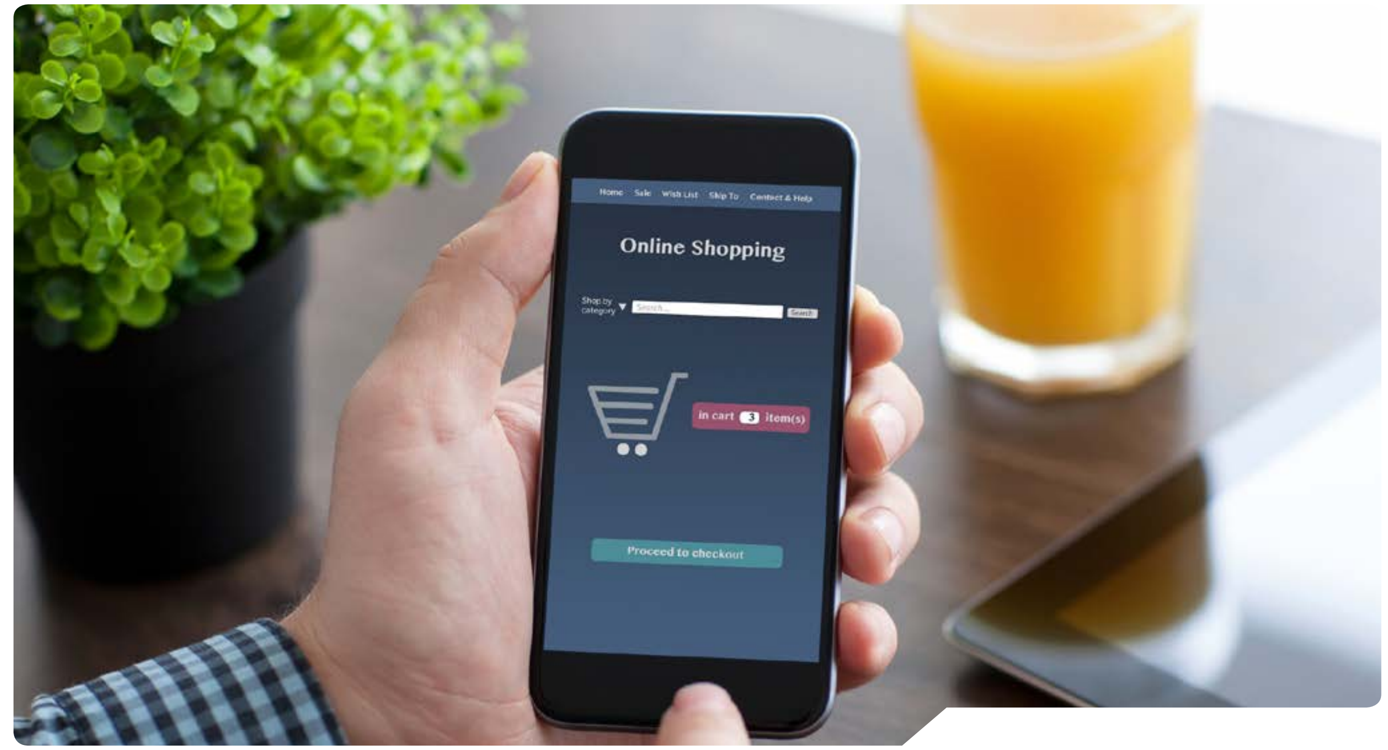
In support of our clients' future business plans, Nigel Wright offers a robust talent mapping and succession planning (TMSP) service. Our sector expertise across the world means that we can provide our clients with an in-depth analysis of how their organisational capabilities compare to others in the sector. We can then use our extensive networks to help our clients plan for the future, by identifying the right talent internally and externally for their business.

Our TMSP service has become increasingly popular with clients over the last few years. Some notable recent examples of companies we have assisted in this capacity include L'Oreal and Henkel in the Middle East, DBApparel in Europe, Grupo Siro in Iberia and the Americas and Greencore in the UK. If you are interested in finding out more about our TMSP service, as well as our other services, please visit nigelwright.com.

Consumer goods and digital:
a huge opportunity for the French economy, but can it be realised?

A year ago, McKinsey France carried out a major piece of work on France's €100 billion digital gap: the boost that French GDP could gain, by 2020, if French companies fully embraced the digital transformation. But where do the opportunities lie for the consumer goods sector, has the work of closing the gap begun, and will France get there? Nigel Wright gets to grips with the issues. >>

You might be forgiven for pleading "ennui" with recent media coverage on the French economy. The Republic's beleaguered and unpopular left-of-centre president has beaten the retreat on the latest development in the long-running thread of labour market reform. Its economy is firming but fragile and the country is struggling to move beyond the jobless growth trap. But it's not all gloom; with online purchases of consumer goods growing sharply in recent years and more than 45% of customers now shopping entirely online for some products, there is huge potential in digital for France's strong consumer goods sector. Global brands like Pernod-Ricard, Danone, and L'Oréal, with turnovers of €10-25 billion (equivalent to the entire GDP of Nicaragua or Estonia), also have the power to make a material difference to the French economy.



Like the first industrial revolution, today's digital transformation promises a brave new world, which unsurprisingly, has more opportunities than threats. But it's easy to equate "digital" with good, and it's important to remember that there are potential downsides too. Companies that fail to address the risks won't just miss out: they'll forego considerable amounts of turnover as others forge ahead. High on the risk matrix for consumer goods is "hyper-competition". Mobile apps, using both search and scan, have revolutionised online shopping aggregators, comparators and reviews. More than 60% of French consumers now shop online and they expect a seamless and consistent experience across all channels.

But what of the opportunities? First, the increasingly multi-channel and relational nature of customer journeys. Proctor and Gamble's average global allocation of its promotional budget to digital channels is about 35% (and 100% for some brands, like Braun), putting, perhaps, a 21st-century spin on the old advertising joke: "Half of it works, but I'm not sure which half." But in France, allocations are of the order of 10%, the kind of statistic fuelling fears that despite strong state support and a strong digital sector (whose growth forecasts were recently revised up by sector body, Syntec Numérique), France risks falling behind. Digital is disrupting distribution too. France's "grandes surfaces", like Carrefour or Auchan, are working hard to respond to home-grown, "pure player" channels, such as Cdiscount and, more recently, burgeoning direct sales channels. Evian, for example, now sells directly to customers through evianchezvous.com

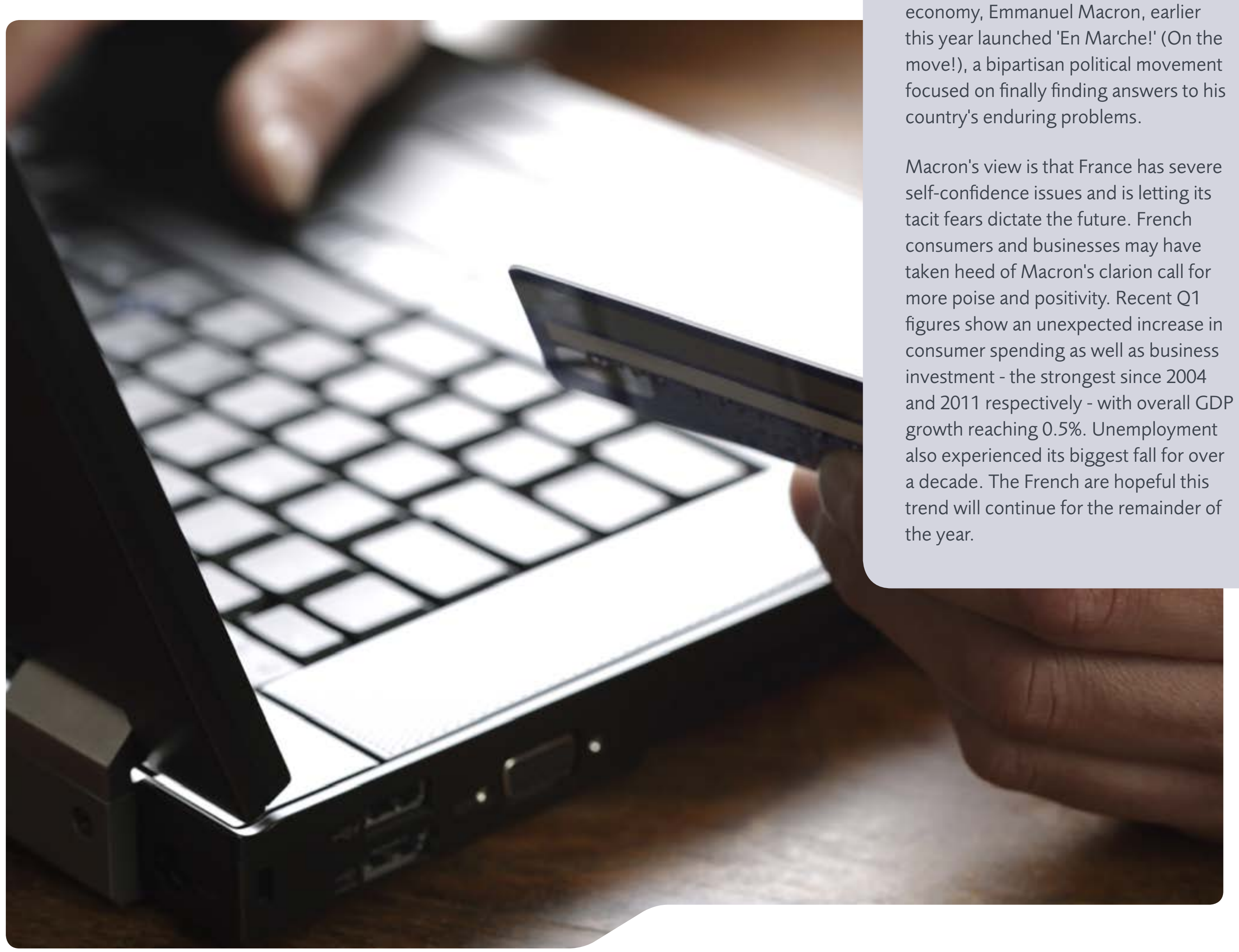
Aside from cost and convenience, digital offers scope for entirely new products and services. France's strengths in luxury goods and beauty are regularly on display in the launch of new online content and mobile apps. L'Oréal's Makeup Genius is a virtual mirror that allows consumers to test some 300 make-up products on a tablet or smartphone and Mumm, the iconic "maison de champagne", draws consumers to its virtual champagne guide, to learn about the rituals surrounding the drink.

Looking within, embracing digital means getting a company's operations and marketing right too. Like other major economies, France sees the opportunity of Big Data. But, in a country where labour market rigidity remains a challenge, it can be hard to find the right people for these relatively new disciplines. France's Syntec trade body, in tandem with digital-workforce watchdog, OPPIIEC, has recently launched an online tool: an "observatoire dynamique", providing a rich seam of information for French companies looking for skills. In addition, French producers, like others, continue to pursue end-to-end digital transformation of their processes. Automation is no conceptual newcomer, but the digital transformation has brought its own slant, with RFID tags now tracking items-in-production in real-time and the rise of "usines numériques": entirely digitally automated factories.

With all this to play for, what are the stakes, and what should companies prioritise? McKinsey's detailed report on the French digital gap estimates that consumer-facing opportunities (transformed customer journeys, and new products and services), have the potential to boost turnover by 20%. And better-focused decisions and operations (in areas like Big Data and automation) could be worth another 20%.

The consultancy, which made its name in exactly this type of big picture advice, is equally clear about what companies should prioritise. The first priority is continuing to transform the customer experience, consistently, across all digital channels: not an entirely unexpected recommendation for a sector that has exploited traditional marketing methods so well, for so long. Second comes the need to innovate in terms of offer, with strong advice to make full use of areas like crowdsourcing (already successfully used by Danone, which crowdsources ideas for new flavours for its Danette brand: both engaging consumers and cutting product development costs). Better exploitation of Big Data comes a close third, with an emphasis both on skills, and on making the considerable investments (a game heavily involving distributors too) in increasing companies' analytical capabilities.

So, in conclusion, will the digital gap close for France? As the apocryphal economist might tell you: in an increasingly interdependent and still fragile global economy, it depends; a reality captured in Napoleon Bonaparte's maxim: "forethought we may undoubtedly have, but not foresight." Bon courage!



Market snapshot

FRANCE

High unemployment and a largely stagnant economy has led France to become seen by some as Europe's biggest problem. Debates about how to fix France have also been persistent and range from changing its notoriously inflexible labour laws, to having France rescind its membership of the EU. No one, however, seems to agree on the actual solution. France's minister for the economy, Emmanuel Macron, earlier this year launched 'En Marche!' (On the move!), a bipartisan political movement focused on finally finding answers to his country's enduring problems.

Macron's view is that France has severe self-confidence issues and is letting its tacit fears dictate the future. French consumers and businesses may have taken heed of Macron's clarion call for more poise and positivity. Recent Q1 figures show an unexpected increase in consumer spending as well as business investment - the strongest since 2004 and 2011 respectively - with overall GDP growth reaching 0.5%. Unemployment also experienced its biggest fall for over a decade. The French are hopeful this trend will continue for the remainder of the year.

Nigel Wright London office move

Nigel Wright's London office was officially launched in 2007 to help facilitate the national and international expansion of its consumer industry recruitment practice. >>

In the nine years since its inception, the team in London, as well Nigel Wright's reputation in the sector, has grown significantly.

As well as being home to teams focused on sourcing talent across the sales, marketing and operations disciplines, London is also the hub of Nigel Wright's global consumer search division, a dedicated team focused on national and international c-level assignments.

Following the addition of six new consultants to the London teams in 2015-16, earlier this year the decision was taken to relocate the business to new office near Monument, on St Dunstan's Hill. CEO Paul Wilson said about the move:

"The new office provide an excellent base for the teams to drive growth in our core markets as well as offering our clients and candidates professional locations to meet. The central and prestigious location - with fantastic views of HMS Belfast, Tower Bridge and the Shard - help to promote our premium image as well as attract high potential people, because of who we are and what we offer."

One of the people to join the London office in 2016 was experienced consumer industry recruiter Sarah-Jayne Bennell, who was appointed Director of Global Consumer Search. A former McKinsey e-strategy consultant, Sarah-Jayne has enjoyed a successful fifteen-year career in recruitment, specialising in executive search within the global consumer and retail industries.

Paul Wilson commented on the appointment: "Sarah-Jayne is a highly experienced search practitioner with a strong consumer industry specialisation. Her profile is a great complementary fit with our business and I'm delighted to have her on board. We're now seeking to significantly expand our London presence, with more appointments expected over the next twelve months."

Nigel Wright expands in the Nordics

Since the last issue of Consumer Focus Magazine, Nigel Wright has opened three new offices and launched new finance and interim divisions in the Nordics to service its growing portfolio of clients in the region. >>

After launching in Stockholm in 2006, Sweden has consistently been one of the Group's best performing divisions. On the launch of its new Malmo office in February 2015, Rebecca Eileryd, Associate Director Sweden, commented:

'We already have excellent exposure to the Swedish executive market, yet this additional office has given our business the added ability to get closer to clients and offer a greater diversity of specialist sector and discipline knowledge, as well as expertise which is not locally or regionally limited.'

Tobias Sjöberg, who rejoined Nigel Wright as Regional Manager after working for a global FMCG business, relocated to Malmö in February to manage the new location. He has been focusing on developing relationships with key clients in the local area and hiring additional consultants to facilitate growth.

2015 was a another great year for the Swedish division of Nigel Wright, and at the beginning of 2016 the decision was made to expand again in the country, as the business launched another new office, this time in the city of Gothenburg, in March. Regional Manager Daniel Holtryd was appointed to spearhead the operation, focusing specifically on Purchasing, Supply Chain, and Manufacturing roles, as an extension of Nigel Wright Sweden's operations division.

Lars Herrem, Group Executive Director

He commented: 'I'm delighted to join the team at such an exciting time for the business. I'm extremely excited to continue working with existing Nigel Wright clients as well as forging new relationships in the Gothenburg and Västra Götaland area.'

Elsewhere in Scandinavia Nigel Wright continues to support clients in Finland, Denmark and Norway with talent acquisition projects focused on opportunities in sales, marketing and operation. In Norway, the business appointed a new Country Manager - Jostein Hjellegjerde – as well as a number of new consultants last year and opened a second office in Århus in Denmark.

Nigel Wright has continued to concentrate on building its capability in those key locations, making a number of new hires. In total, the company now has six offices across the Nordic region and has increased its total headcount by over 50% in the last six months.

According to Nigel Wright Group Executive Director for International Markets, Lars Herrem:

'In all, we see a very bright outlook for the remainder of 2016. Consequently, we are still adding new people to our Nordic business units, enabling us to have greater capability to manage the number of candidates approaching us, as well as clients enquiring about our services. Although our business is international, we pride ourselves on our ability to be effective at the local level, within the countries that we operate in. We continue to have strong industry relationships in the Nordics and we are as committed as ever to growing our presence in this vital geographic region.'

Victor Duran

Senior Vice President Direct to Consumer & Marketing at **Amer Sports**

Whether it's Wilson rackets for world number one tennis player Serena Williams, Salomon shoes for champion ultra-marathon runner Kilian Jornet, or Atomic skis and boots for Marcel Hirscher, the four times alpine ski race world cup gold medallist, Amer Sports is committed to making sporting goods products for the world's greatest athletes. >>

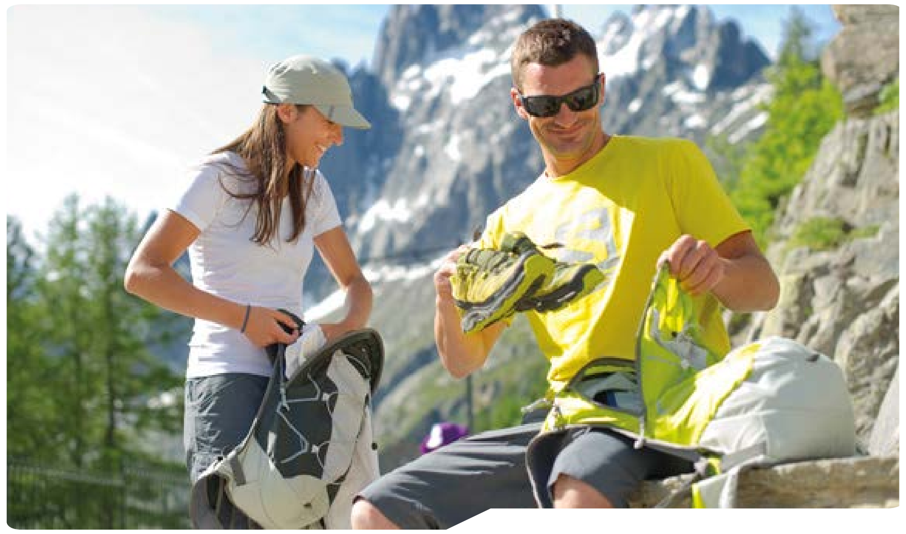
Victor Duran, Senior Vice President Direct to Consumer & Marketing at Amer Sports

You joined Amer Sports in 2010. What is your overall remit? What attracted you to the opportunity at Amer Sports?

I'm responsible for marketing at Amer Sports, essentially acting as CMO within a traditional multi-business unit corporate structure. In addition to that, I also manage the retail and e-commerce business. This primarily includes our portfolio of Salomon and Arc'teryx retail outlets as well as e-commerce channels in North America, Europe, China and Japan encompassing all Amer Sports brands. I was attracted to the role because it represented a fantastic opportunity to work with and grow some of the best brands, not only in the sporting and outdoor goods industry, but also in the world. Amer Sports is on a high growth trajectory with plans to reach $3.5 billion turnover by the end of 2020. This means the company needs to add around $1 billion revenue in the next five years. Being part of that challenge is hugely rewarding.

How does Amer Sports plan to achieve that objective?

In addition to making improvements in critical areas such as distribution, marketing, product launches and so on, Amer Sports recently announced its 2020 'glidepath' growth plan which includes objectives to develop Apparel and Footwear in the US and China, Business to Consumer and Connected Devices and Services. Apparel and Footwear, which are both major categories for Amer Sports, will grow disproportionately around the world. Business to Consumer, which is basically our retail and e-commerce proposition, will primarily support the development of our Apparel and Footwear brands. Finally, Connected Devices and Services refers to our growing portfolio of sports tracking products and apps. In line with other major players in our industry, Amer Sports is seeking to further integrate its brands into a digital ecosystem.



Can you give some examples of how Amer Sports is creating a digital ecosystem?

In May 2015 we bought Sports Tracker, an app available for the iPhone and Android devices which allows users to track and analyse their fitness performance across a range of different metrics and share their data online. Amer Sports now plans to develop a range of connected products. We already have some of the leading franchises in this area such as our watch brand Suunto and fitness equipment brand Precor, which now offer a range of connected products, but we recognise that this is a still a relatively untapped area for product development. An example of the type of product innovation Amer Sports is aiming for would be the Wilson X Connected Basketball. Launched in the US in September 2015, this digital basketball can record when it goes in the basket as well as other functional metrics such as spin rate, length of time travelling in the air and so on. On the one hand this is really helpful for basketball coaches to design training programmes for students and measure their progress remotely. The other major benefit of this ball is that you can play games with people right across the country or even the world – almost like a live action video game – creating a digital community of players. Furthermore, the metrics of the ball can also form a key part of the analysis of a basketball game on TV. This has definitely been a game changer within the world of connected devices and led to Wilson being voted one of the most innovative companies in the USA in 2015 by Fast Company.

What's the innovation process like at Amer Sports?

Part of my remit as head of marketing is to manage a small innovation team which is known as The Hub. This team collects and analyses data on emerging trends in the sporting and outdoor industry, identifying unmet needs and hidden insights and then feeds these back to each of the Amer Sports brands. The Hub then works alongside each of the brands to develop concepts and products that are aligned with those trends, something we call Idea to Consumer. The Wilson X Connected Basketball is a great example of the outcome of our innovation process. There have been some other great product launches across the group as well. Last year Arc'teryx released its Voltair Avalanche Airbag, which is an electric airbag that enables skiers caught in an avalanche to activate an airbag and significantly improve their chances of survival. Our product is different to other similar products on the market because it has a fan and battery and can be activated remotely. Also, at Salomon we launched our MTN range which integrates clothing, skis, boots and other hiking gear for all seasons. These products are all cutting edge and a result of our award winning innovation process.

How does Amer Sports ensure that it's offering the best sporting goods in the market?

I would definitely describe Amer Sports as a company of "scientific artists". Most of our employees have grown up playing the sports and activities that we specialise in and are imbued with an obsession to make products that enable people participating in those sports to perform better. We have a very creative and inventive culture, which blends art and science, and it is driven by people who are sports practitioners who get to work alongside actual sports professionals to try to make the perfect products. So, having people who really understand the nuances of the industry and the products certainly helps us be the best at what we do. Furthermore, working with the very best athletes means that we're constantly challenged to achieve more to meet the very high expectations of these exceptional people. For example, Kilian Jornet, widely regarded as the world's best ultra-distance trail runner is one of our athletes. In 2010, after winning practically all major European competitions, he came to the USA for the first time to compete in the Western States Endurance Run, a 100 mile ultramarathon across California's Sierra Nevada Mountains. He struggled on the course and ended up finishing in third place. The next time around, he did not want to leave anything to chance, so he worked with the Salomon development team to develop the perfect footwear and apparel for the race's climate and geography. And in 2011, wearing our products he won, becoming the first non US/Canadian citizen to do so.

> "...working with the very best athletes means that we're constantly challenged to achieve more to meet the very high expectations of these exceptional people."

How do you truly differentiate yourselves from your competition?

Arguably, Amer Sports is the only sporting goods company that manufactures everything from soft goods, to equipment to electronic devices as well as providing services too. So, you can use all of our equipment and apparel while exercising and competing throughout the year and at the same time access, for example, your Suunto watch and track all of your metrics. So, we effectively surround the athlete. We also believe that our products genuinely make a difference. So, you win an ultra-marathon because of your footwear more so than your apparel. Or, you win a tennis match because of your racket rather than your trainers – our equipment is just a little bit more special in that respect and that's why consumers choose us over other brands.

Can you give some examples of Amer Sports campaigns that have sought to leverage the omni-channel approach to marketing?

Firstly, I don't believe it's important for Amer Sports to be at the cutting edge of a trend like omni-channel but we do believe in doing the basics well. So, for example, over the last five years we've aggressively invested in and opened up branded stores and ecommerce channels. Previously, we only sold through wholesale retail, so we didn't have any of this kind of infrastructure in place but now we're focused on making sure we're delivering excellence in these areas. We're about to redesign our 130+ Salomon stores around the world and we'll be testing omni-channel techniques in those but only things that have been proven to work, rather than trying to innovate ourselves in this area. For example, we don't anticipate Click and Collect to be a big area for us as we don't actually have a dense footprint of brand stores. However, improving Online Information and the Online Inventory available inside our stores as part of the natural buying process is a key developmental area for us. The other area we've been working on is customisation, so consumers can now go online and customise Wilson Gloves, Demarini bats, Suunto watches and Atomic skis prior to making a purchase.

Which companies, in your opinion, have demonstrated expertise in the omni-channel approach? How will this trend evolve over the next few years?

A brand which I've been impressed with is the cycling brand Rapha. It has an excellent online presence which is complemented by a limited number of café/retail outlets, as well as its Rapha Cycling Club which hosts a number of events each year. This all helps to tie consumers in to one big on and offline eco-system. Rapha has cleverly positioned itself as more than a shop, but rather as a place to hang out and I genuinely believe that any brand that wants to survive and be successful in the future needs a strong offline retail proposition to complement its online presence. I think we're going to see more sophistication in how brands leverage online search. So today, Google, Amazon and Facebook are the three main tools used by consumers to search for products and brands need to be absolutely certain that their search strategy on these sites is robust and clearly differentiated. Tied into this is content which must be inspirational, educational and commercial; not having any one of these attributes will be detrimental over time. Then, brands need to make sure that they have great partnerships with other retailers, both on and offline, to sell their products.

> "Launched in the US in September 2015, [the] digital basketball can record when it goes in the basket as well as other functional metrics..."

Growing in China is a key part of the Amer Sports 2020 glidepath. What has been the impact of slower growth in that market?

We are continuing to grow in China, so the economic climate doesn't seem to be affecting our growth too much. First of all we're still relatively small in China so there is a lot of upside. Also, China is a huge market and despite the difficult market conditions, there are still a vast number of social climbers in the country who have, in recent years, seen their disposable incomes increase significantly. Consequently, they have been and continue to be interested in buying outdoor and sporting brands which are considered to be 'cool'. At the same time, the super wealthy Chinese are now beginning to turn to outdoor and sports brands as an alternative to expensive luxury brands which have previously grown very strongly in China. What we're finding is that both practicing the sport and living the lifestyle is becoming part of the culture in China and that is playing to our advantage.

To achieve its 2020 glidepath objectives, Amer Sports must make a significant investment in people development. What initiatives have you led in this area?

Within the ecommerce and digital marketing areas of the business, we've hired around 60 digital experts over the last four years, across all of our brands and regions. Digital marketing is clearly an in-demand skill and we're actively interested in attracting and retaining the best digital marketers. The other major recruitment drive the business has undertaken is to identify well rounded commercial leaders – people who have a really good holistic understanding of wholesale, retail and ecommerce and how these channels work together. A third area and the next phase of Amer Sports talent attraction strategy is introducing people into the business who know about demand creation. We're great at making products with solid concepts that consumers want as well as distribution. What we're not doing yet, which other brands are, is building demand in a cost effective way – getting to the consumers before they've made their purchase decision and creating demand for Amer Sports brands.

What kind of leader are you? How do you get the most out of your teams?

I try to set ambitious goals, create support for those goals and ensure we put the capability and capacity (both people, process and systems) in place to deliver them. It's the combination of these three factors that helps to create high performing teams. When I joined the business in 2010, the company developed a goal of driving direct to consumer sales. At the time Amer Sports had a turnover of around €25 million in direct to consumer and we wanted to grow this to €170 million by 2015. This was a big opportunity but in order to achieve our target we needed to significantly increase our portfolio of stores around the world and create ecommerce channels for all of our brands, among other things. These were definitely ambitious goals, but we put the plans in place, hired some great people around the world, and followed that up with the right investments to build a sustainable platform. In the end we hit our targets a bit ahead of schedule and plan on doubling sales in the coming four years.

> "Last year Arc'teryx released its Voltair Avalanche Airbag, which is an electric airbag that enables skiers caught in an avalanche to activate an airbag and significantly improve their chances of survival."

Prior to joining Amer Sports two years ago, you spent four years working as a consultant. How have you found the transition from working as a management consultant to moving back into an in-house strategic role?

I spent seven years with P&G during my early career and it was there that I learnt the fundamentals of business and how to be disciplined, methodical and robust. Working as a consultant is a great way to both build on and broaden your experience as it exposes you to a variety of different industries, people and challenges – I would actually describe it as a paid PhD. It was particularly valuable to me from a personal perspective as it enabled me to learn some models outside of the P&G way of thinking. Consulting also highlighted to me that sometimes it's beneficial to be more flexible and apply different methods to different situations. During my four years with Zyman Group I also learnt how to really influence and change the thinking of presidents and business unit leaders. So, moving back in-house was relatively easy and it meant I was able to comfortably work with the Amer Sports portfolio of brands, regardless of their size or the category.

Do you have a favourite Amer Sports brand?

The beauty is that you can like them all, because we have such a wide variety of products. It's impossible for me to choose a favourite one but if you come to my house you'll see that it's full of Amer Sports stuff – probably too much stuff if I'm honest!

Outside of work, how do you challenge yourself?

During the winter I love to ski with my kids and ski tour with the Swiss Alpine club. During the rest of the year I love to cycle, run and sail.

Death knell or rebirth?

Building FMCG brands in the age of the discounters

The privilege of living and working in Munich for two years gave Richard Nall a dispassionate position from which to judge the UK retail scene on his return. Having supported a number of CEOs in the last two years, he believes that all is not rosy, and that companies are struggling for answers to current market turbulence. In this interview, he gives an alternate view of the UK retail market situation and suggests a route forward for brand owners. **>>**

The proximity battle

The exceptional job that traditional multiple grocers did in reinventing the convenience, or proximity, shop is well recorded. For this, they deserve high praise and yet, following the law of unintended consequences, they also enlarged the window of opportunity for Aldi and Lidl through sensitising shoppers to the experience and value of being able to shop for high quality goods, at reasonable prices, locally.

The 2008 financial crisis accelerated the inevitable as consumers responded to the quality propositions of the discounters, moving spend away from the multiple grocers, whose recognition of the need to change value propositions came slowly and late.

The UK is not Germany...yet

In trying to foresee the UK retail scene of 10 years' time, a trip to Munich might do wonders for your introspection. There is no particular reason for choosing this lovely city but you might as well take in the opera, Viktualenmarkt and the Hofbrauhaus whilst you are there!

Remember Aldi and Lidl have a 40%+ share so visiting Real or V-Markt will be instructive. You will see a very different retail landscape. You might notice two things amongst others: the large amount of space given over to Home & Gardening (suggesting Mike Coupe might be onto something with HRG) and the seemingly random allocation of space to categories and brands.

You will note that categories such as dairy and alcohol are thriving and brands such as Tempo hankies and Milka chocolate appear to have intriguingly large amounts of space; a seemingly 'distorted' space allocation in comparison to UK norms. The truth is that these retailers back the categories and especially the brands that support an appealing, differentiated offer for which shoppers will treat them as a destination. Aside from these, ranging is also very tight.

> "The 2008 financial crisis accelerated the inevitable as consumers responded to the quality propositions of the discounters, moving spend away from the multiple grocers."

> "...the inconvenient truth is that there has never been a time when [UK retailers] have needed powerful, distinctive brands more to help differentiate offers and attract shoppers."

Back in Blighty, whilst discounter share in some categories is racing towards 20%, the traditional multiples have busily pillaged suppliers' P&Ls to prop up profitability. Yet the inconvenient truth is that there has never been a time when they have needed powerful, distinctive brands more to help differentiate offers and attract shoppers.

False economy and earning reward

And herein lies the rub. Too many FMCG companies, whilst proudly broadcasting brand guardianship, have been undermining those very bastions of long term profitability through one or more of: cost-engineering dressed up as quality improvement, excessive promotional activity to sustain volumes, and inconsistent application of basic branding principles.

Please indulge me for a moment. My father retired some time ago. He has always had a sweet tooth. He has bought a certain impulse brand since before I was born... until a couple of years ago. He rang to tell me what he thought (he's always been very good at that!) of those who had cheapened his favoured purchase in that renowned 'new improved' way. He used to be intensely loyal to that brand but, alas, no more. In fact, when I quizzed him in preparation for our discussion, he hadn't purchased it since. He has damned them to hell... and they can surely stay there. He has replaced it with a much better, and cheaper, Lidl product.

As Adam Morgan noted in his seminal book Eating The Big Fish, brand leaders have always been masters of 'being just good enough' whilst the poor old follower has had to over-commit in order to gain traction. Worryingly, not only brand leaders' but also brand followers' short-term tactics to boost profitability have resulted in them gaining the perception of 'not being good enough', significantly undermining their performance and brand power as a consequence.

The great benefit of observing new brands emerge is that they remind us precisely what we should cherish about our own. Whilst attractive packaging does all the pre-trial work, it is the product's quality that converts this from an unknown, risky one-off into a must-have discovery to be recommended to friends and family... and leads to the next entry in the sales ledger... and the development of intangible brand value. Consider Innocent or Yollies.

In other words, we all know that financial performance is the direct reward of providing products that our customers need, want, and for which they will return in future... but we ignore the evidence in front of us, and myopically covet the numbers in our latest P&L report.

Driving consistent, superior profitability

Luckily, there is clear evidence that superior profitability comes from focusing back on the basics. In their excellent 2013 Harvard Business Review article 'Three Rules for Making a Company Truly Great', Messrs. Michael E. Raynor and Mumtaz Ahmed from Deloitte LLP analysed in excess of 25,000 companies listed on the US exchanges between 1966 and 2010 to understand how companies with superior profitability

Market snapshot

UK

A relatively positive start to 2016, following a long needed stint of consistent economic growth in the UK, gradually waned after Q1 as insecurities regarding the June referendum on EU membership began to seep into consumer and business consciousness. Consumer confidence, which had remained high up until April took a tumble in May and that coincided with a slowing down of GDP growth – lower in fact than the overall growth of the Eurozone.

Although the prospect of a Brexit was certainly one of the likely reasons behind this turn of fortunes, moderate demand for British goods leading up to the mid-point of the year also had an impact. Businesses may be cautious making investment decisions in the uncertainty following the vote and as a consequence, the UK's growth projection for 2016 will be lower than expected at the end of the year.

> "Whilst it is convention to combine price cuts and promotional feature space, this is an evolved phenomenon and hides an essential truth: price-cutting to drive sales is a sign of brand weakness leading to financial inefficiency."

consistently outperform the stock market. They came up with three surprising (or perhaps not) conceptual rules:

1. Better before cheaper (compete on differentiators rather than price);
2. Revenue before cost (prioritise revenue growth over cost reduction);
3. There are no other rules (so make very sure you are good at rules one and two).

I say 'surprising' because all of the other measures one might expect to be drivers of value e.g. customer focus, asset utilisation, superior gross margin, innovation rates etc. had a negligible effect in comparison. What mattered most is not what they did, but how they thought. These companies institutionalised a desire for being better and for searching out growth.

Young's Seafood exhibited this approach throughout the late '90s and noughties, taking brand leadership of frozen seafood along the way. The brand's decline coincided with an arguable dilution of these principles as the company sought to 'cut its way to profit growth'. When I returned to the business in 2014, the key reason for our rapid success in improving business performance was a focus on these 'rules', reinvesting in product quality and targeting those shoppers, consumers and market segments whence we could derive growth; essentially earning financial reward as a result of being better and for chasing growth in the most favourable market areas.

Board room influence

Most FMCG businesses claim that marketing is essential to success but, as I have already intimated, this is often less true in practice. Marketing leadership implies a relentless focus on brand building as a pre-requisite to financial success. More powerful brands sell more at full price with a reduced need for discounting and certainly a reduced need for deep discounting. Whilst it is convention to combine price cuts and promotional feature space, this is an evolved phenomenon and hides an essential truth: price-cutting to drive sales is a sign of brand weakness leading to financial inefficiency.

It follows that the outcome of effective brand management is enhanced profitability and cash flow yet most junior and middle ranking marketers (and quite a few senior ones) place greater value on the process than on the business outcome. It is unsurprising that marketing departments struggle to be taken seriously in a world in which the hard reality of driving profitability, with ranging and margin under the cosh, seems to leave no place for 'pretty pictures and flower arranging' (as one particular Sales Director once explained it to me!).

Marketing Leaders (and I don't just mean the Marketing Director) have an imperative to ensure that their teams are financially literate, understand their P&L and balance sheet, and can evangelise on the direct links between product quality, brand development and superior sales growth, cash flow and profitability.

So what to do?

Develop strategic insight and discovery skills

Marketers are often split on the value of strategic research e.g. segmentation. There is no doubt that they are both considerable investments and resource intensive to deliver. Many prefer using cumulative ad hoc research studies as the basis of their programmes. However, this is akin to pre-supposing that developing and executing a series of tactics equates to having clarity of the strategic choices you are deliberately pursuing.

The value of segmentation lies in your teams defining the market they are in e.g. shaving vs personal grooming or cold drinks versus refreshment. It brings real clarity of the strategic target audience from which your business will derive its growth. It will enable you to define brand stretch parameters and formalise the attributes and benefits required of your innovation.

In this omni-channel retail and media world, it can be overlaid upon purchase and media panels to create more integrated views of shopper behaviour, consumer product needs and media consumption patterns than have been hitherto available. Think of it as the Ordnance Survey map of your market that will significantly enhance your journey planning and ensure you pick the best route/sights to see. Specific projects can then be supported with bespoke qualitative and quantitative research as required.

> "Most FMCG businesses claim that marketing is essential to success but, as I have already intimated, this is often less true in practice."

Really think through your approach to research and what type of discoveries you wish to make. When developing actionable insights, brands are often built on narrow insights that are intensely relevant to the category but are also restrictive. Take Snickers' 'you are not you when you are hungry' or Lurpak's 'great food tastes better with butter' (with apologies to the original crafters!) and you have universal insights executed by those brands in a way which holds universal appeal, significantly enhancing growth prospects.

Prioritise brand distinctiveness

The work of our Deloitte authors clearly implies that superior profitability is a direct result of marketing activities. In order to be 'better before cheaper', we have to understand our customers' needs and be able to derive powerful brand and product platforms that are both relevant and defendable over the long term such that they can generate sustained revenue.

Academia has taught a generation of business people that brand differentiation is their objective. This appears a sensible goal but is arguably misguided, when a focus on creating clarity and distinctiveness will serve you better. Your brand will have a number of (usually not so) discrete emotional attributes in an attempt to make you stand out in your category but if your communication of these is grey, you will remain unnoticed. Recall some favourite brands, and I suspect you will remember a piece of iconic advertising or packaging that made them distinctive in your mind's eye. That advertising, e.g. Guinness Sea Horses, Cadbury Gorillas, or perhaps Jonathan Warburton and the Muppets, had a substantial impact on consumer recall and consequent sales because it stood out from the mundane. This might lead you to conclude that your focus is differentiation but it is the brand's distinctiveness that is the driver.

> "It should be no surprise, therefore, that integrated communications are more likely to trigger successful recall and purchase, driving a significantly greater return on investment."

Invest in product differentiation

Product differentiation through superior actual or perceived performance ensures satisfaction and confirmation that the correct choice was made, can be recommended, and should be considered again. As mentioned above, that superiority is the starting point for, and constant reinforcement of, brand value. For food brands, actual differentiation seems difficult to sustain yet many businesses do not have a pervasive food culture from boardroom to factory floor that delivers and sustains effective scaling up from development kitchen to manufacturing.

Build consumer memory structures

The long-term creation of distinctive brands does not need to come from a one-off TV commercial. If you delve into your brand archive it is likely that, at its most successful, your brand/advertising was built on a meaningful human insight and executed consistently over many years (rather boring for the marketer trying to make a name for him- or herself). Successful brands ensure that core messages and imagery are consistently applied across a myriad of touch-points, particularly in-store, to ensure that consumer memory structures are rigorously built and reinforced over time. It should be no surprise, therefore, that integrated communications are more likely to trigger successful recall and purchase, driving a significantly greater return on investment.

There are, of course, times when the advertising idea has had its day and needs to be replaced but beware thinking this is a simple exercise. Careful thought is needed to isolate those key elements of your advertising to be retained. The acquisition of Bounty from P&G required SCA to migrate to Plenty. We were particularly concerned to maintain the right tonality as we replaced P&G's successful 'Strong Housewives' campaign and I will admit to some sleepless nights as we launched Juan Sheet. I needn't have worried. He has been a huge success, all due to the excellent work of the brand team and Publicis.

Too many 'campaigns' are allowed a single airing before being declared a failure with the brand team returning to the drawing board. It will be pretty obvious if it really isn't working (your employees will tell you!) but all too often the decision to ditch is made hastily, ignoring the fact that consumer memory structures might have been broken and require rebuilding over some considerable time. Sometimes, historic memories are so powerful that they override whatever you do and the brand needs to find a way back into them; witness PG Tips.

Emphasise penetration, not loyalty

A central 'truism' I was taught early in my career was that 20% of my customers account for 80% of my sales and so I should focus on keeping them. I remember being bewildered when it was more like 20:50, having to recheck my numbers as I presumed I had made an error.

There was no error. Your brand(s) will show similar characteristics meaning that the other 80% of your shoppers have more importance in the revenue equation than you might have hitherto considered. A deep analysis of 'heavy' buyers may well find that 'heavy' is a rather transient concept year on year, whilst true loyalists will inevitably be 'rewarded' through your overall marketing mix (being the most pre-disposed to your brand).

> "Too often, colleagues complain that the short-term overwhelms the long, impacting on the company's ability to build sustainable shareholder value."

For many brands/sub-brands, prioritising penetration is a matter of common sense since they have relatively low penetration rates (less than 50%) and scarce resources. At the risk of stating the obvious, driving penetration also equals more shoppers meaning that you have a greater chance of supporting your customers' desire to be a preferred shopping destination.

Innovation: plan for the long term

Executives who pursue the 'throw-it-at-the-wall-and-hope-some-sticks' approach to innovation are essentially saying that they prefer the freedom to be 95% wrong (the oft quoted innovation failure rate) compared to the 50% - 70% wrong of those who demand more rigour. The 'as much as possible' option also has the risk of diverting your attention from building strong product pillars with economic scale to protect you from retailer whimsy.

Support your innovation with a clear articulation of brand architecture and strategic initiative frequency (what and when!) over the next 5 – 10 years. You will be able to isolate and fully define those areas where a more scientific approach to R&D might give you something of protectable value. Too often, colleagues complain that the short-term overwhelms the long, impacting on

"Too many 'campaigns' are allowed a single airing before being declared a failure with the brand team returning to the drawing board."

the company's ability to build sustainable shareholder value.

Unleash the power of data

It is an obvious statement: 'We must extract every penny from the P&L from retail sales value to operating profit'. However, you won't be alone in unhappily condoning +/- 20% forecasting accuracy whilst your promotional RoI analysis might still be an aspiration rather than reality. With the variety of data sources/ manipulation tools available, there are substantial opportunities here.

Consider recasting your category team into a Category Strategy and Advanced Analytics Team. Give them a data and insight role bringing together marketing mix modeling, forecasting and trade spend optimisation and you will create a powerful advisory group who can support inter-disciplinary decision-making (better marketing and joint business plans for a start) as well as consulting with customers on optimising category profitability. Tesco/ BCG took a comparatively simplistic approach to modeling its category reset, and this should act as a wake up call to embrace and drive an area that has been ignored for too long.

In conclusion

UK retailers need strong, distinctive brands with differentiated products...now. The product quality of many brands is arguably not good enough to support these customers in their hour of need, and to the eventual detriment of brand owners.

Our authors from Deloitte showed that successful profitability stems from your business philosophy rather than your process or systems. Get back to basics. Eulogise financial performance as the reward for having a superior marketing mix.

Do you really understand your market landscape and consumers? Do you have a truly distinctive brand built through exceptional creative talent? Does it make you laugh, cry, cheer...? Do you really love your product? And do your consumers?

Are you disciplined in execution, ensuring consumer memory structures are consistently built and reinforced? Are you building brand/ sub-brand/product pillars with substantial

economic scale (aka consumer reward) that are nigh on impossible for a retailer to delist?

Are you treating your innovation funnel as a funnel? Do you have a balanced project portfolio?

Have fun. Embrace data.

The leading retailers will continue to flex ranging to better compete with the discounters. Large or small, make sure you are one of the winners.

Private label decline
a chance for Spanish retailers

Market snapshot

SPAIN

Spain's recovery has continued apace over the last 18 months, and by the end of the year its economy is expected to have expanded by 2.7%. The country still has the highest unemployment in the western world, however, and analysts have pointed to that as well as domestic political uncertainty and international economic tensions as being a key reason behind a fall in consumer confidence at the start of the year. Despite this underlying sense of foreboding about the future, low interest rates as well as the falling oil price have given Spanish consumers greater spending power, and strong retail sales driven by food and non-food categories as well as a booming tourist trade, will likely help Spain be one of Europe's fastest growing nations, ahead of France and Germany. Ecommerce sales have also risen to record levels showing how the shopping habits of Spanish consumers are gradually becoming more aligned to their peers in Europe.

Private label decline: a chance for retailers and manufacturers to reinvest in product innovation. >>

Between 2009 and 2013, Spain's private label market grew by over 30% as the economic crisis effectively forced retailers to offer consumers more low cost alternatives to branded goods. Led by supermarket chain Mercadona, a fierce price war began in the Spanish grocery trade as stores actively removed unprofitable branded product lines, and focused instead on developing portfolios of low cost private label goods. Mercadona, for example, introduced 64 private label yogurt varieties between 2010 and 2012 alone; an indicative strategy that helped the business remain profitable during the 'great recession'.

"...stores actively removed unprofitable branded product lines, and focused instead on developing portfolios of low cost private label goods."

Spain's economy, however, is gradually leaving its troubled past behind. This is evident in the fact that the country has recently recorded its ninth straight quarter of positive GDP growth, while unemployment has also fallen to its lowest level in four years. With more consumers again enjoying the stability of permanent employment, consumer confidence has risen and spending has increased. The FMCG market has now stabilised amidst this more favourable climate, with retail sales climbing at a faster rate than in previous months and at above the expected growth rate for the year.

The last few years of living through austerity, however, has ingrained a culture of frugality into the mind-set of the Spanish consumer. Shopping for value is still a major priority for people and amidst a retail environment swamped by heavily discounted private label goods and a never-ending cycle of promotional offers, almost half of shoppers, according to a recent study, still actively seek discounts. Yet the revived economy is leading to subtle changes in the sector, in particular by heralding the return of branded goods manufacturers, who want to lure 'better-off' consumers back to brands.

Although Spain still leads Europe in terms of the size of its discounted private label market, with over half of grocery products falling into this category, a recent study confirmed that only a third of Spanish consumers intend to buy private label products over the next 12 months. Private label spend in Spain had already declined between 2013-2014, in line with a broader European trend, yet whereas retailers and manufacturers in the UK and Germany, for example, are finding ways to reintroduce more standard prices to reset the balance, Spanish-based firms are still trying to satiate discount hungry consumers with offers.

By tapping into the changing psyche of the Spanish consumer - who stills wants to spend cautiously but believes their increased wealth and stability means they can enjoy the 'well known' products again - brands are being positioned as 'affordable' and sold at lower prices; and consequently branded goods manufacturers are regaining market share. A good example of this in action was the launch of the small €1 Cornetto by Unilever Spain, in 2015. Analysts believe, however, that this type of activity is potentially damaging in the long term, as it could diminish the premium aspect of brands and train consumers to focus only on price, while ignoring other 'brand attributes' like health or convenience.

With the grocery trade in Spain seemingly committed to driving its discount agenda, the price difference between private and branded goods is shrinking. That is clearly an unsustainable model for retailers and manufacturers and therefore something must change. Retailers still want to create successful private label portfolios and reap the rewards of higher margins. In order to do so, however, they must invest in further distinguishing their products from the branded equivalents. Likewise, branded goods manufacturers must embed new ideas and quality into products, something which has seemingly been lost in the race to reduce prices.

What has been apparent during the last few years is that businesses in the consumer products industry that have moved forward amidst the enduring burden of austerity have been those that have developed successful innovation programs; innovation therefore, is still the key ingredient that will guarantee success in Spain's retail environment. Industry analysts are also calling for greater collaboration between retailers and manufacturers to meet the needs of consumers, but also to find ways to ensure collective profitability by nurturing healthy competition through a mixture of discounted and standard priced goods, and private and branded labels.

> "By tapping into the changing psyche of the Spanish consumer, brands are being positioned as 'affordable' and sold at lower prices."

Featured interview >>

MIGUEL CHAPA, MARKETING DIRECTOR AT BEL SPAIN

Miguel Chapa

Marketing Director at Bel Spain

Bel Group is the French multinational owner of a range of iconic global cheese brands including Babybel, The Laughing Cow, Kiri, Leerdammer and Boursin. We caught up with Bel Spain's Marketing Director Miguel Chapa Monteagudo to find out how the business has experienced rapid growth in Spain over the last few years despite challenging market conditions. >>


Miguel Chapa Monteagudo
Marketing Director at Bel Spain

Bel Spain began a journey of transformation a few years ago. Why was this journey necessary?

Undoubtedly, the difficult economic conditions in Spain over the last few years have severely impacted the growth of branded goods makers such as Bel. This was particularly apparent within the context of the cheese industry, where Bel primarily operates. The cheese category in recent times has become more and more commoditised and has been in desperate need of a 'step change' to better address new trends and challenges. So, to combat prevailing economic conditions and remain competitive in a rapidly changing market, Bel needed to transform its approach and leverage the expertise of different departments across the business, working collectively to address various factors. These included how to better understand its consumers, improving its customer engagement both on and offline, and working towards building better relationships with external partners. At the same time it needed to invest in its own people, as it was clear that they would be the key to the business achieving the objectives of its transformation.

During the last three years and despite enduring difficult market conditions, Bel has been one of the fastest growing FMCG companies in Spain. What has been the key to Bel's success?

That's right, while FMCG in Spain grew by 2.6% during the last three years, the organic growth of Bel was 12.7% according to Nielsen. The strategy which has ultimately helped Bel grow ahead of the market is fourfold. Firstly, Bel has redefined the marketing strategies

> "Understanding the potential of cheese to become associated with healthy snacking has been critical to Bel's success over the last few years."

for its core brands and leveraged consumer and shopper insight to better align its brands with trends impacting consumer behaviour. Secondly, Bel has invested in improving on and offline communications, providing consumers with a better all-round 'experience' of its unique brands across multiple channels. Thirdly, Bel has gained a greater understanding of point of sale (POS) and developed activation strategies to improve product visibility in-stores. Finally, in line with Bel's core values of 'dare', 'commitment' and 'taking care of people', the business is being inspired to transform its operational processes to better meet the needs of its employees as well as its external partners.

Child nutrition is a big trend in the food industry and one that Bel has sought to leverage. How has Bel successfully sold cheese snacks to mothers who might associate them with not being healthy?

Understanding the potential of cheese to become associated with healthy snacking has been critical to Bel's success over the last few years. The reality is that cheese already has an excellent reputation for its nutritional properties, compared to other snacks that are consumed at similar times during the day. Cheese has also always been a preferred snack for Spanish people of all ages; in fact, 82% of Spanish households regularly consume processed cheese. At the end of the day, it is the quality and origin of our ingredients which are the key factors behind our premium price point. So, as well as highlighting the quality, convenience and nutritional factors behind our brands, we have also tried to associate them with childhood 'moments of consumption' such as the mid-morning school break or the afternoon 'merienda'. Mums are bombarded by so many unhealthy snacking options for their child and we've worked hard to establish the fact that if they choose Bel, they are guaranteeing that their child will be eating healthy snacks throughout the day.

Generally, is healthy living and dieting still an underdeveloped market in Spain?

Certainly in Spain, as well as in other European markets, there is still a great deal of opportunity for brands to grow by tapping into the healthy eating trend and it's the snacking

category, in particular, which offers the most attractive opportunities for food manufacturers. The demands of modern life have led many people to change their eating habits and research has shown that food is now generally consumed more frequently during the day, but in smaller portions. The combination of healthy snacking and the fact that consumers don't want to sacrifice on taste and pleasure, is a megatrend which will continue to dominate the food industry for the foreseeable future. At Bel, we want to make sure that throughout the day consumers who select our snacking brands get the nutritional balance they need to stay healthy. Embedding an association between the moments and experiences of daily consumption and the nutritional properties of our products is decisive to achieving brand loyalty moving forward. La Vaca que Ríe Light is an example of this in action. It's a snacking brand specifically targeted at women and we're delighted that there is now strong appeal for the product because of its healthy, low calorie, tasty and nutritious qualities. It is becoming a popular mid-morning and afternoon snack for women at work and at home. We believe that the 'dairy goodness' integral to our product range is a strong asset which goes a long way towards satisfying the current and future needs of consumers.

> "...the business is seeking to leverage its current digital capabilities as well as hire and build partnerships with other 'digital talent'."

You mentioned that embedding digital capability is a key priority for Bel. What's the business up to in this area?

Embedding digital capability is an integral component for ensuring Bel remains competitive now and in the future. Our two main priorities in this area are people and technology. Focusing specifically within the marketing function, the business is seeking to leverage its current digital capabilities as well as hire and build partnerships with other 'digital talent'. This will help us to better understand how to best exploit the most relevant and cutting edge tools across the digital marketing mix. The marketing department is also tasked with educating and leading change across the rest of the organisation. The rapid evolution of technology, alongside globalisation and demographic confluence is all part of a new social paradigm which is affecting every industry. Making the necessary adjustments to align Bel to this new paradigm is a critical step the business needs to take in order to define its future strategies. We have really only just begun our journey and acknowledge that this transition will be painful, but are confident that the outcome will be that we become a better and more competitive organisation.

Ecommerce hasn't matured in Spain yet; most Spaniards still prefer to shop in store. How does Bel work with retailers to maximise sales on and offline?

The adoption of ecommerce in Spain has certainly been slow compared to the rest of Europe. I was actually involved in the launch of Carrefouronline in Spain in 2002, yet fourteen years later Spanish FMCG sales via ecommerce channels only account for one percent of the total market. I do think, however, that adoption and growth of ecommerce in Spain will be much quicker over the next few years. Global brands such as Amazon and Alibaba have a much greater presence here now and businesses are also discovering how Google and Facebook, for example, as well as being fantastic marketing tools are also fast becoming global leaders in ecommerce solutions too. It's vitally important for the FMCG trade to stay abreast of these developments. Bel aims to partner with the most advanced retailers, which are typically those that are willing to support Bel's digital focused brand activation at the POS.

Bel has been hiring talent from outside the business to help with transformation, bringing in people from big FMCG brands. What's the attraction for individuals from 'blue chip' backgrounds?

The values I mentioned earlier are a real motivation for people who join Bel. Our values are not just simply theoretical or ephemeral either, but rather they are tangible business attributes that you can literally 'breathe in' when you walk through the door. Furthermore, our recruitment process is very transparent; we want to give those considering joining Bel as much insight as possible into who we are and what we do. People appreciate that kind of honesty and it adds to the attraction. As well as digital skills, Bel is also keen to attract individuals who are strategic, pragmatic and creative and we believe people with those qualities can thrive within Bel's culture. I joined Bel three years ago having previously worked for bigger multinationals and I find every day here more exciting than the last.

You originally trained as an engineer. What made you then dedicate your career to FMCG and Marketing?

In the late 1990s following the completion of my engineering degree, I joined Carrefour because, like many big corporations at that time, the business was actively seeking people with engineering backgrounds. I had no intention of pursuing a marketing career, however, my first role at Carrefour was in purchasing and category management which meant that I had a lot of interaction with people in the key account management and trade marketing side of the business. I quickly took an interest in those types of roles and, after acquiring a master's degree in marketing, was able to transition to the 'other side'. Life in the retail industry certainly helped me develop a sense of pragmatism, which I believe is an essential business skill. I've found the move into FMCG more dynamic overall, mainly due to the strategic and creative elements of the work. Looking back, there was clearly some synergies, from the start, between my interest in engineering and marketing. The term engineering is derived from the Latin 'ingenium' which means 'to invent' and that's basically what marketing people do.

What kind of leader are you? How do you get the most out of your team?

I'm a very value driven person and I try to constantly lead by example and imbue Bel's values into my team. I believe in empowering other people and operate in a system where everyone is clear about their role and responsibilities. Furthermore, I encourage collaboration as well as strategic thinking, pragmatism, innovation and creativity as I believe those attributes are key to creating a motivated and successful working environment. Above all else though, I want my people to have fun. I do adapt my management style if I think it's necessary, but generally that summarises my approach.

BCG
THE BOSTON CONSULTING GROUP

Fashion and Luxury
A New Era of Opportunity

Over the past five years, the global fashion and luxury sector has delivered extremely strong value creation, thanks to rising incomes in many emerging markets and a recovering global economy. >>

In 2015, The Boston Consulting Group conducted its annual study of the total shareholder return (TSR) of nearly 2,000 publicly traded companies in 27 industry sectors, of which 41 were in the fashion and luxury sector.[1] (See Value Creation for the Rest of Us, BCG Value Creators report, July 2015.) During the five-year period from 2010 through 2014, the fashion and luxury companies in the sample returned an annualised TSR of 25%. The sector ranked first overall among the five consumer sectors we analysed—consumer durables and retail (which tied for second), travel and tourism, and consumer nondurables were the other four—and first overall among all 27 industry sectors. (For an overview of the entire group of consumer sectors, see "The Return of Growth," the BCG 2015 Consumer Value Creators Series, November 2015.)

The Drivers of TSR Most of the top-performing companies were able to create value primarily through sales growth and improved valuation multiples, with smaller contributions from improved margin performance. (See the exhibit, "The Fashion and Luxury Top Ten, 2010–2014.") For example, Under Armour, which tied with Fawaz A. Al Hokair for first place, generated 29 percentage points of TSR from sales growth and 31 percentage points from changes to its multiple, with little or no contribution from any other levers. Under Armour is also notable in that it is one of four companies to make a repeat appearance on the top ten list, along

with Sports Direct International (which finished third), L Brands (fourth), and Hugo Boss (fifth).

Turbulence in China As in prior years, the top performers in the sector were primarily mass-apparel companies, rather than high-fashion labels. That is partly due to flattening growth in emerging markets—particularly in China. During the past decade, as that country's wealthier population increased in size and affluence, many fashion companies were able to grow significantly by opening new stores in the region. Yet when growth in China slowed and consumption rates eased in 2014, the revenues for those companies plateaued as well. Businesses are now trying to drive growth by improving same-store sales rather than opening new stores. In addition, frugality and anti-corruption reforms in China have hurt specific segments in the fashion and luxury industry. Gift-giving practices among private companies have slowed, and the custom of sending even small gifts to government officials or employees of state-owned enterprises for the Chinese New Year or the Midautumn Festival has largely vanished. What's more, the use of public funds for any purchase is now heavily scrutinised.

This shift has directly affected the sales of luxury products—particularly watches, small leather goods, and business attire, all of which had been commonly purchased as gifts or perks.

We believe that, in the long term, the economic shift in China represents a necessary correction rather than a more profound crash. The country still holds tremendous potential for fashion and luxury companies, provided that they can withstand some turbulence as the current correction unfolds. In the near term, one bright spot from the correction is that mid-level fashion and accessory brands—accessible luxury players, such as Coach and Michael Kors, along with "fast fashion" players, such as Zara and H&M—may benefit. The smaller indulgences that these companies offer are more moderately priced and thus more within reach of a wider segment of the Chinese population. In addition, a growing interest in health and wellness will lead to growth opportunities for sports and outdoor companies.

Digital Opportunities We believe that digital represents a foundational shift in the way fashion and luxury goods are sold, and that it will serve as a means to drive value creation for the foreseeable future in two ways. The first is through ecommerce. Digital sales represent a major opportunity, particularly for high-end fashion companies. In

TSR Disaggregation[1]

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Fawaz A. Al Hokair	Saudi Arabia	58.4	5.5	29	0	23	7	0	0	–24
2	Under Armour	United States	58.4	14.5	29	1	31	0	–1	–2	40
3	Sports Direct Int	United Kingdom	48.7	6.6	15	11	15	0	–1	9	9
4	L Brands	United States	46.7	25.3	6	7	20	12	2	0	9
5	Hugo Boss	Germany	43.2	8.6	10	6	17	5	0	5	2
6	Foot Locker	United States	42.1	8	8	24	6	4	2	–2	28
7	Titan	India	40.9	5.4	22	2	17	1	0	0	–13
8	Signet Jewelers	Bermuda	38.3	10.5	11	7	21	1	1	–3	5
9	Hanesbrands	United States	36.5	11.2	7	8	11	1	–1	11	8
10	Ross Stores	United States	36	19.7	9	5	20	1	3	–2	6

the past several years, many such companies have resisted rolling out ecommerce sites on the grounds that buying goods online is not a true luxury experience. But increasingly, convenience is the ultimate luxury. The challenge is to create a differentiated experience for consumers.

One potential solution for many high-end fashion companies is to augment their online offerings with designer profiles, photo essays, videos, and other content that captures the rich heritage underlying their products. Another solution is to create differentiated offerings through exclusivity. Restricting access to confirmed customers— or those who are likely to make a high-end purchase—can change the way consumers experience a website or perceive a mobile offering. That said, finding the right balance between exclusivity and inaccessibility is tricky, and many companies will struggle to achieve it.

In addition, most high-end companies need to close the gap with mass retailers in terms of omni-channel execution. Increasingly, the ability to purchase, pick up, and return goods through any channel—whether online or off—is becoming a baseline requirement. Some fashion brands have taken steps to improve their omni-channel execution, but they must continue to build on that progress. More accessible luxury companies, such as Coach and Tory Burch, generate a much higher percentage of their sales through ecommerce than their competitors do and can serve as models for this approach.

The second opportunity offered by digital is the use of analytics and data to develop a more detailed picture of customers in order to better meet their future needs. We expect that more high-fashion and luxury brands will use data and analytics to inform key decisions along the value chain. For example, in company-owned stores, customer data can be used to revamp assortment planning and merchandising on a regional basis. For online sales, companies can use data to tailor more relevant, personalised marketing offers.

Sports Direct International (third in our TSR ranking) is an example of a brick-and-click company that has managed to transform its business model and adopt a truly omni-channel approach. The company has grown by acquiring retailers and brands, such as Everlast and Slazenger, and by strengthening its own labels. But it also experienced a boost in online sales recently after introducing quick online check-out solutions, such as click-and-collect, as well as websites for its customers in

European countries. Currently, Sports Direct is doubling the size of its warehouse in the UK in order to serve online customers more effectively.

Fashion is always in flux, and markets expand and contract, but the basics of value creation do not change. Companies that can balance strong growth with attractive margins, employ digital, and meet their customers' needs will generate steady, reliable returns for their investors.

Note 1. TSR is a metric that encompasses all sources of value that accrue to shareholders. It includes changes in sales, margins, and valuation multiples, along with all sources of free cash flow to investors and debt holders, such as changes in dividends, net debt, and the number of shares outstanding.

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The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. They partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Customised approaches combine deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organisation. This ensures that their clients achieve sustainable competitive advantage, build more capable organisations, and secure lasting results. Founded in 1963, BCG is a private company with 82 offices in 46 countries.

For more information, please visit bcg.com.

Sources: S&P Capital IQ; annual reports; BCG analysis.

Note: n = 41 global companies with a market valuation greater than $4.5 billion as of December 31, 2014.

[1] Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.

[2] Location refers to the location of the company's corporate headquarters.

[3] As of December 31, 2014.

[4] Change in EBITDA multiple.

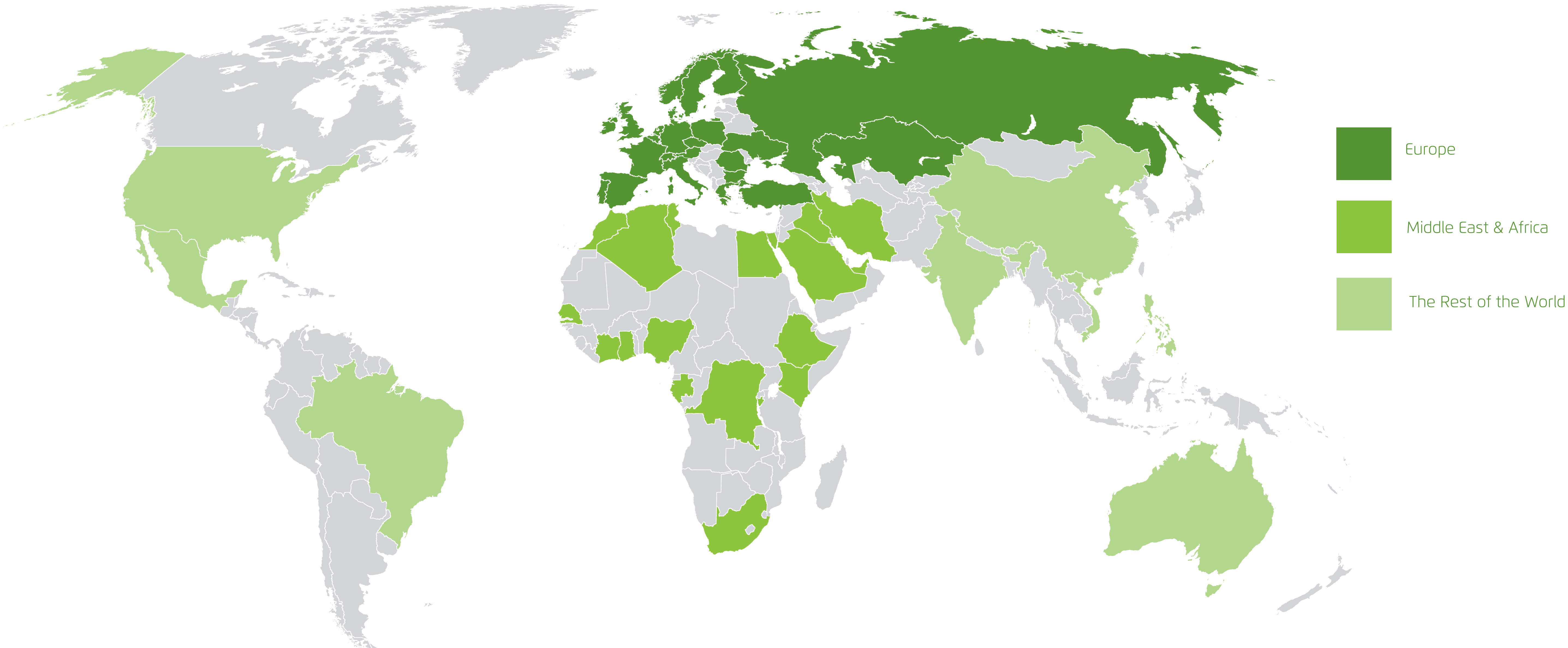
[5] Share change refers to the change in the number of shares outstanding, not to the change in share price.

[6] As of September 9, 2015.

Extending our reach

Nigel Wright regularly fulfils recruitment assignments for clients around the world. >>

In the last 24 months it has won retained work in all six continents, across 30+ international territories. Many of Nigel Wright's international clients have planned for the future by seeking to achieve long term growth in emerging markets. As a result Nigel Wright has been instrumental in assisting clients to build new business units in key strategic markets such as Asia, the Americas, Africa and the Middle East. Nigel Wright now has dedicated teams responsible for the EMEA, Asia-Pacific, US and Latin American regions.



Learnings from working in **centralised and decentralised organisations**: implications for **HR and talent management**

Nigel Wright speaks to TwiningsOvo International Markets (IM) HR Director, Annekatrin Ott, about her experiences of operating in centralised and decentralised business models. >>

Amongst the many challenges associated with expanding overseas and establishing operations in new and often complex territories, determining and implementing the most appropriate business model to help facilitate growth is certainly one of the most difficult to overcome.

The decision is largely twofold; introduce a centralised model with consistent frameworks and aligned processes or; opt for a decentralised system without a functional core, and enable processes and frameworks to evolve at the local level.

Both models can be beneficial. Centralised systems, once alignment has been established, can often make decision making faster which in turn can lead to significantly cost saving. Yet decentralised models also promise speed and cost efficiency; working with local suppliers can be cheaper in the long run and if processes are tailor-made for the specific territory. Companies can usually expect better, faster decision making without the input of a 'global' centre. Regardless of which model is adopted, however, the impact on HR practitioners is significant, especially if they're moving from one system to the other.

Annekatrin Ott is someone who knows exactly how challenging this can be. Having spent most of her 15 year HR career working in large multinational companies with centralised models, in 2013 she was appointed HR Director for TwiningsOvo IM, a decentralised division of Twinings, to reshape and invigorate its people agenda. In joining TwiningsOvo IM Annekatrin explained that although the opportunity to experience life working within a different business model was fantastic from a career development perspective, at first she felt like she'd 'been hung upside down'.

TwiningsOvo IM is responsible for delivering Twinings and Ovaltine brands to over 100 markets around the world. The decentralised business model stems from its customer and product driven culture. With hundreds of SKUs worldwide, it tries to tailor its products, which consist of a variety of specialist teas and hot drinks, to the multitude of different consumer tastes that exist in the countries that it currently serves. Its aim over the next four years is to double its operating profits across its main locations (India, Italy, the UK, Brazil and Nigeria).

As Annekatrin explained, because the market positioning is slightly different in each territory in order to capture the nuances of the local customer base, the management of the local market business units is also 'entirely localised'

Profile

Annkatrin Ott is an internationally experienced HR Director with a track record in leading change and transformation.

For over fifteen years she has developed a reputation for building enduring and mutually beneficial relationships and successfully delivering improvements in efficiency, effectiveness and executive development.

After initially training as a psychotherapist at The University of Bonn, Annkatrin took an internship at Harvard Medical School's Children's Hospital in Boston, before returning to Hamburg to work at the Ginsterhof Psychiatric Clinic. During this time, Annkatrin completed a distance learning MBA at the prestigious Bradford School of Management.

In 2001, she embarked on a new career in human resources management at global energy supplier, E: ON. As part of E: ON's leadership development programme, for four years Annkatrin worked on rolling out various cultural change projects across the organisation, before leaving in 2005 to join telecommunications services provider Vodafone.

Initially joining as Manager for Organisation and Change, over the following seven years Annkatrin took on a variety of senior strategic roles at Vodafone Group across its European and emerging market operations. This included three years based in Mumbai as Head of Organisation Effectiveness and Change, and culminated in a role as Head of HR Group Transformation & Operations, based in its London HQ.

Since 2013, Annkatrin has been HR Director, International and Emerging Markets at TwiningsOvo, a division of Associated British Food. She is responsible for reshaping and invigorating the people agenda of the International Markets business unit, which will allow it to double its operating profits by 2017. The International Markets Business Unit is TwiningsOvo's largest profit contributor serving over 100 international markets, with key locations in UK, Italy, Nigeria, India and Brazil.

in the sense that 'processes, frameworks and practices are developed and adapted by country managers rather than being prescribed from the centre'. Without a centralised HR function the different international business units had developed frameworks and processes to suit local needs, or in the case of emerging markets where HR operations were outsourced, relied on the tools and approaches of third party suppliers.

The result was that when Annekatrin joined, there were multiple frameworks and processes in operation across the five territories, with little or no consistency between them. Critically for Annekatrin, the most noticeable and perhaps trying aspect of this operating model was the lack of internal 'conversations' taking place across TwiningsOvo IM's core markets. In her words, 'because the local markets operated autonomously, when it came to factors such as recruitment and talent management, the business units tended to have a 'silo mentality'.

The reality was, however, that across the five main territories the business had struggled with many of the same issues, such as identifying the required skills needed to grow, yet as Annekatrin found, 'no one was sharing their concerns or frustrations at not being able to find the right talent'. Her further investigations led her to believe that the lack of consistency in talent management processes and frameworks across the territories was likely hindering recruitment, as well as internal talent moves and development agendas.

Because methods that were not working weren't being checked against a common framework of standards, and there were no avenues for sharing best practice, Annekatrin realised that if TwiningsOvo IM was going to hit its target of doubling operating profits within four years, she needed to improve talent acquisition and management within the business units. Due to the decentralised nature of TwiningsOvo IM, however, it was very difficult for her to influence decision makers on the ground. She highlighted, 'the overriding culture was that the local market is king and any attempt to impose a huge array of elaborate tools and processes would likely raise high barriers to engagement, as they would be immediately perceived as not fitting with local needs'.

Her challenge, therefore, was to attempt to engage with the local market managers and find ways to instigate subtle changes over a long period of time, intended to improve talent attraction and management, while still operating in the decentralised system and mind-set. It was Annekatrin's experience of working within centralised HR models that became invaluable at this point. Having seen,

first-hand, international developing market divisions being 'bamboozled' by best-in-class HR tools that were created centrally, yet when rolled out to local markets were evidently too complicated, Annekatrin knew her approach at TwiningsOvo IM had to be different. Starting from the basis that, ultimately, the underlying principles and issues of talent management are very similar, regardless of geography or division, she began 'stripping the HR models right back' and building basic tools (scaled down from the best in class tools) that would act as 'catalysts to facilitate the business towards greater maturity'. She explained: 'Whether it's finding the best talent, training and developing staff or creating diverse and inclusive cultures, for these areas to be delivered successfully there needs to be comparable roles and grading, capability frameworks, hiring strategies and development paths – basically we needed to define 'what good looks like for us'.

The first thing that Annekatrin set out to do was establish avenues where international managers could share their experiences and frustrations of finding talent, thus creating 'an environment of conversations'. She knew that, by talking to each other, the managers, without realising at first, would begin creating their own common standards for recruitment and talent management by comparing the difficulties they had in finding talent in their own markets, as well as the solutions used to overcome difficulties, and then acting on this information to introduce 'best practice' changes at the local level. This, as Annekatrin highlighted meant that the managers themselves actually became 'the agents of change' rather than actions being directly dictated and implemented by HR. Talent conversations were also extended to include who to best send to leadership programmes from the different markets, thus ensuring the maximum intended value of training.

With conversations now taking place across the different territories, the international HR team was then able to leverage the expertise developed in one country and use it to build capacity and understanding in others. Focusing on rudimentary areas of recruitment, Annekatrin highlighted, for example, how she encouraged the exchanging of job descriptions between countries. Brazilian candidates were interviewed for roles originally designed in Nigeria and Nigerian job descriptions were also used as the basis for new opportunities launched in the Indian market. This process also involved, for example, senior commercial people from Brazil interviewing candidates for the roles based in Nigeria.

According to Annekatrin, getting the TwiningsOvo IM business units to adopt simpler tools like this was possible as they seemed 'less threatening and the psychological barrier is therefore lower'. This, in Annekatrin's words, 'helped create greater transparency across the business, as well as a sense of feeling valued through perceived joined-up responsibility, ultimately leading to the business units becoming 'more sophisticated in how they approached recruitment and talent management'.

This enabling style of HR was also extended to third party suppliers on the ground in-country. TwiningsOvo IM is dependent on third party suppliers in emerging markets and Annekatrin explained how she travelled to meet face to face with stakeholders to talk about talent needs and try to influence best practices in those markets. This approach, which is generally uncommon for HRDs especially when dealing with complex jurisdictions like Nigeria and Brazil, helped TwiningsOvo IM stand out in the marketplace.

As Annekatrin explained: 'The aim is to build a base of knowledge and best practice exchange with our third party suppliers and acknowledging that we depend on them being the best they can be, rather than seeing them simply as service providers'. She noted that it also further facilitated positive change across the international business units by allowing HR to get a better understanding of local needs, while gaining more credibility and trust among the local managers.

Annekatrin's experience at TwiningsOvo IM has demonstrated that in a decentralised system, HR can succeed by operating on a strategic level to encourage openness and collaboration and drive a flexible but harmonised people agenda. She highlighted, 'good and aligned HR in a business environment like TwiningsOvo IM needs a common language, common standards and common goals. Across a decentralised business in predominantly developing markets, however, you need to create a careful balancing act between central and local and make sure the tools, frameworks and processes are simpler for it to work'.

Annekatrin was quick to point out, however, that it can be very frustrating and requires a great deal of patience, admitting that real momentum was only achieved when 'managers realised that they were not being pushed but rather guided'. She continued, 'Eventually, people were generally more forthcoming and appreciated how a step by step approach of gradual implementation could actually be flexible to their needs. Having a long term approach also means people see the impact and change in quality over time'. With these positive changes in place, the next stage of the process is to continue to embed talent management practices across the territories, with the view to eventually having the frameworks in place for TwiningsOvo IM to confidently move talent between its different jurisdictions.

Annekatrin noted that if she ever moved back into a centralised business model she would certainly focus more on encouraging stakeholder engagement, especially in emerging markets, and acting more like a business partner 'who understands the local issues, flexes processes and tools as needed, and comes up with new ideas'. She added that 'taking a long-term perspective is important too. Tools and processes can hide the fact that influencing and educating is a long journey and requires imagination.' She concluded, 'A flexible approach to HR can stretch the understanding of its role in any centralised or decentralised business'.

Digital convenience
user expectations of tomorrow

The American multinational corporation eBay is a world famous provider of B2C and B2B ecommerce and sales services, with over 150 million active users across the globe. The Danes, in particular, are certainly no strangers to this veritable online giant. >>

eBay Classifieds Group (eCG), eBay's specialist classified adverts division, which owns a number of sites that allow users to upload free or paid-for adverts of products and services, has been active in the Danish market for seven years following its acquisition of two of the country's leading automotive and general classifieds websites, Bilbasen Bilinfo and DBA, in 2008. Due to these acquisitions, eCG is now the Danish consumer's first choice for trading automobiles online. In this article, Lars Herrem chats to Andrew Whitehair, Director of Motors at eCG Denmark, about what the modern user expects from digital services today, as well as what users should expect from digital services tomorrow.

What attracted you to the opportunity at eCG Denmark?

Having led several leading automotive online businesses in the UK, I decided to join eCG Denmark in 2013 for the opportunity to, on the one hand, manage a market leading online business and, on the other, get involved in international projects and strategy for one of the world's biggest internet companies. The challenge was also exciting as, prior to me joining, the market for trading automobiles in Denmark had become more competitive and eCG had also begun to lose the trust of local car dealers. My main priority, so far, has therefore been to reconnect the business with its customers and re-establish the brand's reputation as an innovative connector of buyers and sellers. We're also developing the next generation product range to help car dealers engage more fully with the digital world.

How is trading cars different to trading other consumer products online?

Cars are different to most consumer products because they are often the most expensive and emotive purchases people make. The purchase journey is usually long and complicated and requires people to navigate a wide selection of used and new vehicles, as well as decide which of a car's many different features and attributes will be the most beneficial to them. Added to these factors is that cars require regular maintenance and repair. It is therefore natural for consumers to want to deal directly with specialists such as car dealers, yet consumer trust in car dealers is historically poor. Transferring the process of buying a car online, where there is no face-to-face interaction, makes the trading of cars, in my opinion, the most difficult and complex online service to deliver. The internet creates transparency and this has changed the balance of knowledge between the dealer and the consumer. The rapid shift from desktop to mobile has accelerated this shift still further and car dealers need to adapt quickly to this very different trading environment while continuing to deliver a high level of customer service.

Is embedding digital convenience in your products and services a key part of this?

Absolutely, consumers increasingly demand that technology is easy to use and information is readily available and we therefore must be

ebay classifieds group

Andrew Whitehair, Director of Motors at eBay Classified Group (eCG) Denmark (Bilbasen/Bilinfo/DBA)

After an early career with Nissan Motor Corporation developing IT applications in the UK and Germany, as well as launching and running his own IT management consultancy for two years, Andrew joined 2nd Byte, a UK based specialist automotive digital agency in 2000, as Head of IT and Operations. After five years, he stepped up to become Managing Director of the business and led 2nd Byte through its successful sale to Auto Trader, the UK's leading automotive site in 2006.

Over the next six years Andrew played a key role on the leadership team at Auto Trader, responsible for all digital B2B product development, managing 100 staff across five locations. He joined eBay in 2013 and today manages all aspects of Denmark's largest automotive website and dealer services business. Andrew lives in Charlottenlund with his wife and two of his three teenage children; his eldest son studies in the UK. His interests include spending time with family, world affairs, traveling, skiing, cycling and following Crystal Palace football club.

committed to offering them products and services with these qualities embedded in them. Buying a car can be complicated, time consuming and full of risk. Historically, it has involved consumers doing hours of research reading magazines and papers combined with visiting several car dealerships. This has changed dramatically with consumers now researching mainly online. Our technology aims to make this process as easy as possible by giving people access to the information they need and easily accessible at their convenience.

How do you keep track of what the consumer expects?

One of the biggest advantages of trading online is that you can track the behaviour of your customers. Digital analytics play a key strategic role in most businesses today and, as the market leader, eCG Denmark is investing heavily in big data analytics to turn the large amounts of complex data it collects into powerful insights. Firstly, we utilise data to create a hypothesis before quickly testing our hypothesis in the real world on sample groups of customers across our different platforms. This provides us with more 'granular' data, which in turn informs product development. Our market leading mobile app was conceived after taking on board customer information gained from digital analytics. Tools like this help to empower our customers, by providing them with powerful and easily accessible information to aid their purchase journey. Consumer satisfaction is obviously a key metric for eCG Denmark, and eBay in general, and the whole worldwide business relies on several KPIs, one of the most important being the Net Promoter Score (NPS), to track how satisfied customers are with its products and services.

> "...consumers increasingly demand that technology is easy to use and information is readily available and we therefore must be committed to offering them products and services with these qualities embedded in them."

How has eCG Denmark maintained its position as a market leader?

Focusing on understanding the needs and behaviours of all types of active, as well as potential, customers has been central to our success. This approach enables us to offer a very personalised service by providing targeted communication and solutions which meet the needs of today's consumer. Admittedly, being part of eBay gives us a unique advantage, because we also gain a real insight into developments and trends in

other markets, allowing us to build solutions for tomorrow. For example, the global SEO team helps my local team understand changes in best practice and how we can apply them locally. The fact is, though, that as market leader, customers depend on us to be a trend setter. Innovation, therefore, is a vital component of our organisation. We also invest a lot of time on thought leadership activities to help the industry understand the trends. For example, we hosted a digital dealership conference in the autumn where we brought together key people from the industry to reflect and discuss how the sector needs to adapt to a digital world. My role is to build a business focused on bringing together world class expertise, but with an operating model that is flexible enough to adapt to rapid change.

> "Mobile devices and social media are two technologies that are having the most significant impact on consumer behaviour."

What technologies do you anticipate being the most 'disruptive' to current business practices over the next few years?

Mobile devices and social media are two technologies that are having the most significant impact on consumer behaviour. Mobile devices (e.g. watches, phones, tablets etc.) are creating a world which is always 'switched on'. People now expect to be able to access information about products and services and interact with businesses anyplace, anytime and anywhere. This, combined with the rapid growth of social media, has radically changed the consumer journey. The traditional 'sales funnel' concept is effectively obsolete today as consumers now have a far more complex purchase journey, much of which is online. At eCG Denmark, we are therefore committed to developing omni-channel solutions, where our customers can use our products to start their purchase journey on their mobile phone, continue it on a desktop computer, and complete it on a tablet. Adapting early to disruptive technology can create significant business advantage. Our early investment in mobile apps a few years ago helped leverage our position as market leader. We want to empower our customers by giving them the ability to make informed, timely decisions with products that can be used anywhere, at any time. This requires a recognition that not all customers are the same.

Many businesses want to emulate eBay in terms of its platform and world class logistics capability, among other factors. Does eBay look to any other businesses and business models for inspiration?

Absolutely, eBay has maintained its global market position by continually innovating and we are always on the look-out for good ideas and trends. A recent example of this is our partnership with local Danish CRM system provider, Easi´r. eCG Denmark needed to upgrade its existing Lead Management and CRM system for car dealers. Lead Management and CRM systems are not an area where we profess to have specialist knowledge or expertise, therefore we sought an external partner. Easi´r is based in Aarhus and has spent years developing ground breaking Lead Management and CRM solutions, incorporating social media and gaming techniques into its software to make it more engaging for users. eCG Denmark, as well as other businesses internationally, are now using Easi´r products. My philosophy is that businesses must continually look outwards if they want to survive and grow. Change should be embraced and partnerships can often deliver better and faster customer value.

Are your customers ever reluctant to share their data?

Naturally, some customers worry about how we plan to use their data and people should always pay attention to our terms and conditions before agreeing to give permission to access their personal information. Data protection is an area of the law that eBay takes very seriously and as part of the global business, eCG Denmark has access to a lot of professional advice to ensure we provide the best and safest experience for our customers. On the whole, though, consumers understand that in order to receive a truly personalised digital service, they have to give up certain information. We must ensure that the customer is in complete control of that transaction and can decide how close they want you to get, while explaining to customers what´s in it for them. As consumers get more and more used to personalised digital solutions, eventually they will get frustrated by tools that don't use their data to offer them increased relevance.

Market snapshot

DENMARK

Denmark's economy has been in the spotlight of late. US presidential hopeful Bernie Sanders was using the country as an example of social democracy in action as he tried to persuade Americans to make him their next, and first ever socialist, commander in chief. This scrutiny, however, has drawn attention to the fact that things in Denmark are perhaps not as rosy as Sanders would like voters to believe.

The reality is that Denmark is still an export driven market economy at the whim of global market fluctuations. A decline in trade activity with neighbours Germany and Sweden over the last 12 months, has led to a reduction of Denmark's 2016 growth forecast to 1.3% from 1.8%. The slowdown of China, Russia and Brazil hasn't helped matters either and Denmark has adopted negative interest rates as a protective measure. Employment growth remains strong, however, and as real income increases along with consumer sentiment, consumer spending will likely have a positive impact on overall economic performance in Denmark this year.

What can the user expect from digital solutions in the future as well as from eCG Denmark in particular?

Digital solutions will continue to become more personalised, simpler to use, further optimised to the technology platform (e.g. watch, phone, TV, etc.) and more integrated across different platforms to create a truly seamless experience for consumers. Solutions that use data to prompt and guide users via notifications, alerts and recommendations will also be prevalent as the boundaries between social interaction and commerce become more and more blurred. Within the motors business at eCG Denmark we have defined four strategic areas to inform our future product innovation. The first is to provide 'inclusive' solutions that are personalised and adapt to their user; secondly we want to embed 'data love', using data to constantly seek out ways to improve customer experience and share data to empower our customers; equally we want to be 'proactive', leveraging systems to guide and prompt customers which will help speed up the purchase process and finally eCG Denmark must be 'trend driven', with the ability to differentiate between fad and trend and help customers take advantage of new trends.

What is the outlook for businesses seeking to hire, retain and develop digital talent?

Business is about people and finding people with the right skills, experience and attitude; these are the key to success. The best people, therefore, will always be in high demand. In order to attract the best, it's important to have a clear mission and a vision that people can be inspired by; the business must then communicate how people can be part of that story. This is obviously something that eBay invests a lot into and that filters down to eCG Denmark; we spend a lot of time training and developing skills and communicating to the market about the rewarding careers we offer.

How does Denmark, and the Nordics in general, compare to the rest of the world in terms of ecommerce capability and adoption of technology?

The Nordic countries are all extremely 'tech savvy'. The governments have invested heavily in building integrated online services which have led to the creation of a pervasive online culture. People here in Denmark, as well as Sweden, Norway and Finland expect to find a wide range of information and services online, and this obviously creates demand for high quality solutions. Combined with what I would describe as an innate 'entrepreneurial spirit' in this region of the world, it is no surprise that some of the best digital solutions have come from the Nordic countries: Companies such as Mobile Pay, Skype and Just Eat, to name a few. If the Nordic states can continue to develop legislation and policies to attract investment, as well as the best digital talent from around the world, then it will continue to be a fantastic region in which to build online businesses.

FACT BOX

Facts about BilBasen

- BilBasen is the leading online trading platform for buying and selling used cars, with more than 620,000 unique monthly users
- The 620,000 unique users make over 3.4 million visits to the site each month
- Since the launch of BilBasen's app in July 2011 there have been around 700,000 recorded downloads for both mobile and tablet devices
- BilBasen's app has around 145,000 unique users, who access the app around 1.1 million times per month
- BilBasen became a pioneer of online trading when it was first launched in 1996
- There are usually approximately 54,000 cars for sale on BilBasen at any one time

Further information about BilBasen:

- BilBasen: www.bilbasen.dk
- BilBasen Facebook page: www.facebook.com/bilbasen.dk?fref=ts
- BilBasen Blog: blog.bilbasen.dk

Facts about eBay Classifieds Group

- eBay Classifieds Group is part of eBay, the world's largest online trading platform with 157 million active users
- eBay was founded in 1995 by Pierre Omidyar with HQ in San Rose, California
- eBay Classifieds' local brands permit trade in everything from smartphones and design furniture to children's clothing and cars or even the perfect housing co-operative
- The Danish eBay brands consist of:
  - DBA, the largest online trading platform with 1.7 million monthly users
  - BilBasen, the leading online trading platform for buying and selling used cars
  - Bilinfo, the Danish car dealer preferred tool for administration, advertising and sale of cars
- DBA, BilBasen and Bilinfo are all based locally in Denmark and known and respected by eBay for their innovative approach to ecommerce
- In Denmark, the three Danish eBay Classifieds brands employ 160 people to ensure that consumers are always the top priority and that the brands deliver the best user experience

Further information:

- eBay Classifieds Group: www.eBayclassifiedsgroup.com
- DBA: www.dba.dk
- BilBasen: www.bilbasen.dk
- Bilinfo: www.bilinfo.dk

Nutricia

"the best kept secret"

Insight into Nutricia, an exciting company that dares to think innovatively and successfully attracts talent from several different industries. >>

Many of the businesses that Nigel Wright works with in the broad consumer industry are well-known brands. As you would expect, when vacancies for these companies are advertised, they quickly generate a lot of applications. There are a great deal of other companies, however, that don't have the luxury of widespread brand recognition to attract talent and must work harder to gain the interest of the best people.

One relatively unknown brand which has, in recent years, successfully hired some of the best global talent in the consumer industry is Nutricia Advanced Medical Nutrition. The business, which was actually founded 120 years ago, specialises in advanced clinical nutrition R&D for adults and children and offers consumers a broad range of health related products, as well as supplying innovative solutions for the healthcare and medical services industries.

Since 2007, Nutricia has been part of global food-products giant Danone, a brand and company that is obviously well known to consumers. Despite this association, however, Nutricia has still remained 'under the radar' as an employer of choice for anyone working outside of the clinical nutrition or wider healthcare sectors. Certainly, during the recruitment of several key positions at Nutricia over the last few years, Nigel Wright has consistently found that few people in the market have heard of Nutricia when first approached about opportunities with the company.

One individual who had never heard of Nutricia prior to joining the business almost six years ago is current country manager for

Kieran Youngman
Nutricia Advanced Medical Nutrition

Sweden, Kieran Youngman. Kieran was based in Geneva working for Proctor & Gamble's Oral Care division when he was approached by Nutricia in 2010. Having spent the previous 12 years with the global consumer products giant working across various strategic European sales and marketing roles, he was in high

> The fast paced environment at Nutricia is made manageable, in Kieran's view, because the work is very stimulating. He noted that the opportunity to enrich the lives of other people is always rewarding and it helps give employees increased energy, drive and motivation.

demand at the time and was considering several exciting job offers.

Following what he described as an inspiring recruitment process, Kieran chose to join Nutricia in Sweden. He explained that his decision was largely influenced by the impression he got of the company following extensive research he conducted into the business and its history, as well the Nutricia management team, who he said were clearly driven by a genuine passion for the brand. Kieran admitted that this move away from his traditional FMCG 'comfort zone' was a risk, yet after over five years of success at Nutricia, he's never looked back.

During his time with the company, Kieran has been given the opportunity to develop his skills across several areas at both a local and regional level. He explained that the company is characterised by a unique entrepreneurial spirit, flexibility and a strong commitment to the development of each individual employee. He added that it continuously encourages and challenges its employees to think long-term while having more concrete short-term goals and offers multiple functional, local and international careers to high performing individuals.

The fast paced environment at Nutricia is made manageable, in Kieran's view, because the work is very stimulating. He noted that the opportunity to enrich the lives of other people is always rewarding and it helps give employees increased energy, drive and motivation. He added that aside from the overall culture of the organisation, his colleagues are a continuous source of inspiration, being that they tend to come from a broad range of industry backgrounds, and bring a variety of valuable skills and experiences to the team.

Although Nutricia recognises that industry experience is important, it deliberately makes an effort when hiring new people to bring in those with direct clinical nutrition industry involvement, as well as individuals from other complementary sectors such as FMCG. Around 20% of Nutricia employees in the Nordic region have previously worked in FMCG and as Kieran explained, bringing in talent with different ways of thinking helps to enrich the organisation. Two examples include Mette Drakenberg (placed as Nordic Marketing Director and now currently Country Manager Norway) who moved from Philips Consumer over three years ago; and Jonas Karlsson (Senior Brand & Channel Manager) who joined Nutricia after a successful career at Orkla Confectionery & Snacks in Norway.

Regardless of background, Kieran explained that all Nutricia staff share a common desire to try new things and continuously develop their skills. Learning by doing is highly valued at the company and employees regularly happily test themselves by engaging in tasks where the solution is not yet known. Kieran has seen many examples of this during his time at Nutricia, and commented that he is truly proud to work with such tenacious and intelligent contemporaries around the world.

With almost 30 years of experience identifying and hiring talent for some of the world's best companies, Nigel Wright is very familiar with the key factors candidates value the most when choosing a new employer. Yes, it's undoubtedly true that big brands are attractive employers, but time and time again we see that the winners in the battle for attracting and retaining talent are those organisations, regardless of brand reputation, that have clear values and a great culture where the employees are genuinely interested and motivated in the tasks they perform.

A number of the candidates Nigel Wright has placed at Nutricia over the years have moved from outside of the clinical nutrition industry to join the business. We firmly believe that daring to take the risk and moving to an unknown category, brand or industry can be incredibly rewarding when embarking on your next career move. We recommend that more job seekers should dare to challenge themselves when evaluating new potential employers. It's worthwhile doing extra research and not acting too hastily to turn down unknown companies.

It's worth noting that not long after this interview took place Kieran Youngman confirmed that he would be starting in a new role at Nutricia, after receiving a promotion to the position of Global Category Director, based at Nutricia HQ in Amsterdam. We expect many other great candidates we have placed at Nutricia to start new challenges in the near future, as they continue their journey at this great business.

Market snapshot

SWEDEN

Unlike its Scandinavian peers Sweden has experienced somewhat of an economic boom during the last few years with rising exports helping it grow between three and four times faster than Norway and Denmark. With its reputation for abundant generosity, however, it's no surprise that Sweden has so far welcomed more refugees per capita than any of its European neighbours during the current migrant crisis. It is the knock on effect of this characteristically liberal move which is causing some uncertainty about Sweden's economic prospects moving forward. Providing accommodation, job training and new jobs for 163,000 new entrants is proving more costly than expected and could prove unsustainable. This is exacerbated by a potential housing crisis, facilitated in large part by the country's low interest rates. Consumers are spending though and retail sales will grow again in 2016, by around 4%. All eyes will be on Sweden over the coming months to see how the country copes with its multitude of challenges.

Paal Hansem

Founder and CEO at Fresh Fitness AS

Fresh Fitness is a Norwegian gym franchise and national success story, boasting 27 centres and over 77,000 members. We caught up with CEO Paal Hansem, who explains how his ten year career in the grocery industry has helped him successfully grow the business to become Norway's leading chain of discount gyms and why he believes Fresh Fitness's 'low cost high quality' proposition has the potential to make the company the biggest fitness franchise in Scandinavia. >>

What attracted you to the CEO opportunity?

I was approached about the opportunity to establish a new fitness chain in 2009 and at that time, I was running my own consulting company and actually considering opening a low cost gym myself. My past experience as Regional Director at REMA 1000, Norway's biggest discount retailer, meant it was actually a great fit for me as well as an exciting opportunity. Following my appointment, I was given responsibility for developing the Fresh Fitness concept. I travelled across Europe investigating other low cost fitness providers and different operating models and finally created and then launched Fresh Fitness in autumn 2010.

What were the biggest challenges you faced in the initial start-up phase of the company and how did you overcome them?

The biggest challenge early on was overcoming public scepticism. Our proposition is to deliver high quality at the lowest price – about a third of the average price offered elsewhere – and initially people just weren't convinced that they would get the same level of quality as they would in a premium or more expensive establishment. In the fitness industry, a new gym will typically attempt to sign up as many members as possible prior to opening. When opening our first centre, we found this approach impossible. So, instead of focusing on pre-sales we invested in raising the profile of our brand, as well as organising a free open-day launch event, where people could come and try out the facility. This proved

Paal Hansem, Fresh Fitness AS

> "Around one million people in Norway now regularly attend a gym and that number has increased by 30% since 2009."

to be a big success, and we actually broke even after our first three months in business.

Five years on, what's the competitive environment in Norway like for Fresh Fitness?

Around one million people in Norway now regularly attend a gym and that number has increased by 30% since 2009. The fitness market in Norway today is extremely fragmented, however, with over half of the overall sector made up of small local discount centres. Because we were the first low cost chain, though, we now have the advantage of scale - 27 centres across the country to be precise - whereas most of our competitors only have one or two gyms limited to one particular area. Sweden's Fitness 24/7, for example, launched here a few years ago, but they have subsequently only opened 7 centres nationally. We knew that time was of the essence when we launched the Fresh Fitness concept and a lot of work has been done to ensure we expanded our chain as fast as possible, gaining market share and achieving national coverage. So, we are the biggest player in the discount market and have a great reputation for offering high value at a low cost. What we will see over the next few years is more consolidation, as a lot of smaller players become part of bigger franchises.

What transferable skills and knowledge have you taken from your work in the retail industry and into the fitness sector?

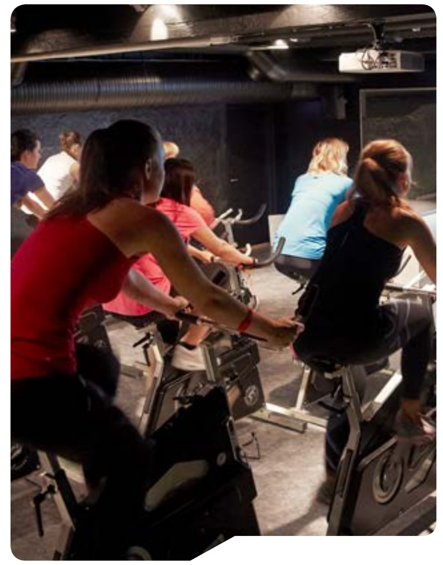
The obvious and overarching factor was knowing how to develop a low cost, high quality brand and service. There were probably three specific things I had done or had been part of in the past that helped me progress this agenda quickly in my role as Fresh Fitness CEO. Firstly, I actually renewed the franchise operating manual at REMA 1000; so I understood the need to establish, early on, a clear road-map of 'how we do things around here' at Fresh Fitness which could be easily replicated across all new centres. My role as REMA 1000 Regional Director also meant I was used to managing multiple sites as well as large numbers of people. Fresh Fitness now has 600 employees nationally, but thankfully, unlike a lot of founders of start-up businesses, I was prepared for the complexities and challenges that this kind of rapid transition entails. The other key learning that I was able to bring with me was the importance of establishing a fun and winning culture, which is something REMA 1000 is well known for. No matter what role employees undertake at Fresh Fitness – whether they're cleaners or personal trainers – everyone sees the higher meaning of what it means to work for our brand and it's now regarded as a really fun and rewarding place to work.

What new challenges does the fitness industry bring in comparison to the retail sector?

It's clearly a different value proposition to buying groceries, but other than the obvious factors, the actual philosophy of 'getting the most out of every penny' as well as the core challenges that impact your business the most are fairly similar. To do this successfully you need to be efficient and look for cost savings all of the time and be completely focused on delivering a high quality service. You also need to hire the right people who completely buy into this way of working. At Fresh Fitness I always say to my managers, 'If you can't hire the absolutely right person, then you'll have to do the job yourself'. Making the wrong hire is too costly in this industry as well as in retail because, ultimately, it's the people delivering the service who make a difference to your brand.

In terms of customers, do you target fitness enthusiasts or people who do very little exercise?

We specifically appeal to individuals who want to achieve a better all-round lifestyle and I'm proud to say that, to date, we've managed to persuade 50,000 people to become gym members for the first time in their lives. Our customers are not tied into a contract and the low prices and welcoming environment we've created means people who are usually intimidated by gyms, or find them to be too expensive, suddenly see an opportunity to get fit in a place that is more aligned to their needs and expectations. We've also had some success in attracting customers away from 'premium brand' gyms. These people are often individuals who only go to the gym to maybe use a running machine or lift weights and therefore the comparable cost savings they make to do something fairly simple, regularly, means the decision to move is very easy for them. People who don't move to Fresh Fitness are usually those who have a more demanding fitness regime or a close relationship with a particular personal trainer elsewhere. We don't actively target those people.



> "We specifically appeal to individuals who want to achieve a better all-round lifestyle and I'm proud to say that, to date, we've managed to persuade 50,000 people to become gym members for the first time in their lives."

As the business has grown, how have you ensured the entrepreneurial spirit and agility is maintained?

It's certainly been difficult, but a key part of our success has been down to the investments we have made in training and developing our people. Since 2014, everyone who has joined Fresh Fitness - even if it's someone only teaching one fitness class per week - has attended the Fresh Academy, a series of introductory sessions aimed at embedding our philosophy, vision, values and service standards, as well as providing new employees with an understanding of our history and what our objectives are moving forward. This internal schooling is actually another idea I brought with me from REMA 1000, and it's proved to be very effective in helping us to maintain the distinct culture of the business.

What ambitious plans do Fresh Fitness have over the next 12 months to sustain the level of growth?

The personal training market has a lot of potential and that is an area of the business that we are activity developing. We also have a small retail operation in some of our gyms and that is likely to be an area of the business we will seek to expand in the future.

One factor, however, that we have to constantly monitor is how we can leverage new technology to help us grow. Measuring the impact of your training regime or your diet is something which is clearly important to our customers. It was recently reported that 40,000 new health apps were launched last year and it's very challenging to decide what we can use to our benefit. There are a great deal of devices or apps that allow people to track different activities and I think a device or piece of software that captures multiple different metrics - 'an all-in-one fitness measurement package' - will be the panacea technology that proves to be a game changer in the next few years.

What other businesses do you look to for inspiration?

In the fitness industry, there are various companies with a similar proposition to Fresh Fitness. Some of the best I've come across are FitX in Germany, Basic-Fit in the Netherlands and The Gym Group in the UK. Outside of this sector, another discount business model that really stands out in Norway is my former employer REMA 1000. Similarly, IKEA offer high quality products at low prices, and have an impressive innovation pipeline. I'm also always impressed with H&M for the same reason. These established companies, despite being in totally different industries, act as good role models as they have the same basic philosophy as Fresh Fitness.

How do you keep yourself busy outside of work?

I spend a lot of time with my family; I have two young children who keep me very busy. I enjoy hiking and skiing, which complement the exercise I tend to do most days at work in the gym!

Market snapshot

NORWAY

Undoubtedly, the Norwegian economy's historical dependence on oil has been the cause of its apparent freefall during the last two years; by the end of 2015 the economy had effectively hit rock bottom, with growth as well as consumer confidence reaching six year lows. Yet, there is finally some let-up for the country as recent indications suggest that the seemingly perpetual downturn will have run its term by the end of the year. Glimpses of better times ahead can be seen in the fact that unemployment has been falling in some regions, and new vacancies opening up in sectors not tied into the oil and gas supply chain reveal that they have begun to turn a corner. Significantly, spending on the high street has remained positive, especially among Norway's wealthy demographic. Critically, it will be important for Norway to further diversify its economy to protect itself against future oil shocks, as it continues to recover.

Hovis Limited

Nigel Wright leads a multi-assignment project focused on building the marketing function at newly formed Hovis Limited. >>

About the client

Hovis is an iconic British bread and flour manufacturer which dates back to the 19th century. It is one of the UK's best loved brands, cementing its place in the hearts and minds of the public with its famous 1973 TV commercial 'Boy on a bike'. It employs approximately 3,800 people at ten bakeries, six flour mills and two regional distribution centres across the UK.

Hovis was acquired by Premier Foods in 2007. In recent years, however, the ambient food giant chose to focus on developing its core brands including Bisto, Mr. Kipling and Sharwood's. In January 2014, Premier Foods agreed to sell a majority stake of Hovis to US private equity outfit Gores Group, creating a new vertically integrated company, Hovis Limited, as a joint venture.

Executive Chairman Nish Kankiwala was appointed by Gores Group in April 2014 to help reinvigorate the Hovis brand. Premier Foods and Gores Group also announced a joint £200m five-year investment programme to upgrade Hovis' operational infrastructure and factories, as well as providing the business with up-weighted marketing spend.

Since agreeing the sale of Hovis, as well as the five year investment plan, the Hovis brand is no longer part of the broader Premier Foods commercial strategy. Hovis Limited is a unique standalone joint venture with a new single minded focus. Gores Group is entirely committed to supporting Hovis Limited in once again becoming a sustainable and growing business.

Background

In acquiring Hovis, Gores Group aimed to bring fresh outside thinking to the Hovis brand and its portfolio of products. With the emphasis on brand and innovation, its plan included provisions for raising the credibility of Hovis by 'winning over health-conscious customers', offering more 'on-the-go' options and capitalising on new flavours to offset the broader decline in the bread category.

In August 2014, it was announced that former Diageo Marketing Director Philip Gladman and his team of seven from Flintlock would join Hovis to kick start the Marketing and Innovation agenda. As well as creating the new structure for the Hovis marketing function, one of the team's other deliverables was to recruit the long term marketing department.

In October 2014, Nigel Wright was appointed to lead the recruitment of ten critical roles within the new marketing team at Hovis. Hovis selected Nigel Wright due to its reputation and network within the private equity community, as well as its in-depth understanding of the dynamics of the broader consumer industry.

The challenge

To successfully achieve the objectives set out by its new owners, Hovis needed to quickly establish a team of experienced brand and innovation marketers who understood the challenges the business faced and who could have an immediate impact on driving value and growth for the brand.

Prospective candidates needed to have core discipline knowledge, likely developed through early training within a large blue chip environment, as well as experience of managing a P&L. Although perhaps used to working within a process driven culture, they also needed to demonstrate the ability and desire to perform with increased autonomy and responsibility in a leaner, more fluid and agile environment.

Nigel Wright's initial brief included ten roles comprising a Brand and Innovation Director, an MS&P Director, a Head of Insights and Head of Category and Shopper Activation, as well as Marketing Manager roles covering core brand and innovation. Additionally, Nigel Wright was asked to identify candidates for two new commercial roles – a Grocery Director and a Convenience and High Street Director – who would enable Hovis to get closer to its customers.

The challenge was twofold. On the one hand, a large number of candidates would have to be identified and assessed to ensure only the best candidates were being put forward. Secondly, in going to market, it was essential that prospective candidates were made fully aware that Hovis Limited was a unique standalone joint venture where Gores Group had full autonomy and ownership.

Nigel Wright Solution

We recommended an eight week process focused on an executive search and professional networking strategy complemented by a proactive marketing campaign. The executive search phase involved targeting specifically agreed organisations and utilising our broad networks within the consumer industry, as well the wider private equity community, to source referrals for potential candidates.

A significant factor in the success of this project was Nigel Wright's proactive marketing campaign. Led by our internal marketing team, the strategy consisted of creating a microsite and candidate pack and managing a branded email campaign. This aided candidate engagement by articulating the story and potential of newly formed Hovis Limited, as well as enabling us to expertly sell the opportunities and extend their reach beyond our own networks.

The marketing campaign specifically sought to leverage the fact that this was an opportunity to create a legacy, developing one of the all-time great British brands, as part of a wider transformation programme led by Hovis' new owners. We made it clear that Premier Foods was now very much focused on growing its own portfolio of iconic British brands and that the creation of a standalone Joint Venture was a positive development for both businesses.

Because this project involved a large number of different roles at several levels, various teams in different locations worked collaboratively on the assignments. They included Nigel Wright's Executive Search team and UK Consumer Sales and Marketing team in London, our internal marketing function in Newcastle upon Tyne, as well as Hovis' internal recruitment team in High Wycombe, tasked with filling a number of junior roles within the new structure.

All teams communicated with each other regularly and worked hard to update candidates on their progress, ensuring continued engagement and guaranteeing that the 'employer brand' of Hovis was managed in the most positive manner. Client update meetings were also held every week with Hovis' Head of HR to make sure the process was meeting its objectives and that all stakeholders were informed of its progress.

During the frequent meetings with Hovis, Nigel Wright was able to add value to the development of the new marketing function by endorsing various changes to the initially proposed team structure. For example, Hovis decided to remove the brand director role therefore allowing the innovation director to be clearly recognised as the most critical position reporting into the CMO. This enabled Nigel Wright to engage more high calibre candidates in the market.

Nigel Wright was instrumental in successfully identifying outstanding talent for all of the assigned roles within the agreed timeframe. Our marketing campaign was also successful in persuading these individuals that Hovis was a business worth considering at a time of change and perceived upheaval for the business, as well as within the context of heightened competition for talent in the UK food industry.

On the back of these campaigns, Nigel Wright's partnership with Hovis continues today.

Client testimonial

> "This was a very challenging project but Nigel Wright performed brilliantly to ensure that all of the candidates were an excellent fit for each of the roles. Their impressive networks, in-depth industry knowledge and collaborative way of working were the factors that led to success. The types of candidates that Nigel Wright has successfully placed at Hovis Limited all bring broad industry and category experience that will no doubt give the business a clear edge in the market."
>
> **Phillip Gladman: Founder, Flintlock**

Pedro Diezma

CEO at Zerintia Technologies

Nigel Wright caught up with Pedro Diezma: author, explorer, motivational coach and technology innovator, to talk about the role his firm Zerintia is playing in the development of cutting edge Wearable Technology. He also chats about his passion for personal development and his adventures in Mongolia searching for Genghis Khan's tomb. >>

For the interested layman, could you briefly explain what 'Wearable Technology' is?

Wearable Technology is the term used to describe the various accessories and garments you can buy that, when your wear them, capture your biometric data or enhance your ability to perform a particular task. Wearable Technology has actually been around for many years – take the calculator watch, for example, launched in 1980 – but the latest Wearable Technology craze began around three years ago when Google developed its first Google Glass prototype. Today there is a growing number of exciting products in the market and the pervasiveness of this technology, I believe, shows that people are embracing a future where technology has effectively become an integral part of their natural environment.

What role does Zerintia Technologies play in this burgeoning market?

Zerintia is a recognised global expert in Wearable Technology and the Internet of Things (IoT). Launched ten years ago, our firm has built its reputation through the development of bespoke Wearable Technology solutions, including devices and software add-ons, for companies operating in the healthcare, industrial, retail and logistics sectors. We also offer additional consultancy services to firms seeking to leverage the broad range of Wearable Technology solutions available today. At the heart of our business is innovation - we are passionate about technology and enjoy experimenting with and improving our solutions every day. Regardless of the type of solution we bring to market, our aim is always twofold: improve the life of individuals and help organisations become more efficient through the optimisation of business models and processes.

Which Zerintia solution are you most proud of to date?

Over the years we have amassed an enviable amount of internal knowledge and expertise, which puts us in a privileged position to be able to anticipate and then capitalise on the latest market trends and develop disruptive technologies. One solution I am particularly proud of is our Google Glass platform,

Pedro Diezma, CEO at Zerintia Technologies

developed in collaboration with Emertech, which enabled Red Cross workers wearing Google Glass devices, and with the assistance of drones, to see real-time information on medical emergencies in the field, such as those caused by natural disasters.

What ambitious plans do you have for the business over the next 12 months?

Currently, we are excited about the imminent launch of Real Time Healthcare, the first ever Wearable Technology software for use in the treatment of chronic patients and the elderly. Developed in collaboration with Oracle, this software was conceived in response to the increasing strain on healthcare systems in the developed world, in large part due to the ageing population, and the need for better and faster treatment for patients. In addition to this, we're hoping to launch a new smart watch which will integrate with this software, enabling hospitals and insurance companies to more effectively monitor patients, in line with the medications and behavioural guidelines prescribed by their doctors. Furthermore, we are also working on new technology for the aeronautic and industrial sector – again utilising smart glasses and drones – that we hope will transform certain business processes in those sectors.

Google stopped producing its Google Glass prototype in 2015. Was the project a failure? Does Google Glass still have a future?

When the Explorer testing programme finished, Google announced it would stop producing the Google Glass prototype and begin a new design phase focused on perfecting the product now that it better understood the user experience. The media distorted this announcement, however, by claiming that the prototype had been a failure. Google perhaps didn't help matters by creating a lot of hype around Google Glass. For around two years there seemed to be daily updates from Google lauding the disruptive 'world changing' potential of Google Glass, so when the product was finally removed from the shelves, inevitably people perceived this as the product failing to live up to its inflated potential. It definitely has a future though; images of the new model, the Google Glass Enterprise Edition, are already circulating online. This new model has an upgraded prism, enabling users to see information more clearly, an improved processor (Intel) and a longer-lasting battery. This product will initially only be available for use in the business and medical worlds.

> "...we're hoping to launch a new smart watch which will integrate with this software, enabling hospitals and insurance companies to more effectively monitor patients."

In terms of sector, where are the best opportunities for Wearable Tech companies?

Wearable Technology has applications for companies operating in B2C and B2B markets. B2C, and particularly the fitness industry, has seen the biggest growth so far and there is even a degree of saturation in that market now, which is making it difficult for Wearable Tech companies to exploit opportunities. In B2B, the industrial and manufacturing sectors represent big opportunities for Wearable Tech firms, especially in 'high risk' environments like mining and oil and gas, where wearables can play a key role in ensuring the safety of employees performing complex tasks like assembling equipment. The same applies to the medical field, where wearables have been used by surgeons performing operations. Zerintia is very much focused on serving the corporate and healthcare sectors, where there are still a great deal of unexplored opportunities. In the USA, around 1% of firms are currently using wearables but we expect that number to have increased to 10% within the next five years.

A 2015 survey by Vanson Bourne found that almost 50% of British consumers believe Wearable Tech is 'just a fad'. Is this something to worry about?

I don't think it's something to worry about. The products available now simply represent the beginning, or the first layer if you like, of a period of human evolution that will see us become ever more integrated with technology. At the end of the day, the aim of all Wearable Technology is to enhance human beings and big companies like Intel, Samsung and Google understand this and are already investing billions of dollars into developing the next generation of Wearable Tech devices. Over time, Wearable Technology will become diminutive - almost invisible to the human eye - and even better integrated with our body. There are already 'smart drugs' that can enhance your ability to concentrate and 'electronic skin grafts', where people can have sensors inserted under their skin which perform tasks such as monitoring heart and brain activity. Remember, many people still thought the internet was 'just a fad' in the early 1990s!

There is a lot of scaremongering associated with the ever increasingly intrinsic relationship we have with technology. Science fiction, for example, has a tendency to depict dystopian rather than utopian futures. Do you believe we should be worried?

There's no doubt that movies and the media in general can have a huge impact on people's perceptions and behaviours. A classic example is the movie Jaws - people were afraid to swim in the sea after seeing it! I do think it's vitally important to be wary of the fact that technology can be used for unethical purposes. This is certainly what the potential futures depicted in movies like Minority Report, Blade Runner and I, Robot did – they acted as a warning and helped us to reflect on the potential dangers associated with the misuse of technology. There is a flip-side though, because movies can also trigger our imagination and help us visualise exciting futures with flying cars, interstellar travel and longer life-spans, giving us hope for a better future ahead. Some of the Wearable Technologies depicted in the movie Back to the Future, such as hover boards and self-adjusting clothing are now a reality.

> "B2C, and particularly the fitness industry, has seen the biggest growth so far and there is even a degree of saturation in that market now, which is making it difficult for Wearable Tech companies to exploit opportunities."

What, in your view, needs to be done to better communicate the potential benefits of Wearable Tech products and the uses of technology in general?

I think there needs to be a shift away from the media obsession with the launch of new consumer-end devices, particularly within the fitness industry. Those products have generally been well-received in the market and I think there is enough information out there now for people to make an informed opinion about them. What I would like to see instead is more time dedicated to communicating the benefits of the incredible devices being developed for the medical industry. This is technology that can truly transform people's lives. For example, sensors that allow us to better monitor vital signs and data from our bodies which in turn can detect the early signs of disease, automatically alert emergency services in the case of an accident and even anticipate epileptic seizures. The other perhaps under reported area is the progress which is being made in nanotechnology and particularly the use of graphene, a revolutionary material which is leading to some incredible inventions. Those are things that I believe more people should know about.

How much of the R&D and innovation that takes place in Wearable Technology is essentially driven by the military, before eventually filtering down into uses for the consumer?

Certainly some of the advances in Wearable Technology have been driven by military innovation and today around 5-10% of overall research and development in the field is attributed to the military. The military does follow its own rules though, so it doesn't develop technology with the view to eventually making it publically available. Although there are some instances where it has adapted commercial products, most notably smart glasses, for use in battle scenarios, in the main it focuses on its own projects such as 'Future Soldier' and has developed technology such as the Powered Exoskeleton - wearable body armour which enables soldiers to move faster and lift more weight, as well as monitor their vital signs and movements.

> "In the USA, around 1% of firms are currently using wearables but we expect that number to have increased to 10% within the next five years."

Aside from Wearable Technology, what other technology products or trends do you monitor with interest? What is your favourite piece of technology that you own?

The next technological revolution will be defined by three distinct technologies; wearables is one, and the others are virtual reality and 3D printing. Zerintia is monitoring each of these areas closely, and has already worked on several 3D printing prototypes. The Apple Watch is currently my favourite device, mainly because I can use it to track my sporting activities, although there are many other smart watches in the market which offer the same level of quality as Apple. Another device I use is GoPro, which again I use to record my day-to-day activities as well as adventures overseas.

You're a member of The Explorers Club? What is that? What discoveries led to you being accepted a member?

The Explorers Club of New York is an international society dedicated to the advancement of field based research. Since its inception in 1904, it has served as a meeting point for explorers and as a body that actively encourages public interest in exploration. The club has a number of famous alumni such as Neil Armstrong, Roald Amundsen and Matthew Alexander Henson. I was admitted as a member in 2013, following field research I carried out in Avraga in Mongolia, searching for the location of the missing tomb of Genghis Khan.

What inspired you to write 'El renacer del héroe?' Are you planning to publish anything else in the future?

As well as following my passion for technology and its role in improving lives, I have done a lot of research into personal and professional development techniques and use this knowledge to provide motivational coaching to individuals and teams. Based on my experiences, and inspired by books written by other business gurus, I set out to embody my vision and ideas into a book of best practices for personal success. In 2013 I actually published a sequel to *El renacer del héroe*, which focused more on the world of business and specifically, start-ups. I am currently writing my first historical novel, inspired by my travels in Mongolia, Peloponeso in Greece and Languedoc in France.

What are you currently reading?

I usually like to read two books simultaneously; one philosophical or spiritual in nature and the other being a technical or scientific based book. Currently, I'm reading Don Miguel Ruiz's *The Four Agreements* about the concept of personal freedom inspired by the wisdom of the ancient Toltec empire in Mexico. The other is Stephen Hawkings' *The Grand Design*.

Which individuals or businesses do you look to for inspiration?

The film director James Cameron is one. I admire his dual approach to storytelling, delving into the past to bring forward a vision of transcendent events in history, but at the same time always having the ability to reveal a prescient vision of the future. He's also a renowned marine explorer. The other person I look up to is Richard Branson. I had an opportunity to see and hear him speak at a conference in London once and his message is clear: live life with intensity and passion.

The **bio-report** 2016

Andreas Plietker, Managing Director at Bio-Zentrale Sports

Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH

Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst

Liane Maxion, Board Member at Naturata AG

Sales of organic products in Germany have continued to increase significantly over the last few years, highlighting a clear change in German consumption habits. >>

Between 2013 and 2014 overall sales of organic produce climbed from €7.55 billion to €7.91 billion as the average German household spent 4.8% of its total income on food, drink and other organic goods. Sales in specialist organic trade shops grew by 9%, and while there was a slight decline (1%) in organic sales in discount stores and other smaller operators; the chilled, milk and dairy categories helped sales of organic products in supermarkets and drugstores increase by 6% and 5% respectively.

Undoubtedly, this trend has been driven by a growing number of health conscious consumers in Germany who increasingly associate organic goods as offering a 'high quality' alternative to non-organic food and drink – quality being a key selling point for those concerned about their health and wellbeing. These changing consumption habits are also reflected in the fact that meat alternative products experienced 10% growth in 2014. Significantly, this growth was largely due to the fact that two thirds of the overall sales of meat alternative products are now attributed to organic food and drink brands.

With more and more Germans swapping traditional meat-eating diets to become dedicated vegetarians or vegans – there are already around 1.2 million vegans in Germany - the upward trend of organic produce in Germany will continue to have an impact in the food and drink sector in 2016. Furthermore, because of this rapid development in the organic trade market, the issue of the procurement of raw materials has also become a hotly debated topic. Producers, for example, must tackle challenges such as sourcing the 12,000 tons of soybeans required to meet the demand for alternative meat and milk products alone.

In the following discussion, Falko Götz Ehlerding chats to four key decision makers from Germany's organic industry and addresses typical issues as well as other key trends likely to impact the industry in 2016.

> "Bio-Zentrale continues to invest in developing its export capability by hiring the best available talent while offering existing employees training in key areas."

Internationalisation is very much on the agenda for German based organic companies in 2016. What is your business doing to strengthen its operations as it seeks to further expand overseas?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

Bio-Zentrale continues to invest in developing its export capability by hiring the best available talent while offering existing employees training in key development areas such as languages.

The business also leverages the combined expertise of Bio-Zentrale and the wider KTG Foods Group, seeking out synergies where both companies can benefit through collaborative efforts.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

Haus Rabenhorst distributes its products, which include specialist organic juices and gluten and lactose free foods, in over 36 countries. In most of those countries we work with importers and we are continuing to focus developing sustainable partnerships in Asia and Europe where there is a strong demand for our three main brands: Rabenhorst, Rotbäckchen and 3Pauly.

Quality is an important attribute for people who buy organic food and drink. As the market continues to grow rapidly, how is your business seeking to maintain the high quality of its products?

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

All Yogi Tea products are marked with the EU Eco Label. This means that they are certified high-quality herbal and spice teas; produced, processed and stored in a strictly controlled organic environment. Similarly, the suppliers of our organic ingredients are certified companies of organic farming and verified by official inspection bodies such as the IMO. Yogi Tea's own internal quality requirements for raw materials are actually higher than those required by the specifications. In addition, we have increased the safety of raw materials' stocks to better defend against fluctuations in the market.

- **Liane Maxion, Board Member at Naturata AG**

When raw materials are scarce it is very difficult; often the raw materials for some products are not available at all. Despite these challenges, however, Naturata is able to maintain the high quality of its products. When people buy Demeter certified products, they expect the very highest quality and to not meet the expectations of consumers in this regard would be fatal for the Naturata brand.

What have been the most effective sales channels in recent years? Which channels represent the biggest opportunity for future growth?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

Historically, Bio-Zentrale has developed distribution channels with food retailers and to a lesser extent with drugstores. The Bio-Zentrale brand has grown disproportionately in food retail and there is still growth potential for Bio-Zentrale in that sector through developing and launching new and innovative products.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Yogi Tea is currently sold in specialist organic food and health food retailers, drugstores, selected supermarkets and hypermarkets. There continue to be interesting growth prospects in these areas, particularly in the specialty trade, as well as within food services. In other European countries outside of Germany, pharmacies and parapharmacies also offer interesting points of entry for distribution expansion.

- **Liane Maxion, Board Member at Naturata AG**

Naturata is active in Germany, Austria and Switzerland through its online store. The natural food market still represents the biggest potential growth area for the business and we plan to continue investing in this area in the DACH region.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

In Germany, Haus Rabenhorst products are market leaders within pharmacies and health food stores and are also available in drugstores and selected food retailers, as well as through our own online store. Growth within drugstores and food retailers is very dynamic. We are not currently looking at any other channels.

Do the different channels need to be managed in different ways?

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Yes, Yogi Tea's retail partners all have different

Market snapshot

GERMANY

While battling against the negative impact of Chinese and emerging market decline, Germany's usually strong domestic demand took an unexpected hit leading up to Christmas, with unemployment also rising slightly in line with a drop in exports. These factors were undoubtedly exacerbated by the VW emissions scandal. Despite this particularly challenging economic period, Germany's economy began 2016 favourably, surprising many analysts. However, global vulnerabilities have finally caught up with Germany and forced some agencies to offer more pessimistic growth projections than previously stated for the year. While exports have indeed declined, private consumption, spurred on by high employment and low fuel costs is being heralded as the country's new mainstay of growth. Consequently, consumer confidence is expected to remain high over the year and this will undoubtedly continue to have a positive impact on Germany's FMCG market.

expectations and therefore we must utilise channel-specific concepts to make sure that we meet those diverse expectations head-on. An example would be to avoid using aggressive promotional activities in some circumstances. In addition, we have a targeted approach to selecting our distribution partners. Significantly, they must be willing to be flexible with regards to volume expansion. In some instances, we reject any volume expansion options if we think they could jeopardize our long term growth.

How do you achieve a healthy profit margin amidst the rising costs of raw materials and the growing demand from consumers for high quality products at reasonable prices?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

Bio-Zentrale's association with KTG Foods Group means our supply of raw materials is guaranteed at a low cost. We are therefore able to offer retailers high quality, acceptable prices and good profit margins.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Yogi Tea is a premium brand and as such we are completely focused on delivering superior quality as well as environmentally friendly products. The business is constantly trying to improve productivity and reduce inefficiencies in the manufacturing process, and we have a continuous programme of technical optimisation and investment in new technologies. All of this ensures that Yogi Tea maintains its high quality while enabling us to offer retailers and consumers stable prices.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

If an ingredient is too expensive and would lead to us not being able to offer retailers a fair price, we wouldn't invest in it. Our customers rely on us to always offer the highest quality products though, so we would instead seek an alternative while maintaining 100% quality. There are no exceptions.

- **Liane Maxion, Board Member at Naturata AG**

This is currently the biggest challenge for Naturata. The cost of raw materials is rising and it's becoming increasingly difficult to keep prices low. We counteract this by optimising our supply chain and working closely with suppliers to develop workable solutions. Compromising on quality is never an option for us.

Does your business have any private label agreements? If not, is that an option in the future?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

Bio-Zentrale already has established private label agreements in place and recognises further opportunities in this industry, particularly through leveraging the potential of our advanced manufacturing systems and additional bottling facility, as well as through logistics. It's good for the Bio-Zentrale brand and good for business.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Our main priority is to continue growing the Yogi Tea brand; there is still a great deal of potential to develop Yogi Tea and we believe concentrating resources on maximising our efforts in this area is best for the business moving forward.

- **Liane Maxion, Board Member at Naturata AG**

Naturata is not currently active in the private label industry and has no plans to develop opportunities in that area.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

Haus Rabenhorst has experimented with private label agreements in the past, but has since formed the view that private label doesn't really fit with our business model.

In terms of hiring, what are the most important characteristics your business seeks to identify in potential candidates?

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Yogi Tea is a special brand with a long history and determining someone's cultural fit is vitally important for the business when it makes a new appointment. Candidates, therefore, must have an affinity with the key attributes of the brand such as 'organic quality', 'Ayurveda' and 'yoga'. Being able to demonstrate a genuine openness towards other cultures is also important. In addition to these personal qualities, candidates must have relevant job experience and functional expertise, a team-orientated approach, hands-on mentality and good initiative.

- **Liane Maxion, Board Member at Naturata AG**

Cultural fit and the ability to develop good working relationships in a small team environment are key factors for us.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

Rabenhorst has been an established family-run business for more than 210 years and has 120 employees who are proud to call themselves 'Rabenhorsters'. New employees must be able to fit into this strong culture, which means being adaptable and having good social skills while not being too 'career-minded' in their attitude.

> "The cost of raw materials is rising and it's becoming increasingly difficult to keep prices low. We counteract this by optimising our supply chain and working closely with suppliers."

How does your business deal with the issue of skill shortages in the organic sector? Are you able to identify and attract the right kind of people from the wider food industry?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

Skill shortages are a reality in the organic sector, but we are able to overcome this issue by hiring people from the so-called 'conventional' food industry who we deem to have an affinity with what we stand for as a business. We then integrate these people with our more experienced staff and quickly bridge any gaps in their knowledge. We also have dedicated in-house training programmes and take pride in bringing young people up through the ranks.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

It's important that our employees identify with the Yogi Tea brand as well as the wider organic food and drink industry. Professional experience in that industry is obviously advantageous but if candidates can demonstrate a genuine affinity with our brand and our sector then they're welcome to apply. Experience working in smaller companies is another important attribute we look for in potential candidates.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

A lot of people, including myself, have joined the organic sector from the conventional food industry. Consequently, the organic sector has grown and become more professional. So, hiring people from outside the organic sector should definitely be encouraged.

- **Liane Maxion, Board Member at Naturata AG**

Our recruitment policy is not in any way rigid, we will consider any motivated candidate regardless of which sector they're from. What's important for us is finding people who have a genuine desire to make a difference. Often, those people are moving from larger companies into smaller businesses like ours.

What is your business doing to adapt to people's changing diets and in particular the growing number of vegans in Germany?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

The majority of our products are already vegan and we work alongside our retail partners to develop targeted 'point of sale' promotional activities to increase sales such as creating engaging displays, writing recipes and analysing shelf placement performance. We also seek to integrate any relevant emerging nutritional trends into new products.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

We analyse trends very closely and if they are relevant to our brand we are able to react very quickly to integrate them into our product range.

- **Liane Maxion, Board Member at Naturata AG**

The Naturata product range is 100% vegetarian and around 90% vegan. This is not because we are reacting to any emerging nutritional trends, however, but rather because the principles of vegetarianism and veganism have always been central to Naturata. To help consumers, our vegan products are clearly labelled with the well-known Vegan Society seal.

How does your business work with retailers to ensure organic products are visible at the point of sale and that communication to the customer is clear?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

We spend a lot of time analysing shelf placement performance and work closely with our retail partners to make sure displays are interesting and engaging. Nationally, in 2015, there were around 15,000 active in-store displays and we also conducted 1,700 in-store taste tests with consumers.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

With each retailer there are different opportunities to be leveraged. Generally though, we promote product offers through creating engaging displays as well as via adverts and other marketing materials. These all help retailers at the point of sale.

Your business has an established and, one could say, fairly niche customer base. What are you doing to try and reach a more mainstream audience?

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

We've been established for a long time and have consequently built up a large customer base. Because we sell very niche and premium health products, however, we're never going to be a mainstream brand and therefore don't target the mainstream market.

What are the main challenges your business has faced during the last 12 months?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

The rising cost of raw materials and the knock-on effect this has had on prices has certainly been a major issue for us. This could not be fully offset by cost savings and has led to extensive price negotiations and price adjustments in the market. Furthermore, Bio-Zentrale has been through an internal restructure with the national sales team taking over responsibility for two KTG Food brands as well as integrating new people into the existing team. Last year we began implementing a new CRM solution to help facilitate these changes.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Over the last two years we have grown rapidly and have subsequently had to make various internal adjustments, such as establishing a new operating structure and integrating new processes, to accommodate this growth. We have also expanded our teams and created new positions within the business and have had to work hard to integrate these new people into the company.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

The biggest challenge for us has been the procurement of raw materials. Although demand for organic food has been growing steadily over the last 12 months, the rate of growth is likely to slow.

> "There is a growing demand for convenience organic food, so you will see more product ranges in smaller containers specifically designed for the mobile consumer who wants to 'eat on the go'."

- **Liane Maxion, Board Member at Naturata AG**

In addition to rising commodity prices, the general availability of raw materials has been a constant challenge for Naturata and has made it difficult for us to maintain our large range of products. For example, spelt, which is used in our pasta, was in short supply and we were forced to discontinue some of our pasta products. Thanks to our close relationship with the supplier, however, we didn't have to discontinue the full range. Many other organic brands on the other hand had to completely discontinue spelt-based products. We communicated directly with retailers and consumers and made them aware of the issue early on.

What trends do you expect to see in 2016?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

In addition to the growth of veganism and vegan products, I expect retailers will likely increase the number of 'superfoods' they stock. We will also continue to see the further development of regional food standards and the importance of the issue of transparency. Bio-Zentrale aims to be at the center of these emerging trends. Together with KTG Foods we are the largest grower of soybeans in Germany and already have a number of exciting superfoods, a range we plan to expand further. We also firmly believe in the 'from farm to plate' agenda and are a strong advocate for driving change with regards to how raw materials are sourced, processed and marketed.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

Living a healthy lifestyle and being conscious of your body are trends that will continue to impact the tea market, with herbal as well as spiced teas being obvious growth areas. Yoga continues to be a sporting phenomenon and another area where our brand can seek to leverage opportunities. Consumers also continue to seek out natural, organically farmed products and, again, our brand is well positioned to meet these demands.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

There is a growing demand for convenience organic food, so you will see more product ranges in smaller containers specifically designed for the mobile consumer who wants to 'eat on the go'. The flexitarian diet - one that is plant based with the occasional inclusion of meat – will also become more prevalent.

- **Liane Maxion, Board Member at Naturata AG**

Vegan as well as 'free-from' foods will become more and more widespread.

What activities are you most excited about in 2016?

- **Andreas Plietker, Managing Director at Bio-Zentrale**

In 2016 we're further investing in the power of innovation as we seek to bring more new products and product lines to the market, in co-operation with other great organic brands.

- **Heiko Hintze, Vice President Europe Sales at Yogi Tea GmbH**

We're launching some great new products as well as offering some attractive promotions in 2016 as we seek to further inspire consumers and improve their our overall experience of our brands. We expect to continue the success we've had in our target markets and distribution channels in Europe.

- **Liane Maxion, Board Member at Naturata AG**

Naturata is 40 years old in 2016. We're very proud of this and the fact that we've continuously grown in the fast-changing and often turbulent organic market. The business is confident about the next 40 years of its journey.

- **Johannes H. Mauss, former CMO and Managing Director at Haus Rabenhorst**

There's definitely some surprises in store; for example, the Rotbäckchen brand has an exciting new range coming out in 2016.

Let us know what you think... >>

We would be delighted to receive your comments on this edition of Consumer Focus. Alternatively if you would like to contribute to the next edition please contact the Marketing Department at **creative@nigelwright.com** or on **+44 (0)191 222 0770**

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