

Cutting Edge: Our weekly analysis of marketing news

7 October 2015

Welcome to our weekly analysis of the most useful marketing news for CIM and CAM members.

Quick [links](#) to sections

Marketing trends and issues

Advertising

Adspend, recalls and crisis management

This study demonstrates that adjusting the amount spent on pre-recall advertising can have an impact on the financial damage relating to stock price. The authors base their research on data from automobile recalls from 2005 to 2012 to show that, by changing pre-call ad spend, a company can either mitigate or amplify the negative effect of the recall on the stock market value. Increasing adspend reduces the stock market loss when the recall involves a new product with a minor problem but increases the loss when the recalled product is an established model and has a major problem. Reducing pre-recall adspend worsens the stock price when the recall involves a new product regardless of the severity of the problem. The research emphasises the need for an integrated crisis management strategy.

Journal of Marketing, Vol 79 September 2015, pp80-99 (Gao et al)

Agencies

Agencies tapping into start-ups

Start-ups are at the forefront of innovative solutions and agencies are keen to get in on the act as they come up with ideas for clients. For their part start-ups want access to brands' and agencies' campaign experience. In practice true collaboration is difficult because of differences in culture, structure and operations between agencies and start-ups. Amy Keen, head of futures at Havas Media which is collaborating with start-ups, believes that there should be "some kind of code of conduct or best practice guide for agencies and start-ups working together". The Institute of Practitioners in Advertising says that such a guide is already being developed and is due to be released in three parts

later this year and in 2016.

The Drum, 30 September 2015, pp14-15

Brands and branding

Brand positioning

Brand positioning is defined as the process of designing an organisation's offering and image so that it occupies a particular place in the target market's mind. This paper aims to expand brand positioning measurement by showing how network analysis techniques are used in brand positioning research. The study, which involves 12 brands in the electronics industry, proposes a four-step process as a guide to analysing the effects of brand positioning on differentiation. The results suggest a strong case for using network analysis as the favoured method for capturing the structure of brand positioning.

International Journal of Market Research, Vol 57(5) 2015, pp727-742 (Wang)

Corporate heritage brand management

Corporate heritage brands represent a useful source of data on how brands can endure. They require a particular kind of brand management approach. This study contrasts brand management across two corporate brand types: corporate heritage brands and contemporary corporate brands. The data is collected using historical research and semi-structured interviews. The differences in how each type of corporate brand is managed are identified and an approach to corporate brand management is suggested. It consists of a four-proposition conceptual framework that addresses brand essence creation, brand continuity, brand projection and brand renewal.

Journal of Brand Management, Vol 22(5) 2015, pp412-430 (Cooper et al)

Brand citizenship

Many companies go along with the idea that charity



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is an anonymous act so that the giver doesn't stand to gain anything. But how can companies gain tangible benefits from their corporate social responsibility? This article proposes a different concept, namely 'brand citizenship'. This is a way for B2B and B2C marketers to build deeper relationships with customers and to increase brand love and loyalty. It is an easier concept to justify to the board than corporate social responsibility. A successful brand citizenship campaign links the cause with what the brand does. It also provides a proactive method for engaging customers as opposed to CSR, which gives companies 'an ethical shield' for fending off criticism.

Catalyst, Issue 1 September 2015, pp52-54

Merger benefits from one-brand strategy

It is estimated that at least 80% of mergers fail but when French energy company Schneider Electric acquired British FTSE 100 company Invensys plc in January 2014, Schneider Electric focused heavily on internal and external communications and branding. This article focuses on how it used its "one-Brand" strategy, alongside an integrated marketing campaign (*Better Together*) and a social media competition among employees, to demonstrate the strength of the combined companies.

brandquarterly.com, 29 September 2015

Conferences and events

European events budgets down

The *2016 Global Travel Price Outlook* predicts that meetings and events budgets across Europe will fall by 0.4% next year because of uncertainty in the Eurozone. International travel is also expected to decline in Europe, the Middle East and Africa. In contrast there are more positive forecasts for Asia-Pacific, due to strong demand in China and India, where budgets are expected to rise by 11%.

Association Meetings International, September-October 2015, p10

AXA ensures a range of events

Dawn Severn, events manager at AXA Insurance, talks about the type of events she manages. The company's events range from private dinners to corporate hospitality, seminars and big events such as exhibitions and the company's internal roadshows. The company is changing the way in which it works with events agencies, by moving towards a panel of agencies that make different contributions rather than just one agency which is trying to perform every task.

Conference & Incentive Travel, September 2015, p21

Customer relations

Measuring consumer sentiment online

The growth of social media and virtual communities has facilitated the spread of word-of-mouth, forcing companies to measure the success of their

marketing in online environments. This research investigates how consumers react to companies' participation in consumer-to-consumer conversations in an online community. The authors develop a community-matched measure of consumer reaction. The results suggest that active firm engagement can, in some cases, undermine consumer sentiment. Analysis by conversation type reveals that relationships are more positive for conversations where consumers' functional needs are addressed but not so for conversations that address social needs.

Journal of Marketing Research, Vol 52 October 2015, pp629-641 (Homburg et al)

Serving the stressed customer

It can be difficult to serve stressed customers because their assessment of quality and value as well as their buying decisions and recommendations are affected by emotions. Companies often fail to anticipate such emotions and can't offset negative feelings. This is particularly true of high emotion services, such as cancer care, airline travel and home buying which can induce intense feelings. The authors propose four guidelines to help managers influence expectations and perceptions of quality and value which could help to improve customer satisfaction and loyalty.

Harvard Business Review, October 2015, pp86-94 (Berry et al)

Direct marketing

E-mail – a sales opportunity

Marketing and sales often get in each other's way – marketing communications is the point at which both functions connect, often leading to confusion. The answer, say the authors, is to bring together sales, marketing and business development in a more collaborative way. Although e-mail use is on the rise, it is not as effective as it could be and companies typically achieve an opening rate of just 6% or less. However, a combination of sales, marketing and e-mail could result in higher engagement with customers. The authors explain that it might be possible to achieve an opening rate of 70% to 80%.

Winning Edge, July-August 2015, p8 (Chung and Evans)

Sending relevant messages

The author believes that direct marketing is all, "about finding the right channel for the right offering". He identifies two growing trends: firstly, marketing automation and the customer journey; and secondly, the invoice as a digital communication channel which traditionally existed only in postal channels. In this article he expands upon these quite different themes as a way of reaching the customer.

dma.org.uk, 2 October 2015 (Widgren)

Law

Data law – a costly business

In December 2017 the European data law will take effect and the various European bodies have until the end of 2015 to finalise the law's content. The General Data Protection Regulation (GDPR) will cost data marketers a great deal of time and money as well as reducing the huge volumes of data which they have access to. A survey by the Information Commissioners' Office claims that 87% of companies are unable to calculate the cost of compliance preparation and 82% are unaware of current spending on compliance rules. Research by the Ministry of Justice suggests that the cost to UK businesses could be as high as £320m a year. However much the new legislation is likely to cost, the advice is to start preparing early...

Database Marketing, September 2015, p10 (Whitaker)

Uber case could impact sharing-economy

Uber is fighting a class action in California in which its drivers are battling to be treated as employees with benefits. Uber argues that the drivers must go through private arbitration. If the drivers win the case it is likely that other lawsuits will follow; Uber may have to change its business model which would have serious implications for other sharing-economy companies. Separately the *FT* reports on how 100,000 people have signed a petition in support of Uber, following proposals by Transport for London to impose new rules on the minicab business.

Bloomberg Businessweek, 28 September-4 October 2015, pp33-34; Financial Times, 1 October 2015, p6

YSL fails in trademark case

Yves Saint Laurent (YSL) has failed to challenge the Swiss registration of the mark 'SL Skinny Love'. The logos of the two companies appear to be very similar at first glance. The Court argued that YSL had failed to prove that 'YSL' was a well-known mark for fashion goods and that there was a distinction between Yves Saint Laurent, the person, and the YSL monogram. The Court believed that the two marks were unlikely to be confused and that the words "Skinny Love" beside the "SL" mark were thought to remove the likelihood of confusion.

lexology.com, 25 September 2015

Marketing

Marketing power and company performance

This study examines the power of the marketing department in US companies from 1993 to 2008 and looks at its impact on the performance of the company. Overall it concludes that marketing power increased over this period. It also demonstrates that a powerful marketing department improves companies' longer-term future shareholders' returns in addition to the positive effect it has on short-term return on assets. The study demonstrates marketing's influence within a company and how

investing in building a powerful marketing department can positively affect the company's performance.

Journal of Marketing, Vol 79 September 2015, pp1-20 (Feng et al)

Suggestions for the perfect pitch

How do you become 'pitch perfect' and turn yourself into a great sales executive? Here are ten suggestions for conducting the perfect pitch. They include understanding the emotional journey of a sale, handling the product with reverence and care, building empathy with customers by repeating words back to them and suggesting ways in which the product might solve the customer's needs.

Winning Edge, July-August 2015, pp16-17 (Kermode)

Declining trust in marketing formats

A study from Nielsen has revealed that trust in content marketing has declined more than any other form of marketing, having fallen by 8% to 54%. But other marketing formats have also suffered from declining trust, such as e-mails which people have signed up for (-7%), radio ads (-6%) and newspaper ads (-6%). The least-trusted forms of ads (mobile, text on phones and ads on social media) have experienced an increase in trust.

Marketing Week, 1 October 2015, p5

Static images

The author asks when we will start to see a reversal in the fortune of the static image in marketing communications. Pictures can be more powerful than almost any other form of media yet the ad industry seems to have forgotten how potent an image can be. The still image has been side-lined in favour of video, with every event and launch being captured on film. Yet photographs can still engage people, helping to influence their behaviour and opinions.

Marketing, October 2015, p60

Market research

Brand likeability scale

The 'likeability' of a brand is important for firms that rely on their brands but likeability is a multi-dimensional construct. The authors develop a new measurement scale to assess consumers' brand likeability in firm-level brands. In the context of service experience purchases, they discover that likeability results in: a greater amount of positive association; increased interaction interest; more personified quality; and increased brand contentment. The authors conclude that focusing on likeability acts as a differentiator and encourages likeable brand personality traits.

International Journal of Market Research, Vol 57(5) 2015, pp777-800 (Nguyen et al)

Public relations

The cost of negative online comment

New research suggests that malicious online reviews and comments are costing some British firms at least £30,000 a year. According to reputation specialist Igniye, three-quarters of businesses are concerned about negative postings on third party review sites, where consumers are encouraged to report bad service. The report reveals that companies are prioritising their online review and reputation strategies. Last year 30% said they had spent £20,000 on addressing negative content and building a stronger online reputation while 18% said they spent £30,000.

Winning Edge, July-August 2015, p7

VW – a matter of crisis management

Volkswagen has built its reputation on trust and reliability but now the emissions scandal has presented it with a huge challenge. The author identifies three positives. Firstly, a strong brand can help to provide reputational credit during a crisis. This was evidenced when Virgin Galactic's spacecraft crashed in the Mojave Desert last year – the Virgin brand combined with Sir Richard Branson's actions, saved the brand's reputation. Secondly, initial response is important and VW reacted quickly in admitting its guilt. Thirdly, actions can be important – chief executive, Martin Winterhorn, resigned quickly and an internal investigation is taking place. On the negative side, VW has a number of obstacles to overcome, not least the fact that a huge amount of trust had been placed in its brand.

The Drum, 30 September 2015, p7

Aligning brand with reputation

If people's experiences of an organisation don't match what the company is saying about itself, then both the company and its brand will suffer. A disconnect between the brand and its reputation is bad for both the short and long-term success of the company and is one of the key communications issues for companies, regardless of size. If the alignment between the brand and reputation happens in a planned, genuine way, it creates authentic engagement. There are five principles to consider when aligning brand and reputation.

PR Week, September 2015, p17

Sponsorship

Social media and sport sponsorship

The authors examine the effect of a sports brand's sports sponsorship in social media. They look at the influence that a brand's sports sponsorship has on consumer's self-congruity with brand image and on brand relationship quality. The research was conducted using consumers in their early twenties to late forties. It reveals that sports brand sponsorship in social media activities has a significant effect on

consumer's congruity which in turn affects brand relationship quality. Male consumers who had previously made purchases associated with the brand were found to perceive the sponsor's brand image in a more positive light when exposed to sponsorship in social media compared to those who hadn't previously made a purchase. Consumers in their forties who had previously consumed the brand's products were the most influenced by a level of self-congruity with the sports brand.

International Journal of Advertising, Vol 34(4) 2015, pp658-677 (Do et al)

Banning controversial sponsors

Sponsorship decisions can be the result of a matching process between two or more parties. This study uses a two-sided matching model to investigate the results of banning controversial sponsors. The authors produce estimates based on data from shirt sponsorships of 43 English football clubs to simulate the consequences of banning alcohol and gambling sponsors. Their estimates suggest that such bans may not have the biggest impact on the clubs – especially the large ones – that already have alcohol and gambling sponsors. Clubs with low attendance and lower income will be most affected by the ban.

Journal of Marketing Research, Vol 52 October 2015, pp593-615 (Yang and Goldfarb)

A bad week for sponsors

It's been a tough week for sponsors: major football sponsors Coca-Cola, McDonald's, Visa and Budweiser, have been calling for the resignation of Fifa president, Sepp Blatter, in an effort to protect their multi-million dollar investments. Meanwhile some rugby sponsors have had to deal with England's defeat by the Australians which means that the host nation will no longer be in the competition. Tournament sponsors are likely to be unaffected, unlike those that have backed individual teams, such as England sponsor O2. Tim Crow, CEO of Synergy, says that, "In an instant O2's campaign becomes a signifier for England's failure."

warc.com, 5 October 2015

Agriculture, fishing and forestry

Wales to opt out of GM cultivation

The Welsh government is applying to opt out of growing GM crops by taking advantage of new EU rules. Rebecca Evans, Wales' deputy minister for farming and food, says that it will, "allow us to protect the significant investment we have made in our organic sector and safeguard the agricultural land in Wales". Around two-thirds of EU countries have already opted out of growing GM crops. The deadline for opt-out applications was 2 October.

fwi.co.uk, 5 October 2015

Europe beefs up its performance

Rabobank's *Beef Quarterly* report states that the European beef sector has performed "robustly" despite Russian sanctions against the EU. It says that these have been, "more than compensated for by higher volumes in other markets". EU export volumes rose by over 15,000 tonnes in the first half of the year. Turkey and Lebanon proved to be particularly strong markets.

The Grocer, 3 October 2015, p47

Building industry

Forecast to 2019

Construction forecasts from Leading Edge suggest that there will be a steady improvement, rather than strong growth, in the sector up to 2019. Output is expected to rise by 3.3% next year, 3.1% in 2017 and 2.8% in 2018 and 2019. It predicts that the housing market is unlikely to enjoy double-digit growth over the next four years but that infrastructure growth is expected to be strong through to 2019. Uncertainty surrounding the European referendum, the Government's Comprehensive Spending Review in November and the slowdown in China are noted.

Construction News, 2 October 2015, pp24-25

The horizontal lift

A 244-metre tower is being built in Rottweil, Germany, which will boast the highest observation deck in Europe. The so-called 'Tower of Light', will cost €60m but will never be inhabited. Instead it will act as a test tower for Thyssen-Krupp's elevator division, allowing the company to experiment on prototype lifts. CEO Andreas Schierenbeck wants to develop the Multi, a ropeless lift which can move not just vertically, but horizontally from one side of the building to the other. Lift shafts will be transformed into railway-like networks.

Wired, November 2015, pp158-165

Businesses and strategy

Sales recruitment process needs updating

A survey of sales executive recruitment by the British Institute of Learning and Development and the Universal Sales Skills Audit has revealed serious shortcomings in the sales recruitment process. It says that the majority of companies are using outdated and inflexible recruitment processes. Some 87% of employers revealed that they allow the candidate's CV to influence their decision while 63% said they continued to use formal, in-house interview approaches. This could mean that unusual talent is being overlooked.

Winning Edge, July-August 2015, p6

Adapting to the global marketplace

As companies expand overseas, their employees gradually move away from shared values, with people in different countries reacting differently and making decisions in different ways. As problems start to arise between the head office and regional units, such companies are at risk of undermining the very attributes which have made them successful. Erin Meyer of INSEAD identifies five principles which can prevent this type of organisational damage. He warns that companies which don't make plans for how their employees will adapt to working in the global marketplace will eventually slip up. By the time they rectify the situation they may have missed out on opportunities.

Harvard Business Review, October 2015, pp66-72 (Meyer)

Charities and NGOs

Effective communication

Campaigns to raise awareness of global issues often only reach people who are already interested. *Stand Up Planet*, a comedy travelogue TV show, aims "to entertain, to enlighten and to see people living around the world through a new lens". Supported by the Bill & Melinda Gates Foundation, it helps to reach audiences that might otherwise consider that the social issues affect "only people who are very different and far away". The initiative is believed to have been very effective at changing people's attitudes. Charities should do more of this type of activity rather than indulging in wasteful research, says the author of this article.

Third Sector, October 2015, p25

Bots as influencers for good – and bad!

Activists find it hard to rally people to a cause. Researchers in West Virginia have launched a program called the Botovist into the Twittersphere. They used eight bots which focused on the subject of corruption in Latin American governments. The aim was to see how good the bots would be at influencing people to come up with ideas on tackling corruption. They are not the first to use bots to influence people, however. Although bots have the potential to work for the greater good, they can also be used for propaganda, such as those used by Russia after it invaded the Ukraine.

New Scientist, 3 October 2015, p24

Durable consumer goods

Do household appliances cheat energy tests?

Doubts have been raised as to whether tests on household appliances could be manipulated in the same way as those on cars. A test carried out by EU-funded research group Complan TV found that the 'motion lighting' mode on Samsung TVs did not save as much energy as the company claimed. Samsung has rejected suggestions that the mode

had been specially designed to help it pass regulatory tests.

The Times, 2 October 2015, p16

Robot that'll queue for you

There's no longer any need for human beings to stand in long queues. Two telepresence robots, consisting of screens and wheels, recently stood in line to buy the latest iPhone 6s from Apple Stores in Sydney, Australia and Palo Alto, California. The Palo Alto robot even paid for the phone using cash hidden in a secret compartment!

New Scientist, 3 October 2015, p24

Economy

House prices and supply

The Economist's index of house prices around the world reveals that prices have risen in 21 out of the 26 economies it tracks. *The Economist* measures national affordability as the relationship of prices with rents and incomes. In America, where house prices increased by 4.7% in the 12 months to July, prices are at their 'fair value'. In other countries house prices are above their fair value, with houses in six markets being more than 30% overvalued. In Britain, where prices have risen by 35% since January 2009, housebuilding is not keeping up with demand. Hong Kong is the most extreme case of rocketing prices and limited supply: prices rose by 21% in the year to June. China is only one of five markets in the index where prices are falling.

The Economist, 3 October 2015, p83

UK manufacturing experiences job cuts

The third quarter *Markit/CIPS Purchasing Managers' Index* reveals that manufacturers have been losing jobs for the first time in two-and-a-half years. This is attributed to a slowdown in consumer spending, weak business investment and slowing export orders. Last week the Office for National Statistics said that GDP was 5.9% above the pre-crisis peak but that manufacturing was 5.5% below the level it was before the 2008 recession.

The Independent, 2 October 2015, p56; Financial Times, 2 October 2015, p3

Kenya strong in second quarter

Kenya's economy grew by 1.7% in the second quarter of 2015, up from 0.6% in the first quarter. Agriculture, which accounts for 28% of GDP, is growing at 5.4%. Other successful sectors are electricity (up 10.2%) and construction (up 9.9%). John Ashbourne of Capital Economics sees Kenya as a "key regional performer" for 2015 and 2016, although other commentators are not as optimistic.

Financial Times, 2 October 2015, p8

Energy and utilities

New suppliers give energy to business

An overview of the business energy supply market by Cornwall Energy reveals that seven new companies have entered the market in the year leading up to 30 April 2015. It says that 33 companies now supply gas to the business gas market, of which 24 supply both electricity and gas. The big six domestic suppliers saw their business gas market share fall to 19.3% in April 2015 from 19.7% in October 2015. Their share has dropped by 5.1% over the last three years.

utilityweek.co.uk, 2 October 2015

Environment

The plastic bag levy

This week large retailers in England started charging 5p for individual plastic bags. It is estimated that shoppers in England could spend a total of £100m, or £2 each, on bags over the coming year. The Government estimates that cutting plastic bag use by 60% to 80% could reduce carbon dioxide emissions by 100,000 tonnes a year. In addition, many retailers are planning to pass on the proceeds to charities. However, behavioural economics suggests that the charge is more of a 'nudge' for people to do something that they would have been willing to do anyway but needed that extra encouragement.

The Economist, 3 October 2015, p34

UK has least efficient energy system in Europe

The UK's energy system is one of the least efficient in Europe according to research led by the Association for Decentralised Energy (ADE), which found that £3 billion-worth of energy could be saved if the right action is taken. This would cut consumer electricity bills by £116 per year and tackle the so-called 'energy trilemma' of cost, supply and decarbonisation.

utilityweek.co.uk, 2 October 2015

Fashion

The cashless catwalk

Visa Europe Collab, Visa's innovation lab, and designer, Henry Holland, show-cased a smart jewellery experience at the recent London Fashion Week. Those in the front-row VIP seats wore NFC rings designed by Henry Holland while models wore smart brooches. The two were linked via Bluetooth Smart technology to Visa's payment network, allowing the VIPs to make instant purchases from the catwalk. The products were packaged and handed to VIPs as they left the show.

The Drum, 30 September 2015, p9

Defining luxury

Apple's tie-up with Hermès for a special-edition Apple Watch is an indication that Apple now regards itself as a luxury brand. Apple's reputation as a luxury brand is underpinned by the quality of its engineering – quality is regarded as one of four key trends in the luxury market. *Marketing Week* examines these four definers of luxury, a market that is being affected by declining retail footfall; the rise of digital natives; and the growth of the global middle class.

Marketing Week, 1 October 2015, pp12-16

Personalisation

People like to be able to customise their purchases and fashion is one of the categories in which personalisation is taking off. Luxury retailers, such as Burberry have been leading the way but mainstream brands, such as Nike, Adidas and Converse have all introduced online customisation tools. Retailers are also introducing personalisation to their stores. People tend to take more pride in products they've created themselves and 71% of consumers who are interested in personalised products are prepared to pay more for them.

Retail Week, 2 October 2015, p23

Financial services

Loyalty at personal advisor and bank levels

The authors investigate how customers' affective (emotional) commitment and calculative (benefits and costs) commitment to a personal advisor and bank, influence their intentional loyalty (purchase intentions) to the advisor and the bank. Using data from customers of a major Swedish bank, they conclude that affective commitment has a stronger overall effect on customer loyalty than calculative commitment. This emphasises the importance of forming affective links with customers. The research also shows the importance of personal advisors to bank-customer relationships.

Journal of Financial Services Marketing, Vol 20(3) 2015, pp191-207 (Strandberg et al)

Technology companies threaten banks

McKinsey's latest global banking review reports on how banks are "facing a high-stakes struggle" as they try to preserve their business models in the face of digital disruption. It predicts that technological competition will reduce profits on non-mortgage retail lending, such as cards and car loans, by 60% over the next decade while revenues will decline by 40%. Technology companies are focusing on cherry-picking the most lucrative parts of banks' relationships with their customers, according to co-author of the report, Philipp Harle.

Financial Times, 30 September 2015, p20

Face recognition to help card security

Payment processing company WorldPay is to test a PIN Entry Device (PED) camera which can take a photo of the user's face when they enter their PIN. The image will create a unique biometric template which can be stored in a database managed by WorldPay. Other images are taken over time and cross-referenced against each other. The face recognition system will add another layer of authentication and help to combat card fraud.

The Grocer, 3 October 2015, p10

FMCG

Beverages

Mead – a sweet taste of success

Mead, made of fermented honey, yeast and water, is 9,000 years old. It is making a strong comeback as the next craft brew in Britain. The mead revival began in the US where it is growing faster than craft beer, with around 300 'meaderies' across the country. Meanwhile Tom Gosnell, London's first mead producer, has just won the 'booze hound' category at the Young British Food Awards hosted by Tate Britain. He is currently experimenting with hot mead toddies!

The Independent, 1 October 2015, p33

Wake up and smell the coffee in virtual reality

Nescafé claims to be the first coffee brand to offer a fully immersive virtual reality experience. Its owner, Nestlé, has partnered with Google to create the Nescafé 360-degree app which can be used with a Nescafé-branded Google Cardboard VR viewer. Viewers can turn their head in any direction to see coffee fields on 3D videos. Nestlé is distributing around 10,000 headsets in 13 markets.

The Grocer, 3 October 2015, p10

Cosmetics and toiletries

Changing perceptions of science

After conducting research which revealed that less than a third of people think of a woman when asked to picture a scientist, L'Oréal wants to alter perceptions of women in science. It aims to encourage more women to take up careers in science at the same time as promoting its credentials as a science brand.

Marketing Week, 1 October 2015, p5

Food

Quorn acquired by noodle company

Quorn Foods has been sold to a Philippine noodle company, Monde Nissin, for £550m. Three quarters of Quorn's customers are meat-eaters who have been attracted by the health and environmental aspects of the product as well as the ad campaign fronted by gold medal winner Mo Farah. Quorn derives from a single strain of fungus found in a

field in Buckinghamshire in the 1960s, but it was many years before it was used commercially. According to Euromonitor the global market for meat substitutes will be worth \$2.5 billion by 2020, up from \$1.4 billion last year.

The Guardian, 2 October 2015, p32; The Independent, 1 October 2015, p52

CAP to review food and drink ads to children

The Committee of Advertising Practice (CAP) has launched an extensive review of food and drink advertising to children. It has announced a public consultation on the first set of rules governing the advertising to children of food and soft drink that is high in fat, salt and sugar. CAP is responsible for non-broadcast advertising codes and it is understood that the government wants to bring these in line with broadcasting regulations.

The Grocer, 3 October 2015, p4

Tobacco

New tobacco competing with big tobacco

The tobacco industry is dominated by the big five tobacco companies which, together with China Tobacco, account for 80% of the global tobacco market. Tobacco has become a difficult market for new entrants due to punitive taxes, regulation and declining numbers of smokers. But there is more to tobacco than just cigarettes: cigars are still popular, pipe smoking is experiencing a resurgence and shisha pipes are becoming trendy. Older businesses, such as Sautter Cigars in Mayfair, London, are still going strong; there are also online businesses, such as Jersey-based pipe retailer EA Carey; and start-ups such as The Smoking Jacket in London's Earls Court Road. However, it is not easy for niche tobacco companies to reach their target audience because of the ban on marketing.

Management Today, October 2015, pp38-42

Totally Wicked challenge to e-cig proposals

Totally Wicked, an e-cigarette company based in Blackburn, Lancashire, is to challenge EU proposals relating to e-cigarette production, sales and marketing, in the European Court of Justice. It argues that e-cigarettes are being covered by the new tobacco directive, despite the fact that they do not contain tobacco and have recently been endorsed by Public Health England as being 95% less harmful than tobacco cigarettes.

theguardian.com, 1 October 2015

Health and pharmaceuticals

Medical tourism – using emotional appeals

The high cost of health care in the US has led many Americans to look overseas for their health solutions. Leading countries involved in medical tourism have begun to launch international advertising campaigns. A trend is for such advertising to include emotional

appeals. This research seeks to investigate whether the use of emotional appeals contributes to more positive evaluations of the healthcare provider than a rational appeal does. Two studies investigate the effectiveness of ads that produce the emotion of hope, with the aim of deciding whether such ads increase perceptions of trust and reduce perceived risk. Implications for public policy makers and marketing managers are discussed.

International Journal of Advertising, Vol 34(4) 2015, pp621-640 (Kemp et al)

EpiPen dominates public awareness

In 2007 Mylan acquired the EpiPen, a device that deals with allergic reactions. At that time the device was bringing in just \$200m in sales but since then revenues have grown to \$1 billion a year. This is attributed to Mylan's 'savvy' branding together with a huge public awareness campaign on childhood allergies which has resulted in a 67% increase in numbers using an EpiPen over the past seven years. Competitors have failed to break EpiPen's grip on the market although Teva Pharmaceuticals is hoping to launch a generic version in the near future.

Bloomberg Businessweek, 28 September-4 October 2015, pp21-22

Clear guidance on codes needed

Pharmaceutical and medical events need clearer guidelines in order to create a 'code compliant' meeting according to delegates at a roundtable event organised by the Association of British Professional Conference Organisers. It also discussed the application of pharmaceutical codes to medical society meetings, how to create the best sponsorship packages and other risks and challenges to the industry.

Meetings & Incentive Travel, September-October 2015, p12

IT and telecoms

The connected home – act now or miss out

Gartner claims that an estimated 500 devices in the home will be connected by 2022 while Samsung says that all its devices will be connected in just five years' time. Deutsche Telekom has just published a white paper on the smart phone and has invested heavily in a white-label connected home platform. Jon Carter, head of business development for the connected home at Deutsche Telekom UK, believes that the smart home will be able to collect useful information, such as what products people like, how often items are used and how much time people spend at home. The white paper warns retailers that they should be preparing for the connected home now or miss out on the opportunities.

Retail Week, 2 October 2015, p33

Watson ahead in AI

IBM has announced new tools that will extend the

range of things that developers can do with Watson, its artificial intelligence computer. For example, they will enable Watson to carry on an apparently 'intelligent' conversation or help people reach decisions about what sort of car to buy. Two examples of early adopters are: @Point of Care in New Jersey, which has trained Watson to answer questions from doctors and nurses about various diseases, and UnitesUs, an online employment agency, which asks Watson to analyse candidates' writing style to gain insight into their personalities. So far other AI systems have not come close to challenging Watson because they tend to be limited to just one area of expertise.

The Economist, 3 October 2015, p85

Apple develops smart ring

Apple is developing a 'smart' ring, dubbed the iRing of course, which could be used to compose text messages by writing in the air. It will have a pressure-sensitive screen and a microphone for touch and voice. It could also be linked to computer-controlled devices in the house, such as heating and lighting systems.

The Times, 2 October 2015, p23

Nest looks for smarter offerings

Nest, Google's connected devices company, is to open an online store with the aim of becoming a one-stop shop for smart-home devices. Nest's thermostat, smoke detector and security camera will be at the centre of the system. It competes with Apple's Homekit and Samsung's SmartThings. Early adopters of smart home systems have criticised them for being too complicated while research group, Argus Insights, reports that consumer interest in connected-home devices fell by 15% in May compared with the year before.

Financial Times, 2 October 2015, p18

Materials and mining

Copper – falling demand from China

A slowing demand for metals in China has hit the shares of major mining companies such as Glencore and Anglo-American. In particular Glencore is suffering from a downturn in the price of copper, which accounts for the biggest share of its revenues. China consumes around 45% of the output of copper producers. The country's attempts to shift its economy from investment-led to consumer-led could be disastrous for the copper industry. Demand may increase in the future thanks to emerging industries such as solar and wind power. Chinese demand may also be supplemented by the needs of emerging markets.

The Economist, 3 October 2015, pp77-79

British steelmaking in the doldrums

The closure of the Teeside steelworks by its owner,

Sahaviriya Steel Industries (SSI), is a reflection of the state of British steelmaking. The three companies with the largest steel operations in the UK – Tata, SSI and Celsa – have all suffered from falling prices, weak demand and cheap imports, while demand from China, the world's largest consumer of steel, has slowed. British companies, unlike their European counterparts, also suffer from high business rates and energy costs and a strong pound.

Financial Times, 30 September 2015, p25

Media

Games

Where games meet real life

Lego Dimensions is the latest offering in the so-called 'toys to life' sector, which links on-screen gaming with real-world collectible figures which can join in the game by being placed on a base. Interactive was the US's top video game publisher in the first half of 2015. Its revenues for the last quarter exceeded \$500m as it successfully exploited the increasingly blurred lines between on- and off-screen play.

Bloomberg Businessweek, 28 September-4 October 2015, pp24-25

Physical games benefit from digital

Every October Essen in Germany plays host to one of the biggest gaming festivals in the world in which 850 board, card and role-playing games take place. The market for 'hobby games' is reckoned to be worth \$880m a year in Canada and America alone. Steve Buickmaster of British company Esdevium Games believes that video games have helped to bring gaming to a larger audience. App versions of games often enhance sales of their physical counterparts while the internet has facilitated tournaments, meetings and crowdfunding.

The Economist, 3 October 2015, p72

Internet

The fake audience

Programmatic advertising has helped advertisers to better target their offerings but increasingly digital ad viewers are not human. A study by the Association of National Advertisers in the US, entitled *The Bot Baseline: Fraud in digital Advertising*, says that this year fake advertising will cost advertisers \$6.3 billion. The various data firms, marketing companies and ad tech companies make it hard for even big companies, such as Kellogg, to keep track of their advertising. The authors look at the issues and how advertisers are addressing this fake traffic.

Bloomberg Businessweek, 28 September-4 October 2015, pp64-71 (Elgin et al)

Social media

Snapchats offers selfie opportunity for brands

Snapchat is to introduce 'sponsored lenses' for brands which can be placed into peoples' selfies. The animated lenses, designed by Snapchat for the brands, will appear alongside the regular options offered to users, such as hearts and rainbows which they can place on their selfies. The initiative, which begins at Halloween, will see brands being charged up to \$750,000 to reach Snapchat's entire user base for just one day.

Financial Times, 2 October 2015, p17

Television

Peppa Pig

Peppa Pig's joint owner, Entertainment One (eOne), is planning to take the children's TV cartoon into new markets. It is also increasing its stake in the cartoon to 85%. There are several markets in which Peppa Pig is unknown and it has only just been introduced to Chinese TV so the opportunities are great. Chief executive of eOne, Darren Throop, believes that the cartoon can double retail sales, which currently stand at about \$1 billion, mainly through toys, clothing and DVDs.

The Daily Telegraph (Business), 1 October 2015, p5; The Guardian, 1 October 2015, p3

Channel 4 breaks up logo

Channel 4 has unveiled a new identity while abandoning its well-known '4' logo which has been its signature for 33 years. The new design breaks the old '4' symbol up into nine blocks and includes four short abstract 'idents' created by Jonathan Glazer, director of the film *Under the Skin*. The films feature monkeys and giant bugs. Viewers are divided in their opinions of the new look...

The Independent, 1 October 2015, p18

GE revives its Theater brand for Podcast

General Electric (GE) is reviving its GE Theater brand, which was popular on 1950s American TV, by turning it into a podcast. GE Podcast Theater has produced a science fiction serial called *The Message* which represents GE's latest move into content marketing as it seeks to attract consumers using methods other than traditional advertising. GE is notable for having been an early adopter of digital and social media in its marketing. It spends 35% to 40% of its marketing budget on digital media.

ft.com, 2 October 2015

Packaging

Packaging trends

Three key growth areas in packaging are likely to be food, pharma and beauty. Growth in packaging will provide opportunities for technological innovation as the rise of smart packaging taps into the Internet of Things. There are also client-facing benefits in the

form of product development, marketing and sales. Smart packaging can drive revenue growth and market share by engaging consumers at the point of purchase, building loyalty and cross-selling products, according to Andy Hobsbawn, founder and CMO of EVRYTHG. Other articles in this supplement cover innovation, the environment, iconic packaging, luxury and how to stand out on the shelves.

The Times (Raconteur – Future of Packaging), 1 October 2015, pp1-15

Wyke revamps to advertise its credentials

Somerset Cheese brand Wyke Farms is undergoing a £1.6m packaging revamp with the aim of increasing sales fourfold. The brand is emphasising its '100% Green' and 'Made from Nature by Nature' messages; the latter refers to the biogas plant which was installed to power all the company's cheese-making operations. MD, Rich Clothier, says the changes aim to create, "an identity that works to communicate the strength of our brand and shout about our credentials".

The Grocer, 3 October 2015, p46

Retailing

Using a little psychology

Supermarkets have become distracted by price wars and are neglecting an area which they used to excel in, that of shopper psychology. Although the new generation of shoppers may not be fooled by old tricks, there is still room for innovation when it comes to targeting the subconscious. *The Grocer* looks at the latest psychological tricks that grocers could be using in-store. For example, introduce a special offer without reducing the price by placing a yellow border around the brand – this can increase sales by up to 150% because people link the colour yellow with money off. Another tip is to use friendly, smiling faces which can draw people in, so be careful when using images of moody models!

The Grocer, 3 October 2015, pp24-27

Aldi plans e-commerce operation...

Aldi will launch its first online shopping initiative next year. Starting with wine, it plans to expand into non-food items such as clothes and electricals. This is happening at a time when Amazon is entering the online grocery arena. *Retail Week* looks at the effect that Aldi's online entrance will make.

Marketing Week, 1 October 2015, p5; Retail Week, 2 October 2015, p2

...while Amazon offers one-hour service

Amazon is taking on the online grocery sector by trialling a one-hour chilled food delivery service among its Prime customers in Birmingham. Customers will be able to choose from 50 chilled products. This will also serve to test Amazon's supply chain ahead of the UK launch of its food

business, Amazon Fresh. Stephen Mader of Kantar Retail says that most other retailers can't compete with one-hour delivery because they don't have the logistics in place.

Retail Week, 2 October 2015, p1

Walmart sends directions via SMS

Walmart is testing out an SMS tool which can send texts to customers giving them directions to products in-store. Walmart Simple Text encourages customers to send a text saying "hi" when they are in-store, which connects them to an automated service sending them directions to the location of a product. Additional help can be accessed by texting the word "chat" to a call centre assistant. Customers will also be able to download a map of the store.

Retail Week, 2 October 2015, p32

Services

A woolly proposition

Wool and the Gang is a UK e-tailer which sells its own brand of premium knitting supplies as well as ready-made knits. Last year sales grew by over 300% thanks to people posting finished and semi-finished items on social media. Instagram has become its main channel for posting content and driving brand awareness. In 2012 the company decided to make the most of its online community by recruiting a group of around 3,000 knitters to serve people who don't want to knit their own products. The knitters receive 78% of the sale price which could be as much as \$700.

Bloomberg Businessweek, 28 September-4 October 2015, p49

Legal innovation

This is the second *FT* report to cover innovation in the legal profession across Europe. The previous report was written in 2006 when lawyers were achieving double-digit growth and success was easy to come by. Ten years later the situation has changed dramatically and lawyers are expected to offer standardised, low-value and high-volume services. Nearly all of the top 20 UK law firms have a 'low-cost delivery centre'. Innovation, which came to the fore during the financial crisis, is now the name of the game. As well as rankings of the top law firms, this supplement looks at trends in innovation by focusing on areas such as client service, social responsibility, strategic resourcing, and growth and business development.

Financial Times (Innovative Lawyers 2015), 2 October 2015, pp1-60

Transport and travel

VW – the knock-on effect

The VW emissions scandal will affect the whole car industry which is already facing huge costs related to emissions and fuel efficiency while at the same time dealing with overcapacity and poor returns. The industry is likely to be hit with tighter restrictions on emissions at a time when there is a slowdown in China, the largest market in the world for new cars. Meanwhile Russian and Brazilian markets are faltering and American sales growth is plateauing. In April CEO of Fiat Chrysler, Sergio Marchionne, warned the car industry about the huge expense of developing new models. Consolidation could help by reducing the duplication of development costs and excess production capacity. But the industry remains fragmented and there are several barriers which could prevent mergers from taking place.

The Economist, 3 October 2015, pp67-68

VW withdraws 4,000 cars and recalls others

Around 4,000 VW vehicles that were fitted with the software used to cheat pollution tests are to be removed from UK dealerships. This equates to around 3% of new vehicle stock according to VW. VW will also recall around 1.2m vehicles – one in ten diesel cars – on British roads. Europe's second-biggest car maker, PSA Peugeot Citroën, has confirmed that the engine speed of many of its vehicles had been limited during pollution tests.

The Times, 2 October 2015, p16; The Independent, 2 October 2015, p10

Tesla offers alternative model

Tesla Motors has just unveiled its new SUV, the Model X. Chief executive, Elon Musk, says that it is time for carmakers to, "move to a new generation of technology". Tesla plans to develop fully autonomous cars within the next three years. The Model X, while appealing to the luxury market, also represents a step-up in electric car technology. Meanwhile experts believe that the VW crisis marks a turning point for the car industry and could encourage more R&D investment in electric cars. *The Guardian* looks at some other electric and hybrid car contenders.

The Guardian, 1 October 2015, p27

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Amit Aggarwal	British Heart Foundation	Great Ormond Street Hospital Children's Charity	Director of Corporate Partnerships	Third Sector
David Crosby	MacMillan Cancer Support	Breast Cancer Care	Director of Services and Engagement	Third Sector
Chris Hartley	The Peel Group	LiveBuzz	Sales Director	exhibitionnews.co.uk
Michael Karg	Razorfish	Ebiquity	CEO	research-live.com

Promotions

Name	Company	Previous title	New title	Source
Ivar Michaelsen	GfK	Head of consumer experiences business in the Nordics	COO Consumer Experiences UK, Nordics and Baltics	research-live.com
Jodie Maguire	DAKS	Senior Press & Advertising Officer	PR & Marketing Manager	fashioninsight.co.uk

Cutting Edge: Our weekly analysis of marketing news

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[Marketing trends and issues](#)

[Advertising](#)

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[Brands and branding](#)

[Conferences and events](#)

[Customer relations](#)

[Direct marketing](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Materials and mining](#)

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[Games](#)

[Internet](#)

[Social media](#)

[Television](#)

[Packaging](#)

[Retailing](#)

[Services](#)

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