

# Cutting Edge: Our weekly analysis of marketing news

28 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

#### Advertising alliances

Advertising alliances are an effective way of increasing brand awareness and improving brand image. To date there has been a lack of research into the effectiveness of advertising alliances with traditional, single-brand advertising. This study focuses on brand personality; it compares the ability of advertising alliances and traditional advertising to strengthen positive aspects, and tone down negative aspects, for a brand that is in need of 'image repair'. It demonstrates that an advertising alliance is more effective in upgrading positive brand personality traits than single-brand advertising on its own. It also finds that the choice of advertising strategy has no influence on negative brand personality traits.

**Journal of Marketing Communications, Vol 21(6) 2015, pp450-462 (Maehle and Supphellen)**

#### Mobile advertising

Mobile advertising is defined as advertising on any mobile device. This paper seeks to highlight research issues relating to mobile advertising via a scan of literature published over the past ten years. It categorises research into four areas: technology; permission; consumer attitudes; and acceptance and success factors. It also highlights limitations in current research on mobile advertising, namely that it tends to focus on one type of advertising medium or is specific to a particular location or country. The paper identifies the need for the development of new tools for measuring mobile advertising.

**The Marketing Review, Vol 15(2) 2015, pp161-183 (Billore and Sadh)**

### UK adspend

Total UK adspend reached a six-month high of £9.4 billion for the first half of the year, according to AA/Warc. Mobile ad spend overtook the £1 billion mark, the first time it has done so during a six-month period. Warc's James McDonald says that the ad industry needs to make ads on mobile, "less intrusive, smarter and more relevant". Total UK adspend is forecast to break the £20 billion barrier next year.

**Marketing Week, 22 October 2015, p5**

### Competition heats up

Big advertisers have been trying to cut the cost of their media spending and as a result competition between WPP and rivals like Publicis, Omnicom and IPG has intensified. WPP chief executive, Sir Martin Sorrell, has criticised his rivals for "extreme discounting" and offering their services at "inane" and "unsustainable" prices in order to secure business. In spite of market pressure, WPP reported like-for-like net sales up 3.3% in the third quarter and revenues up 5.9% to \$2.9 billion. Its French rival Publicis fared less well slashing its sales target for the year following flat sales in September.

**Financial Times, 27 October 2015, p22; The Daily Telegraph (Business), 27 October 2015, p3**

### Agencies

#### Shock advertising from the 40s and 50s

Charles Saatchi's latest book, *Beyond Belief: Racist, Sexist, Rude, Crude and Dishonest, the Golden Age of Madison Avenue*, is described as "a collection of the most offensive adverts from the mid-20<sup>th</sup> century". He takes the reader through advertising trends of the past 60 years with particular reference to equality, drugs, sex and other controversial subjects. Some of the 1940s and 50s ads, which are



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described as “shocking to the point of callousness”, include soap ads which suggest that black skin can be lightened by washing and ads encouraging women to smoke in front of children.

**The Bookseller, 23 October 2015, p19**

### **US looks into media practices**

The Association of National Advertisers (ANA) in the US is to conduct an investigation into “media transparency issues, including rebating”, which is where agencies receive payments from media owners. In the UK the ISBA is watching US proceedings closely but has no immediate plans for an investigation of its own. Bob Wootton, director of media and advertising at ISBA, says that the ANA could, “change the game for all of us – without us having to do anything”.

**Campaign, 23 October 2015, p2**

### **Brands and branding**

#### **Line extensions**

A problem when developing line extensions is keeping a balance between the changing needs of the market and maintaining a level of similarity to existing products. This study investigates the relationship between the line extension’s degree of difference to existing products and its market share performance. It shows that an inverted U-shaped relationship exists between a line extension’s level of difference and its performance, but that this relationship changes with each entry position. It also reveals that the first two products in a brand’s range have an important part to play in defining the boundaries of difference. The importance of the Gower distance coefficient as a measure of product difference is also highlighted.

**Journal of Brand Management, Vol 22(6) 2015, pp534-550 (Wilkie et al)**

#### **Don’t neglect the brand**

The authors argues that the most important job for the CMO is getting the right balance between short-term sales promotions that boost revenues and brand-building campaigns which produce good margins in the longer-term, but that this is becoming harder. This is because of big data and analytics which enable highly targeted promotions. They cite credit card company Capital One which, as a result of a brand equity study, discovered that Capital was known by consumers for just one attribute: “They send me lots of mail”. Efforts to redress the balance resulted in five lessons which were learned and defined through talks with other marketing executives.

**Harvard Business Review, November 2015, pp78-86 (Horst and Duboff)**

#### **Brand engagement programmes**

A brand is brought to life through the culture it creates both inside and outside the organisation. It

is important to ensure that a developed brand identity is implemented without compromising its integrity. This requires all business decisions to represent an organisations’ values. This article looks at how an effective employee brand engagement programme can help employees to ‘live the brand’.

**B2B Marketing, October 2015, p42 (Spiegelberg)**

### **Conferences and events**

#### **Celebrity speakers – good for RoI?**

Some organisations have been accused of wasting taxpayers’ money by hiring celebrities for corporate events. Scottish Enterprise paid out £44,440 to celebrities over the past three years and £30,000 to guest speakers last year. Others argue that an event organiser could easily spend much greater amounts on catering than on the speakers and that a revenue-generating event has to attract an audience. However, events and conferences should be memorable to participants for a long time after the event and a good speaker can ensure that the event achieves its goals. When considering RoI you should consider the goals of the conference and whether a speaker will contribute to these goals.

**Conference News, October 2015, p82**

### **Consumer behaviour**

#### **Positive emotions and prosocial behaviour**

Marketers use a range of positive emotions to encourage consumption or a particular behaviour, such as buying, donating or recycling to benefit others. Through a series of four studies the authors demonstrate that specific positive emotions do not universally increase prosocial behaviour. They find that, although positive emotions (compassion, love, hope and pride) all lead to prosocial behaviour towards things that are close by, only love induces such behaviour towards distant things and international organisations. Love is described as a trait that fosters ‘connectedness’ in a way that other emotions do not; it also broadens behaviour in a way that other emotions don’t do.

**Journal of Marketing Research, Vol 52 October 2015, pp657-673 (Cavanaugh et al)**

### **Customer relations**

#### **Maintaining loyalty through content quality**

A new study claims that 53% of UK consumers will remain loyal to a technology brand which publishes good quality content. NewsCred’s report, *From tech savvy to content savvy*, suggests that 66% of consumers regard high quality content as being indicative of a tech brand’s reputation and trustworthiness. Some 34% even said that they would buy from a competitor brand if their preferred brand produced low quality content.

**Database Marketing, October 2015, p14**

### **Psychological inoculation**

Companies tend to respond to a breakdown in customer satisfaction by issuing apologies, discounts and other forms of 'recovery'. But researchers in Germany and England are suggesting an alternative approach which they call 'psychological vaccination'. This is a process in which the customer is encouraged to retain positive feelings in the event of a glitch. Their research involved 1,254 airline customers who were sent two e-mails, the first praising the airline and the second containing a warning of possible baggage delays. The customers were then subjected to long waits at the baggage claim – those who had received the e-mails reported higher satisfaction than those who hadn't. The researchers recommend combining this strategy with traditional recovery strategies.

**Harvard Business Review, November 2015, p32**

### **Direct marketing**

#### **SMS marketing**

SMS-based advertising is increasingly recognised as an important marketing channel. Marketers have the challenge of overcoming issues such as security, privacy, authenticity and irritation caused by messages sent by unknown senders. This study aims to identify and review the research issues related to wireless marketing, with particular emphasis on SMS-based ads, and to identify research gaps and look at future research directions. It proposes future research on issues such as different cultures, market segmentation and the content and context of ads.

**The Marketing Review, Vol 15(2) 2015, pp135-160 (Shareef et al)**

#### **South Africa**

David Dickens, executive director of the Direct Marketing Association of South Africa (DMASA), explains how direct marketing is rapidly evolving due to the impact of digital and mobile marketing which have opened up channels such as SMS and online display ads. One of his more immediate jobs is to prepare the DM industry for the Protection of Personal Information (POPI) Act, which has been published but is not yet law. He says that when preparing for POPI, the DMASA's model has been largely based on the UK model but adapted to the South African market.

**Journal of Strategic Marketing, October-November 2015, pp44-46**

#### **ICO hands out biggest-ever fine**

The UK's Information Commissioner's Office (ICO) has issued its largest fine to date. Green energy company Home Energy & Lifestyle Management (HELM) has been fined £200,000 for "recklessly" breaking marketing call rules. The ICO found that the company had made 6m calls during an automated call marketing campaign offering free

solar panels. The ICO received 242 complaints over two months. HELM admitted that it didn't have permission to make the calls and that it didn't even know what the rules were!

**Database Marketing, October 2015, p8**

### **Law**

#### **Alibaba removes counterfeit goods**

Talks between the China Britain Business Council and China's largest e-commerce site, Alibaba, have led to the removal of over £8m-worth of counterfeit versions of UK products from its site. More than 25 UK businesses have been able to get counterfeit versions of their goods removed from the site. The announcement was made last week by Intellectual Property Minister, Baroness Neville-Rolfe, at the UK-China Symposium, an event that helps British and Chinese businesses to understand how they can protect their IP. The event took place during China President Xi Jinping's state visit to the UK. Baroness Neville-Rolfe said that the removal of counterfeit UK goods, "will protect the livelihoods of some of our most innovative firms".

**gov.uk/government/news, 21 October 2015**

#### **Brand image protection in Europe**

A luxury product's image is probably the element of the product with the highest value. Consumers buy luxury products because of their reputation, exclusivity and the shopping experience. When a luxury branded product turns up in a less desirable, down-market environment, it can lose its cachet, the brand becomes compromised and demand from high-end consumers might decline. This article addresses brand protection and what brand owners can do to influence the retail price of their products within the context of European competition law.

**lexology.co.uk, 20 October 2015**

### **Marketing**

#### **Generating ideas**

Companies, such as Unilever, Starbucks and Dell, sponsor crowdsourcing communities to encourage idea generation or 'ideation' among their customers. This makes use of the diverse knowledge, resources and skills of the crowd while helping to maintain competitive advantage. There is a lack of knowledge about how customers' online interactions with a firm (peer-to-firm or P2F) and with other customers (peer-to-peer or P2P) influence idea generation behaviour. This study seeks to understand customers' interactions with others in influencing idea generation in an idea crowdsourcing community. It also looks at how past idea generation affects the impact of P2P and P2F interactions on the generation of new ideas in the community. Data is collected from Dell's IdeaStorm.

**Journal of Interactive Marketing, Vol 31 August 2015, pp42-62 (Chan et al)**

### **An updated consumer decision journey**

Consumers are becoming a formidable force and ad blocking is just the latest example of consumers using technology to give them additional power. In 2009 the authors declared that the traditional 'funnel' model for customer decision-making had been supplanted by the 'customer decision journey'. Now they believe the time has come to update the customer decision journey. Companies can now use journeys to deliver value to both the customer and the brand. Brands that optimise the customer decision journey can reduce the consumer consideration and evaluation phases, get the consumer to the loyalty stage of the relationship more quickly and gain competitive advantage. The authors have found that a company's ability to deliver this value relies on four interconnected capabilities.

**mckinsey.com, October 2015 (Edelman and Singer)**

### **Marketing metrics – elasticity**

The author argues that elasticity is an important, though largely neglected, marketing metric which quantifies the likelihood of customers switching. It helps to provide the link between marketing activity and customer switching which in turn affects financial performance and brand value. He looks at the contribution of elasticity in pricing, promotional and media decisions, and offers suggestions for obtaining elasticity metrics – finite difference analysis; econometrics; reach and frequency models; and market structure models.

**Market Leader, Quarter 4 2015, pp34-36 (Shaw)**

### **Measuring B2B content**

This article is intended to give guidance to B2B marketers wanting to create a content strategy. The author emphasises that every strategy should include two components: the editorial mission and business goals. Other elements to include are: a channel plan which addresses how to distribute the content; the key topics which need to be covered; and who owns which aspects of the programme.

**Admap, October 2015, pp30-32 (Linn)**

### **Market research**

#### **The future of insight**

The *Insights2020* study by Millward Brown Vermeer, of 10,000 companies across 60 countries, suggests that insight is no longer the exclusive preserve of marketing. It finds that the most successful companies are using research, data and analytics to inform customer-centric decision-making across the whole business. This is leading to a new model for insight professionals with less traditional backgrounds. At over-performing companies 79% of survey respondents said that customer-centricity is embraced by all functions compared with just 13% who said the same at underperforming companies.

This article also comments on the role of insight at HSBC and Digital Cinema Media.

**Marketing Week, 22 October 2015, pp14-16**

### **Public relations**

#### **Price wars – a pattern of media coverage**

Conflicts in business and marketing lead to extensive coverage in the independent press. This article looks at how media coverage of a price war affects customer, retailer and investor reactions over a period of time, using the example of a Dutch supermarket price war from 2003 to 2005. It reveals that media coverage leads to a deep spiral of price cuts, which intensifies the competitive price war. However, as the price war continues, the media coverage becomes sparser and less favourable, which in turn slows the downward price spiral.

**Journal of Marketing Research, Vol 52, October 2015, pp674-693 (Van Heerde et al)**

### **TalkTalk under fire on all sides**

TalkTalk is facing the defection of millions of customers following a massive cyberattack. Experts estimate that the company could suffer £75m in lost revenue. It also faces the possibility of a multimillion pound legal payout and an investigation by the Information Commissioner's Office into whether it broke data protection laws. Chief executive, Dido Harding, claims the hack was "materially lower" than the company's total of 4m customers. The company has annoyed customers by saying it will treat customers who wish to terminate their contracts on a 'case-by-case' basis.

**The Sunday Times, 25 October 2015, pp1,4; The Sunday Telegraph, 25 October 2015, pp8-9**

## **Agriculture, fishing and forestry**

### **Floating farms**

The Jellyfish Barge, which grows crops hydroponically and is powered by solar energy, was created with the aim of tackling food shortages. It was designed by Pnat, an Italian start-up, which plans to sell its floating farms for €10,000 each. A €2m one-hectare version is due to be installed in Qatar or Dubai by 2018. These are countries where there isn't enough fresh water and arable land and which import more than 70% of their fresh food.

**Wired, November 2015, p53**

### **Coffee – Vietnam second only to Brazil**

Over the past ten years coffee production in Vietnam has doubled and it is now the second-largest producer after Brazil. Vietnam now accounts for 20% of world coffee output.

**Financial Times, 24 October 2015, p1**

### **British wine boosted by record crop**

British wine producers have benefited from a bumper grape harvest which they predict will produce an "outstanding vintage". There has been a recent increase in British wine production, with applications from new producers rising by 41% last year. British wine is increasingly viewed as a luxury item because of its high quality and demand has been rising.

**The Times, 26 October 2015, p27**

## **Building industry**

### **More brickies needed?**

The latest *Purchasing Managers' Index* (PMI) from Markit/CIPS reported a 28<sup>th</sup> consecutive month of increased recruitment in the construction industry. Yet recent research by Arcadis has identified a problem faced by certain sectors of the industry, notably housebuilding, which are "disproportionately dependent" upon a number of specialist skills. It says that, unless the industry moves away from traditional brick and block construction, it will have to employ over 80% of the UK's bricklayers to reach the target of 200,000 new homes.

**Construction News, 23 October 2015, pp32-33**

## **Businesses and strategy**

### **Social entrepreneurial organisations**

The authors aim to develop a conceptual model to investigate how market, entrepreneurial and brand orientation influence the performance of different types of social entrepreneurial organisations (SEOs), these are considered to be the most important orientations in the context of SEOs. They propose that these orientations are made up of a cultural and behavioural layer and that the cultural layer influences the behavioural layer. They also suggest that all strategic orientations influence the performance of the SEO.

**Social Business, Vol 5(2) 2015, pp131-155 (Schmidt et al)**

### **Sales negotiation**

Negotiation is defined as a discussion in which both parties seek to come to a mutually beneficial agreement. But what makes for a successful sales negotiator who often emerges triumphant in their deal-making? There are various strategies which can be employed by a successful salesperson but the most important is to ask the right kind of questions which are of advantage to both parties involved. The author proposes seven 'must-ask' questions for any negotiating situation.

**Winning Edge, September-October 2015, pp38-39 (Lewis-Fernandez)**

### **Change programmes**

At the centre of successful change programmes lie small and sometimes trivial changes in the environment or in the way people behave and talk.

A good way to start solving some of the biggest problems is to think of small improvements which can be made because these are the ones that can have a disproportionate effect, something known as the 'butterfly' effect. The trick is to identify 'high-leverage' points in the system, but these are difficult to identify and can only be learned through experimentation. The area in which to start experimentation can be found in one of three components of a system: the system's purpose; the elements that make up the system; and the interconnections in the system. A case study of Norway's Halden Fengsel prison is included.

**London Business School Review, Issue 3 2015, pp40-44 (Markides and McGahan)**

### **The scramble for names**

Companies spend a lot of time creating names for themselves because names can make a lasting impression. Great names, such as Google, can turn into a verb but it is difficult to find a good name in such a crowded market. There are various barriers, such as copyright and the risk of causing offence by picking the wrong name in a global economy. The business of naming has been affected by four trends: made-up names; tech-words; creative names; and globalisation. The result is that companies are "resorting to ever more desperate means in order to stand out from the crowd", such as running words together (PingStamp), misspelling words (Kabbage) or placing unrelated words together (Digital Marmalade). In the last analysis great companies can thrive with boring names but boring names cannot help to boost lacklustre companies!

**The Economist, 24 October 2015, p70**

## **Economy**

### **Pensioners receive more than average worker**

The Institute for Fiscal Studies reports that Britain's pensioners are better off than ever before and that their incomes will surge ahead of the average worker's earnings over the next decade. The median income for a pensioner for 2013-14 was £398 a week while for working age people it was £384 a week. The income gap is likely to be worsened by the planned cuts to tax credits.

**The Independent, 21 October 2015, p6; The Times, 21 October 2015, pp1-2**

## **Energy and utilities**

### **Water resources**

Factors such as the economy, climate change and a growing population, are placing greater pressure on water resources which requires the water sector to become more innovative in dealing with supply and demand. The water industry is commissioning research on the resilience of water supplies over the next 50 years or more. The project, which is being

steered by water companies, Defra, Ofwat and other agencies, will report by the middle of next year.

**water.org.uk, 22 October 2015**

## Environment

### **Unilever achieves zero landfill in Europe**

Nine months ago Unilever claimed a world first by eliminating non-hazardous waste to landfill across its 242 factories around the world. Now the company has become a zero landfill company in Europe. This means that, in addition to its manufacturing facilities, no waste from Unilever premises, logistics operations, distribution centres or offices goes to European landfill. Unilever's goal is to become a zero waste company globally by the end of the year and it is also working towards a zero waste value chain.

**ethicalperformance.com, October 2015**

### **Higher temperatures and growth**

This article compares the economies of rich and poor countries according to their ability to deal with high temperatures. For example, a 2012 cross-country comparison found that higher temperatures did not seem to slow growth in rich countries but did do so in poor ones. However, there were so many variables that it was difficult to reach a firm conclusion. New research published in the magazine *Nature* approaches the problem in a different way: it looks at an optimal temperature, on the basis that extreme cold could harm growth as much as heat. Measures taken to mitigate high temperatures, can be costly – air conditioning, for example, can result in a dramatic increase in electricity consumption. However, global warming will ultimately harm rich countries in other ways than lower productivity and higher temperatures.

**The Economist, 24 October 2015, p76**

### **Pesto threatens pine forests**

Jonathan Slaght of the US Wildlife Conservation Society has warned that the appetite for pesto is threatening the survival of pine forests, such as those in Russia. He claims that the global demand for pesto is "unsustainable" and is threatening the eco-system. For example, the shortage of pine nuts may even have led to hungry bears attacking residents in Russia. Italian restaurateurs and gourmets are unimpressed: Luciano Belloni, owner of the Zeffirino restaurant in Milan, has made pesto for Vladimir Putin, who presumably hasn't been attacked by bears!

**The Independent, 22 October 2015, p24**

## Fashion

### **The spectre of high end fashion placement**

High-end fashion labels who clothe James Bond in his latest film, *Spectre*, are appearing in magazines, newspapers and blogs as the publicity machine

surrounding the film gains momentum. Bond is regarded as the ultimate 'product-placement vehicle' for brands such as Burberry and Omega. Few film goers will be able to afford the £2,240 needed to buy a Tom Ford two-piece suit but this is the age of designer collaboration which creates a story that can be seeded everywhere. Some brands will benefit in terms of sales: Crockett & Jones shoes (£460) are instantly recognisable in the movie while N Peal is expecting increased sales of its mock-turtleneck sweater (£269). There is an emphasis on items made in Britain although the film's biggest partners – Heineken, Sony and Omega – don't have a British heritage. Nevertheless they have the necessary marketing budgets! (See also under Transport and Travel)

**Financial Times (Life & Arts), 24-25 October 2015, p6**

## Financial services

### **Banks losing control of data – and customers**

For years banks have been using customers' balance and income information for making loan decisions. This base of readily-available information has given them an advantage over other credit institutions but now they are gradually losing control over their customers and the data. They are being threatened by a raft of 'fintech' competitors and internet banking which makes it easier to share data. Data aggregators, such as Mint in America, financial aggregators and peer-to-peer lenders are all disrupting the traditional data model. This month the EU introduced a directive on payment services which effectively means that banks will have to hand over data to third parties. In the future banks could be used simply as a utility while customers use start-ups to actually manage their money.

**The Economist, 24 October 2015, pp71-72**

### **RBS connects employees through Facebook**

Royal Bank of Scotland has become the first bank in the world to use Facebook at Work. The company will use the corporate version of the social network and a mobile app to connect employees and increase productivity. It is also considering communicating with its customers through Facebook at some point in the future.

**Financial Times, 26 October 2015, p17**

### **Eyeball to eyeball with the hackers**

After a succession of bank security failures, Citigroup, the Wall Street bank, believes that eyeball scanners may be the answer to the threat from hackers and terrorists. The bank is testing an ATM that has no touch screen or keypad. Customers would order their cash through an app on their smartphone and their identity would be verified by iris-scanning biometric technology as they approach the cash machine. The transaction is authenticated by connecting to the customer's smartphone, so

security is increased and card fraud mitigated.

**The Times, 27 October 2015, p37**

## FMCG

### Beverages

#### Almond milk overtakes soya

Waitrose reports that sales of almond milk have overtaken those of soya milk for the first time. In the US, where almond milk accounts for 4% of all milk sales, health experts are recommending it for those who are lactose intolerant. But how many almonds does almond milk contain? An American lawyer is currently acting for US consumers who claim that milk made by Blue Diamond and White Wave contains a very low percentage of nuts!

**The Independent, 21 October 2015, p19**

### Food

#### A whiff of new technology

Professor Charles Spence of Oxford University claims that synthetic smells are the new frontier in the food industry, and food and drink companies are increasingly experimenting with ways of tricking customers' appetites through scent. According to Spence fast-food restaurants could start spritzing the smell of wholesome cooking in an attempt to "lead consumers by the nose". A pizzeria in Brittany found that releasing a fragrance of lemon and lavender made customers spend 20% more. Other companies are working on 'scent encapsulation' devices which release an olfactory burst when shoppers open the packaging.

**The Times, 27 October 2015, p9**

#### Taste of Britain

South Koreans have a taste for strawberry jam, while Kuwaitis are partial to apple and blackcurrant squash with the result that Waitrose has tripled its export business over the last six years. The supermarket's third annual trends report also reveals that peanut butter is popular with the Portuguese and that the company sold more Colombian freeze-dried coffee in Chile than the UK. In its home market Waitrose recorded increased sales of cacao bars and medjool dates as health food bloggers advocated them as substitutes for chocolate and sugar.

**The Daily Telegraph (Business), 21 October 2015, p3**

### Household

#### Healthy growth

*The Grocer* profiles Holland and Barrett chief executive, Peter Aldis and his attempt to re-position the brand, open new-format stores and look to overseas growth. In his attempt to shed what he describes as its "beans and sandals" image, there have been comprehensive changes to ranging, space planning, store environment, staff training

and the supply chain. The chain is opening 85 shops a year and now has 1,046 in total including more than 300 in Europe, Malta, Singapore, Dubai and China.

**The Grocer, 24 October 2015, pp26-28**

### Pampered pets

One area of the grocery market has emerged unscathed from the supermarket price war – petcare. Research from Purina shows that both cat and dog owners don't like to trade down to inferior quality products even when times are tough. *The Grocer* profiles the sector and highlights the key trends towards premiumisation and healthy natural ingredients, and away from dry food.

**The Grocer, 24 October 2015, pp57-61**

## Health and pharmaceuticals

### PHE recommends sugar tax

An official review on obesity from Public Health England (PHE) calls for a sugar tax and concludes that "all the evidence shows that tax does decrease purchases". PHE director of diet and obesity, Dr Alison Tedstone, has told MPs that the food industry should be pressured into reducing sugar levels in its products. She also argued that restrictions on promotions and advertising aimed at children were "not deep enough". Health secretary, Jeremy Hunt, has refused to publish the report until the Government sets out its plans.

**The Times, 21 October 2015, p4; The Independent, 21 October 2015, pp1,15**

### Processed meat causes cancer

A new report from the World Health Organisation (WHO) confirms that processed meat does cause cancer. The report says that 50g of processed meat a day, the equivalent of less than two slices of bacon, increases the chance of developing colorectal cancer by 18%. It also claims that red meats are 'probably carcinogenic' but that they do have nutritional value as a source of iron, zinc and vitamin B12. Processed meats have now been placed in the same category as plutonium and alcohol because they definitely do cause cancer. It is estimated that 34,000 deaths from cancer every year could be due to diets which are high in processed meat.

**bbc.co.uk/news, 26 October 2015; The Times, 27 October 2015, p1**

## IT and telecoms

### Big Blue: profits down but heads for the cloud

Has IBM managed to transform itself from a computing company into a provider of software and cloud services? Its chief executive, Ginni Rometty, believes it has, but this week the company reported a 14% fall in net profit in the third quarter while

revenue fell for the 14<sup>th</sup> consecutive quarter. IBM has changed its business model many times since it started out over a hundred years ago as a maker of coffee grinders. Recently it has thrown its weight behind mainframes and high-end servers that drive cloud computing. A third of FTSE 100 companies still use IBM mainframes but IBM will have to face increasing competition from the likes of Microsoft, Amazon and Google.

**The Times, 24 October 2015, p46**

#### **4G spectrum**

Higher frequency airwaves, formerly used by the Ministry of Defence, are to be auctioned early next year to boost 4G networks. The amount of spectrum being sold is equivalent to three quarters of that sold in 2013 and is expected to trigger a bidding war among the telecoms companies attempting to meet customers' apparently insatiable appetite to use data on their phones. Mobile data volumes are growing at about 80% a year and the MoD spectrum is reckoned to be particularly well suited to video content and would make it easier to watch live streaming on new smartphones.

**The Times, 27 October 2015, p39**

## **Leisure and tourism**

#### **New law for new patterns of travel**

The current EU rules which protect people on package holidays date back to 1990, but a combination of cheap flights and internet sales, has changed the way travellers plan and buy holidays. Although 23% of EU travellers still buy their package holidays through travel agents, increasingly people create their own holidays through commercially linked traders. These so-called 'online travel service combinations' now make up 23% of the holiday market. A draft law has just been introduced designed to protect travellers and specify their rights in unforeseen circumstances. The updated directive aims to clarify the rules and broaden the definition of package holidays to include most types of travel arrangements.

**europeanlawmonitor.org, 20 October 2015**

#### **Manchester United takes a look at partners**

Kitbag, the maker of replica football strips, is in talks with Manchester United Football Club about renewing its contract. United's executive vice-chairman, Ed Woodward, has been changing some of the club's commercial partnerships, which has included replacing Nike with Adidas in a deal worth £675m. He has also signed a new sponsorship deal with Chevrolet worth £51m a year.

**The Times, 22 October 2015, p47**

## **Materials and mining**

#### **Britain steels itself for job losses**

Britain's steel industry is in crisis thanks to high energy costs in the UK, high business rates and, not least, the dumping of cheap Chinese steel on the global market. SSI's Redcar steel plant went into liquidation this month with the loss of 2,200 jobs. The rapid industrialisation of China has resulted in heavy investment in steel plants, which now account for half the world's output, according to the World Steel Association. China has been dumping its excess output, estimated to be 250m tons a year, which has resulted in UK steel output falling from 17.6m tons 20 years ago to 11.9m in 2013.

**The Sunday Telegraph, 25 October 2015, p7; The Guardian, 21 October 2015, p9**

## **Media**

#### **Film**

##### **Back to the future – brand celebrations**

Back to the Future Day on 21 October was the date which Doc and Marty travelled forward to in the second film of that name. Several brands, including Toyota and Mercedes-Benz, have marked the occasion with *Back To The Future* campaigns. Pepsi Max partnered with taxi service Uber to offer free rides in a DeLorean – the vehicle used as a time machine in the film – for people who entered a Pepsi promo code into the Uber app on 21 October. Pepsi featured in the movie as a 'Pepsi Perfect' drink.

**Campaign, 23 October 2015, p2; brandchannel.com, 21 October 2015**

##### **Disney offers bundling service**

Disney is launching a unique streaming service in the UK next month. DisneyLife is different from other streaming services, such as Netflix, because it bundles books and music together with its movies. It will offer thousands of Disney Channel episodes as well as books, albums and films. Disney sees this as a way of reaching the consumer directly rather than going through the middlemen – it becomes the biggest media company to date to stream directly to consumers. The *Financial Times* looks at Disney's initiative in the context of changing viewer habits.

**Financial Times, 22 October 2015, pp15,18; The Guardian, 23 October 2015, pp14-15**

#### **Internet**

##### **Tackling ad blocking**

Ad blocking software is becoming a headache for publishers who, like *The Washington Post*, are inventing ways of penalising those who use the software. Data from the Internet Advertising Bureau suggest that people find online ads interruptive (73%), annoying (55%) and irrelevant (46%) while 54% claim that ads slow down the browsing speed.



CEO Sean Blanchfield of Pagefair, which has conducted research on ad blockers, believes that fighting the phenomenon is almost impossible. One way around it would be to use content marketing to replace ads. Better targeting and creativity would also help...

**Marketing Week, 22 October 2015, pp25-27**

### **Amazon has "too favourable" reviews**

Which? has criticised Amazon product reviews because of the high ratings given to most of the items on its website. It says that almost eight out of ten products receive four or five stars and claims that many reviews are from professional reviewers who receive free samples. Yet, when the same products are reviewed on other consumer sites or by Which?, they get lower ratings.

**The Daily Telegraph, 22 October 2015, p18**

## **Magazines**

### **Magazine moments promote well-being**

Sue Todd, CEO of magazine body Magnetic, says that many brands are suffering rather than benefiting from the massively increased opportunities to engage with consumers. This is because device fragmentation and reduced attention span are having a detrimental effect. A Magnetic study, entitled *Moments That Matter*, tracked what happens to someone's sense of well-being at the moment when they consume magazine content. It found that the digitally-native millennial audience scored the lowest for subjective well-being but, after consuming their favourite magazine brand, they experienced a 12% increase in positivity. Among well-being drivers, the majority of magazine 'moments' are equated to a 'reward' or 'information'. This might explain why receptivity to advertising content in magazine environments is high.

**Campaign, 23 October 2015, p21**

## **Music**

### **Apple Music second most-popular**

Apple's Music has attracted 6.5m paying users less than a month after it ended its first free trials of the service. Meanwhile 8.5m users are still taking free trials and CEO, Tim Cook, claims that Apple Music is now the second most-popular streaming service.

**The Independent, 21 October 2015, p50**

## **Newspapers**

### **Sun escapes ban and cleaves to ad**

The Advertising Standards Authority has decided not to ban a *Sun* newspaper competition offering readers a chance to win £1,000 for submitting photos of their cleavage. The newspaper had run three ads using images of celebrities including Kim Kardashian and Jennifer Lopez dressed in revealing clothing. It then asked readers: "Is your cleavage up there with the bust of them?" The ad received a

complaint from the campaigning group Object, which claimed that the initiative objectified women and was offensive.

**theguardian.com, 21 October 2015**

## **Social media**

### **eWOM and buying intention on social media**

This study aims to identify key personal influences (involvement, self-reliance and risk-taking) on electronic word-of-mouth and the relationship between eWOM and purchase intention as influenced by social networking sites. The study suggests that eWOM is positively associated with both involvement and risk-taking but not with self-reliance. Self-reliance was found not to be associated with purchase intention. The authors advise managers to identify risk-takers to encourage them to spread eWOM and hence boost purchase intentions.

**Journal of Customer Behaviour, Vol 14(2) 2015, pp107-125 (Alhidari et al)**

## **Television**

### **Sky's the limit**

In spite of losing European football for the first time since 2002 after BT won exclusive rights to show matches from the Champions League, Sky reported its strongest start to a financial year since 2011. The group gained 43,000 new television customers and 133,000 broadband users. Jeremy Darroch, Sky's chief executive, argues that the results demonstrate that sport is only part of the company's offer: "There's so much else now. It's about breadth and range and this [quarter] illustrates it".

**The Times, 22 October 2015, p49**

## **Video**

### **B2B video**

B2B video is not a new idea but it is on the increase and, according to research by HighQ, 96% of B2B brands are planning to use video as part of their content marketing this year. Yet video can still be an industry disruptor and B2B brands are increasingly using high quality content alongside well-planned strategies. This article looks at which B2B brands are pushing the boundaries and how the channel is evolving.

**B2B Marketing, October 2015, pp20-21 (Clarke)**

## **Packaging**

### **Child-resistant packaging**

One of the most innovative developments in packaging has been the creation of childproof containers. Some historians believe that the first child-resistant lid dates back to the 5<sup>th</sup> century BC Mayans. Canadian paediatrician Henri Breault invented the Palm-n-Turn lid, which he patented in

1967, leading to a 25% fall in child poisonings in Ontario. By 1970 the US had made child-resistant lids on medicine bottles mandatory and the UK followed its lead in 1975. UK law also requires certain other products, such as bleach and gardening substances, to be placed in child-resistant packaging.

**packagingnews.co.uk, 26 October 2015**

### **Reinventing the yoghurt pot**

Innovation is all about finding the true problem to be solved – Danone's yogurt pot, Kiss, is a case in point. The name, which stands for 'Keep It Simple and Safe', reflected the need for Danone's packaging to be simplified, according to Vincent Ferry, who leads packaging research at Danone. He explains how Danone developed a new yoghurt pot and at the same time improved its recipes and store displays. The first brand to be repackaged was Velouté in September 2012, which led to 20% growth in sales volumes.

**packagingtoday.co.uk, 26 October 2015**

## **Retailing**

### **Tackling cart abandonment**

A new report reveals that online shopping cart abandonment rates are falling by 7.2% year-on-year and that the average business makes £112,000 in extra sales for each £1m in turnover simply by having an abandonment strategy in place. The *Fresh Relevance Real-Time Marketing Report* for Q3 2015 shows that the number of times a customer puts something in the cart and then doesn't complete the check-out process is falling. Despite this, the proportion of abandoned carts still stands at 57.95%.

**Database Marketing, October 2015, p14**

### **Top employers**

Employment practices have become an important topic this year with the introduction of the living wage and the possibility of relaxed Sunday trading hours. ResourceBank's *Retail Candidate Insight Survey* asked 30,000 job candidates to score 70 leading retailers in the UK in terms of their attractiveness as an employer. Top in the food category was M&S; Zara came top for fashion; Amazon for online; John Lewis for department stores; and White Company for home & DIY.

**Retail Week, 23 October 2015, p32**

### **Alibaba targets Europe**

Chinese e-commerce giant Alibaba has shown how serious it is about moving into Europe by recruiting former Tesco executive, Ameer Chande, as the first MD of its UK business. Alibaba dominates the Chinese e-commerce market and, until now, has benefited British retailers, by enabling the likes of

Sainsbury's and Marks & Spencer to sell online in China through its Tmall platform. Alibaba is also opening offices in France, Italy and Germany. This article speculates about the impact of Chinese retailers, in particular Alibaba, on the UK.

**Retail Week, 23 October 2015, pp20-21**

### **Sainsbury's turns to microstores**

Chief executive of Sainsbury's, Mike Coupe, has suggested that the supermarket has just unveiled the company's smallest-ever store in Holborn, Central London. At just 1,000 sq ft it targets commuters and the lunchtime trade. With the introduction of these microsites, Sainsbury's can open even more convenience stores – it is currently launching one or two convenience stores every week with the aim of trebling its store portfolio. The retailer is also trialling a service which allows shoppers to type in their shopping list on their phone. Upon entering the store, the Wi-Fi will show the shopper where each product is on a map.

**The Independent, 24 October 2015, p45; Financial Times, 24-25 October 2015, p17**

## **Transport and travel**

### **Advertisers capitalise on VW scandal...**

Some advertisers have been picking up 'cheap' advertising space at discounts of over 80% after Volkswagen abandoned some of its pre-booked space at short notice. VW has already had to withdraw some ads that boast of low emissions levels which were due to run shortly after the emissions scandal broke.

**Campaign, 23 October 2015, p3**

### **... while Toyota steals back the top spot**

Toyota outsold VW in the first nine months of this year even before the emissions scandal broke. As the company prepares to recall 11m vehicles and block the sale of affected diesels in some markets, it's unlikely to regain the top spot in the near future and is expected to lose considerable ground in the fourth quarter of 2015 as the full impact of the crisis is felt. Toyota's sales outside Japan were a record 5.85m for the period driven by improved performance in North America and China.

**The Daily Telegraph (Business), 27 October 2015, p4; The Times, 27 October 2015, p41**

### **Coach travel accelerates in Europe**

In Britain coach travel was deregulated in 1980 and a process of liberalisation is starting to take place in other parts of Europe. This has extended to car-sharing, as exemplified by the growth of services such as BlaBlaCar. In Germany, which deregulated its national market in 2013, the number of coach travellers doubled to 16m the following year and coaches now account for 11% of the public-transport market. Bus services, such as Britain's

Megabus, are starting to launch services across Europe. However, success probably lies more in marketing, online ticket sales and clever scheduling than in fleet ownership and drivers...

**The Economist, 24 October 2015, pp65-66**

### **The Bond cars**

Exotic vehicles have always been a key component of James Bond films. *Spectre*, the latest film, is no exception: it features a Jaguar CX75, a model which doesn't technically exist but nevertheless appears racing alongside Bond's Aston Martin DB10, which was commissioned especially for the film. Meanwhile, Jaguar Land Rover, an official partner of the Bond franchise, supplied 72 vehicles for the film. (See also under Fashion)

**The Independent, 24 October 2015, pp16-17**

## **Buzz phrases**

### **Sugging**

Telesales companies are phoning households to collect sales data whilst pretending to be undertaking market research, according to Channel 4's *Dispatches Programme*. This is a practice known as 'sugging' in which a caller asks questions as part of a fake survey and then uses the data to target the person with a follow-up sales call. Call centre workers are set a target of 20 telephone surveys a

day, four of which are expected to produce the necessary data for a follow-up sales call. This constitutes a breach of the data protection law.

**The Times, 26 October 2015, p4**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Kath Abrahams	King's College London	Diabetes UK	Executive Director of Engagement and Fundraising	Third Sector
Mark Blumenthal	The Huffington Post	SurveyMonkey	Head of Polling	research-live.com
Helen Bowling	Consumer Intelligence	Amaze One	Head of CRM Communications	Database Marketing
Ben Golik	Kitcatt Nohr	Rapp	UK Group Executive Creative Director	Campaign
Richard Lawson	Bartle Bogle Hegarty	Anomaly	Head of Account Management	Campaign
Ian McVey	Interxion	Qualtrics	Head of Enterprise Sales for Northern Europe	Winning Edge
Richard Taylor	Institute of Fundraising	Macmillan Cancer Research	Interim Director of Fundraising, Marketing and Communications	Third Sector
Gethyn Williams	Join In	Contact A Family	Director of Development and Engagement	Third Sector

## Promotions

Name	Company	Previous title	New title	Source
Nichola Trayler	Wordsworth Editions	n/a	Marketing Director	The Bookseller

**Cutting Edge:** Our weekly analysis of marketing news

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[www.bbc.co.uk/news](http://www.bbc.co.uk/news)

The Bookseller\*\*

Campaign\*\*

Construction News

[The Daily Telegraph](#) ~

Database Marketing

The Economist\*

[The Financial Times](#) ~

The Grocer

[The Guardian](#)

Harvard Business Review\*\*

[The Independent](#)

The Journal of Brand Management\*

Journal of Customer Behaviour

Journal of Interactive Marketing

Journal of Marketing Communications\*\* (18 month embargo)

Journal of Marketing Research\*\*

Journal of Strategic Marketing\*\* (18 month embargo)

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

The Marketing Review\*\*

Marketing Week \*\*

Market Leader

[www.packagingnews.co.uk](http://www.packagingnews.co.uk)

Retail Week

Social Business

[The Sunday Telegraph](#)

The Times

Winning Edge

[Wired](#) (selected articles available)

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