

Cutting Edge: Our weekly analysis of marketing news

11 November 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

Ad industry has lost its glitz but not all is lost

The ad industry used to compete with Hollywood in terms of power and glamour but now marketing has become “inextricably linked to technology” according to a report from Accenture which says that, by 2017, CMOs are likely to spend more on IT and analytics than chief information officers. The digital era of targeting and consumer engagement has taken over. But the best brand advertising has a lot more to offer than a search engine or Facebook update, while a banner ad is “unlikely to make anyone grin, gasp or weep”, unlike the John Lewis Christmas ad...

Financial Times (Magazine), 7-8 November 2015, pp32-37

Christmas campaigns

The Christmas advertising season traditionally starts with John Lewis’s much anticipated campaign (see under Retailing) closely followed by Marks & Spencer and Waitrose. Meanwhile Sky Movies’ Christmas ad, which this article focuses on, was released on social media last Friday. The race is on because, according to research, one in five shoppers will have completed at least part of their shopping by the first week of November!

The Independent, 5 November 2015, pp34-35

Five lessons from John Lewis

People expect John Lewis’s Christmas ad to have been carefully constructed so that it tugs on the heartstrings. But the retailer has had to tread carefully because viewers have become wise to tricks of the marketing trade. This article explores five ‘manipulative techniques’ behind *The Man in the Moon*. Yet John Lewis ads are not “all about the sell” – as Thomas Brown, CIM’s director of strategy

and marketing, says: “They’re not looking for someone to come into the store the following day. It’s about having an emotional connection with the shopper to reinforce the brand, which can have a halo effect into the following year.”

independent.co.uk, 6 November 2015

Agencies

Creative partnerships

Planning in agencies is still very traditional but its influence is “more important than ever”, says Anna Vogt of DLKW Lowe. It needs to be made into a profession that attracts creative thinkers. At DLKW Lowe every planner has an official partner with a complementary skill set, allowing the pairs to start thinking differently, question their work from every angle and to convert theory into practice. This may also attract planners who enjoy collaborating and working in creative partnerships.

Campaign, 6 November 2015, p13

London’s ad industry

If you would like to know where all the ad agencies are located in London, this feature will tell you. Soho was traditionally the home of the ad industry and many ad production companies settled there in the 1980s to take advantage of the film labs in the area and inexpensive offices. But since then many agencies have migrated towards the South Bank where Omnicom and WPP have leased huge offices and smaller agencies, such as Cheil, are now located. Meanwhile London’s Silicon Roundabout (East London Tech City) is home to the largest cluster of tech start-ups in the world after San Francisco and New York.

Campaign, 6 November 2015, pp32-35

WPP acquires Essence Digital

WPP has acquired Essence Digital, a fast-growing media agency and the largest independent buyer of media advertising. It manages media spending of



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over \$700m for clients such as Google, HP and Viber. It is also a specialist in programmatic buying. WPP has been investing heavily in digital media businesses with the aim of increasing the proportion of revenues coming from digital from 36% last year to 40-45% by 2020.

Financial Times, 5 November 2015, p19

Brands and branding

Brand fame

Digital technology is changing the nature of fame in terms of its creation, development and sustainability. Fame is an important part of a strong brand and has been identified as the key driver of brand growth. In this article the author shows how changes taking place in the digital age have made brand fame even more critical for brand growth. He defines brand fame, explains how digital has transformed it and outlines the steps which can be taken to create sustainable fame.

Market Leader, Q4 2015, pp47-49 (Buckley)

Luxury brand experience

Consumers increasingly prefer their luxury to be in the form of special experiences rather than expensive goods. This trend is expanding beyond the younger age groups to markets where luxury goods have only been popular in recent years, as well as developed markets. Research from Boston Consulting Group, for example, has found that almost a third of Chinese consumers prefer "enriching experiences" to products. Brand Union has conducted a study which identifies three core pillars for managing a modern luxury brand experience: Dynamic Heritage, Ingenious Design and Enlightened Service.

Admap, November 2015, pp36-37 (Tan and Shaw)

Brand mergers and creativity

Strong brands with strong business models should be able to grow, but is organic growth enough and does the current spate of mergers and acquisitions – SABMiller/AB InBev and BT/EE for example – mean the loss of creative brands in favour of consolidation? Many mergers are being made for financial reasons, which means that smaller brands might be absorbed into the larger organisation and their creativity lost. However, strong brands can maintain their presence provided that they are acquired by smart companies who will let them thrive. For instance, Coca-Cola runs Innocent as a separate business. Consumers appreciate authenticity so maintaining brand values is important for long-term survival.

Marketing, November 2015, p21

Conferences and events

Corporate hospitality – a wasteful business

Why do huge swathes of seats remain empty at great sporting events after they have been purchased for corporate hospitality? Elliot Sheasby, director at Event Master, argues that businesses want the VIP treatment for their clients and will often "sacrifice the less glamorous event" to keep the client happy. The Rugby World Cup was a key example: once England had left the tournament, a huge number of tickets were left unused. With major events, such as Rugby and the Olympics, businesses often have to buy into a set of events that they are not necessarily going to attend. In contrast, once-a-year annual events, such as the Cheltenham Festival, can achieve 75% occupancy.

meetpie.com, 9 November 2015

Perfect pitching

C&IT's recent pitching survey revealed that agencies spend an average of £10,000 on pitching. In this article Andrew Winterburn of Ashfield Meetings & Events, provides advice on the "perfect pitching process". He argues that when the pitch process is carried out well, it can lead to innovation and fresh thinking from agencies. He offers eight simple tips.

citmagazine.com, 9 November 2015 (Winterburn)

Consumer behaviour

Attitude replaces age

A study of UK consumers by Network Research shows that demographic groups continue to be valid as a means of segmenting consumers. For example, having children is a big factor in brand preference: 64.7% of people with children are likely to recommend M&S compared with 35.6% who haven't got children. However, the research also found that consumers' attitudes are often more relevant than demographic factors such as age or social grade. For instance, dividing people by attitudes reveals that 62% of fashion followers are promoters of British Airways, while 58% of early adopters are promoters of TSB. Both old (89.7%) and young (83.4%) consumers share data security concerns.

Marketing Week, 5 November 2015, pp20-21

Facing up to reality

A study of robot faces by researchers at Stanford University in California has found that, as robot faces gradually become more human, their likeability scores increase, then plummet before finally rising again. This is called the 'uncanny valley effect' in which things that appear almost lifelike can cause revulsion – an interesting thing to bear in mind when producing creative work.

New Scientist, 7 November 2015, p21

Christmas shoppers buy gifts for themselves

A survey of 1,000 Britons has found that Christmas shoppers spend £84 on themselves while they are busy shopping for presents for others. The survey also found that the average shopper will spend £475 on gifts this year: this includes £162 on their partner, £67 on parents and £42 on siblings. The survey was carried out by Secretsales.com.

The Daily Telegraph, 7 November 2015

Customer relations

The customer journey as a product

Shoppers research and buy products online, while sellers are scrambling to catch up by understanding customers and satisfying their needs. Smart companies are using tools, processes and organisational structures so that they can lead rather than follow these digital consumers. They are developing customer journeys and managing them in the same way as they do other products, something that has given them a competitive advantage. Building a compelling journey involves four key capabilities: automation, personalisation, contextual interaction and journey innovation. A critical role is that of the 'journey product manager', who heads a team of designers, developers, data analysts and marketers. This manager is responsible for the customer journey's RoI and business performance.

Harvard Business Review, November 2015, pp88-100 (Edelman and Singer)

Offering exceptional customer experience

Customers' experiences with start-up technology companies have raised their expectations about how their interactions with businesses should work. Incumbent businesses are trying to adapt by using a number of approaches to improve customer experiences, but the danger is that they will end up with a 'me too' solution that fails to differentiate them. Instead, what is needed is a "great experience that delights customers and earns their loyalty". The authors found that improving a customer experience from just average to something that impresses the consumer can result in a 30-50% increase in actions, such as the likelihood to renew or buy another product. Here are seven areas in which incumbents can design and deliver great customer experiences.

mckinsey.com, November 2015 (Lhuer et al)

Law

Establishing a reputation in the EU

The EU Court of Justice has ruled that even very low market share in two member states is enough to demonstrate "reputation" of a Community Trade Mark. This stems from Unilever's opposition to a Hungarian national trade mark application by Iron & Smith for a sign which included the words "be impulsive". Unilever based its opposition on its earlier Community Trade Mark for Impulse, its body

spray brand. The conclusion was based on evidence that Impulse had a 5% market share in the UK and 0.2% in Italy.

lexology.com, 3 November 2015

New business transparency rules

From April 2016 all UK companies should keep a register of all people who have a say in the company. This could refer to the fact that they have over 25% of the shares or voting rights, have the right to appoint to the board, or they may have "significant influence or control" over the company. The register must keep track of who the individuals are with full name, address and date of birth. This register will then have to be submitted to Companies House along with their annual return.

smeinsider.com, 4 November 2015

Marketing

Customer lifetime valuation

The idea of Customer Lifetime Value (CLV) is gaining recognition as a way of measuring the value of customers to identify the right ones for acquisition, retention and other activities. Development of more accurate models to measure CLV is becoming increasingly important. Some researchers have argued that the concept of customer equity (CE) is a measure of marketing success and that its maximisation should be considered a key objective. This research aims to identify the major options which a seller has in its relationship with customers and to develop models to measure the value of these options to estimate CLV and CE. They develop three models to measure CLV and CE based on real options. The results show that traditional models for measuring CLV ignore the value of options, even though these options have significant values and are important in decision-making.

Journal of Marketing Analytics, Vol 3(3) 2015, pp122-134 (Koosha and Albadvi)

Market research

Behavioural economics

New research reveals that outdoor ads can be enhanced using behavioural economics principles. The study found that shoppers responded best to a poster that used the behavioural principles of scarcity (fear of missing out) and loss aversion (product available for a limited time). The poster resulted in 154 trials of a product (edible insects) over the two-hour period in which it was displayed, compared with 67 for a more traditional poster and 34 when no advertising was involved. The visual nature of the poster supported the theory that images are processed more quickly and unconsciously than text. The study was carried out by Kinetic Worldwide, #ogilvychange, JCDecaux and edible insect producer Grub.

research-live.com, 9 November 2015

Public relations

Creating interactive content

People have always liked a good story and the principles of a good story haven't changed over the years, but the advantages of good storytelling can be lost amongst content that is there simply for the sake of conversation. So how can you incorporate engaging stories into content campaigns? The author offers seven techniques for getting started on interactive content. These include video, white papers and interactive polls.

prdaily.com, 9 November 2015

Sponsorship

Fans – mixed feelings towards sponsorship

New research suggests that sports fans are not as positive towards sponsorship as brands might think: 83% of sports fans questioned said they accepted the statement that "Sponsors never consider the fans" while only 55% said they would consider trying out a brand or product as the result of the sponsorship. Nevertheless 88% of respondents said they believed sponsors could create new opportunities for their favourite sports and teams, while 86% said they would not object to seeing more sponsorship in sport. Mike Sundet of Momentum Worldwide, which carried out the research across five countries, believes that brands should celebrate the fans by putting them, "in control and at the heart of these experiences".

eventmagazine.co.uk, 6 November 2015

Agriculture, fishing and forestry

Great British food campaign

The UK Government has announced a five-year *Great British Food* campaign involving celebrity chefs and industry leaders who will advise government and lead trade missions. Defra wants 2016 to become the "Year of British Food" and is launching a number of events to promote food produced in the UK and to boost exports. This should result in a threefold increase in the number of protected food names, such as Melton Mowbray pies or Wensleydale cheese. The National Farmers Union says it supports the campaign as one that will help "set a framework which supports increasing production" and greater consumption of British food.

farming.co.uk, 4 November 2015; The Grocer, 7 November 2015, pp12-13

African produce

The Zambian government has told large supermarkets to begin stocking locally-produced food with the aim of supporting the country's farmers. The local currency (the Kwacha) has fallen in value yet some supermarkets are still importing basic goods, including potatoes. The BBC's *Africa Business Report* also includes features on South

Africa's ostrich-farming industry and Africa's cocoa beans.

bbc.co.uk/news/business, 6 November 2015;
bbc.co.uk/news/business, 9 November 2015

The demise of the cucumber

The British cucumber is in decline, with prices falling from 90p to less than 30p in supermarkets and production declining to just under 100 hectares for the first time in nearly 100 years. Farmers have either retired or turned to other produce, such as strawberries or, in one case, medicinal cannabis!

The Guardian, 7 November 2015, p22

Building industry

Growth slows...

The Construction Products Association (CPA) state of trade survey for Q3 reveals that only 4% of contractors reported a rise in construction output for Q3. This is the tenth consecutive quarter of decline and the lowest level of growth since Q1 2013. Data from the Office for National Statistics (ONS) backs up this trend: it says that construction output fell by 2.2% during Q3. However the *Markit/Cips Purchasing Managers' Index* for October diverges from ONS data – it claims that construction is still undergoing strong growth with a reading of 58.8 on its index. The CPA survey also suggests that contractors are very reliant on private housing, with 25% of firms reporting growth in this area compared with just 6% who recorded growth in private commercial work.

Construction News, 6 November 2015, p8; The Independent, 4 November 2015, p56

...but wages rise

The construction industry has seen average pay rise by 5.1% in the three months to August year-on-year, according to the UK's Department for Work and Pensions. Meanwhile the number of jobs in the industry has risen to 2.1m, up by 10,000 from the second quarter.

Constriction News, 6 November 2015, p10

JCB to lose jobs as demand falls

JCB is to cut 290 jobs or 10% of its workforce, a move which it blames on the slowdown in orders around the world. Chief executive, Graeme Macdonald, says that the construction equipment industry is, "facing very tough trading conditions". Demand has plummeted in Russia, Brazil and China – JCB exports 75% of its machines to around 140 countries and is the third-biggest maker of construction equipment in the world. This will be a blow for Chancellor George Osborne since JCB is regarded as the 'star' of the manufacturing sector. Declining world trade may lead to a raft of factory closures in the UK.

The Guardian, 5 November 2015, p29

Building – a downward trend

A property developer in London has paid £150,000 for the ground beneath a block of flats in Bloomsbury. The land was described as a piece of solid “unexcavated basement space”. As the pressure for space in London increases there could be a trend for building under properties.

The Sunday Telegraph, 8 November 2015

Businesses and strategy

Innovation road-mapping

Companies have to judge the right moment for launching an innovation; this involves balancing the risk associated with premature entry with the missed opportunity caused by late entry. This study seeks to better understand the concept of innovation road-mapping in terms of its definition and its impact on innovation performance. The research looks at 12 cases taken from existing literature and identifies five concepts which the cases have in common. It then builds a framework in which innovation road-mapping is established. This provides a model with six related propositions. It concludes that road-mapping is a means to achieve competitive timing or industry synergy for innovation.

Journal of Product Innovation Management, Vol 32(6) 2015, pp904-924 (Simonse et al)

The importance of talking about values

Many businesses publish and talk about their values because they believe these values, in addition to their organisational culture, to be important success factors. This study examines the link between a company’s stated values and financial performance. The authors look at the values posted by Fortune 100 companies on their websites to analyse the performance implications related to the espousal of certain values, the number of values and their stability or change over a period of time. They then discuss the importance not just of what companies do but also of what they say.

European Management Journal, Vol 33(5) 2015, pp332-340 (Jonsen et al)

Concentration could be contagious

Belgian researchers have shown that concentration could catch on in the workplace. The research involved pairing people up and then setting them a routine concentration test. They found that people sitting next to someone who was concentrating hard had their own levels of concentration boosted regardless of whether the task actually required a high level of focus. One possible explanation could be the posture of the person concentrating hard; another is that they are secreting some kind of scent! Another explanation could be the motivational state of the participant.

People Management, November 2015, p66

Twitter makes employees more innovative

Research suggests that those with a diverse social network are more likely to be innovative because they are exposed to people from different fields who behave and think differently. The authors conducted research to find out if Twitter can make employees more innovative. They used a technique called organisational network analysis (ONA) to create visual representations of employee Twitter networks. It found that employees who used Twitter had better ideas than those who didn’t and that there was a link between the amount of diversity in the employees’ Twitter networks and the quality of ideas. The most innovative Twitter users were those who combined idea scouting with idea connecting.

MIT Sloan Management Review, Vol 56(4) 2015, pp21-25 (Parise et al)

Survival of the fittest

This supplement focuses on corporate longevity and how some companies have survived for so long, or not. Some companies go back many centuries but increasingly rise-and-fall cycles are becoming shorter. Over the last half-century the average length of time a company has been in the S&P 500 has fallen from over 60 years to just 18. The FT30, London’s original stock market index of 1935, contains only two survivors: Tate & Lyle and GKN. They have survived through a combination of adaptation and luck!

Financial Times (Corporate Longevity), 10 November 2015, pp1-58

Charities and NGOs

Charities – how to regain trust

Charities have had a hard time in the media recently, whether it is for their aggressive fundraising methods, high executive salaries or misuse of donor data. The sector needs to regain the public’s trust and “There’s an urgent need for renewal”, according to Joe Saxton of nfpSynergy. The consultancy recently published research which indicated that the percentage of people who trusted charities “quite a lot” had fallen by 16 points to 53% since 2014, the lowest since 2007. This article looks at the problems facing charities and includes some advice from experts in the sector. It seems that there is no straightforward solution...

Management Today, November 2015, pp30-34 (Bennett)

Durable consumer goods

Canon turns to skijoring

Having previously covered the obscure sport of calcio storico (an early form of football in Italy) camera brand Canon is now focusing on skijoring as part of its *Come and See* campaign. This consists of a horse race in which skiers are pulled along behind the horse. The TV ad shows the skijoring champion, Franco Moro, in Argentina. It is filmed using only

Canon equipment with the objective of showing how well the camera captures the horse's strength and movement.

Campaign, 6 November 2015, p8

The Christmas list

High-tech gadgets, such as iPads and computer games, are being replaced by more traditional toys this Christmas, according to the Toy Retailers Association's list of toys most likely to be purchased this year. The list is heavily influenced by the likes of *Star Wars* (Millennium Falcon spacecraft), *Thunderbirds* (Tracy Island interactive model) and *Frozen* (interactive singing doll). Two Lego sets and a 3D drawing kit also appear on the list.

The Daily Telegraph, 5 November 2015, p15

Surf boards wave goodbye to high prices

Wavestorm has become the most popular surf board brand in the US since its introduction in 2007. Retailing at just \$99.99, the mass-produced boards are much cheaper than their rivals. Their maker, AGIT Global, expects to sell over 100,000 boards this year and already sells five times more than the bigger surfboard brands. The decision to sell exclusively through Costco Wholesale is one factor in the company's success because it doesn't have the expense of selling through small retail outlets. Surfboard purists are unhappy about this but believe that Wavestorm's success may help to lure more people into the sport and ultimately into buying high-end boards.

Bloomberg Businessweek, 2-5 November 2015, pp43-44

Economy

Working trends

A new survey reveals that the average worker in Britain will lose £153,000 in unpaid overtime, have six different jobs, one office romance and three fights with a colleague over his or her working lifetime. The study, which was commissioned by the Association of Accounting Technicians, also found that the average worker will make 29,328 cups of tea and take 94 days off sick during their 47 years of work. Over half of the respondents in the poll said they thought that work commitments had affected their relationships and personal lives.

The Daily Telegraph, 5 November 2015, p15

Robots will take over blue-collar jobs

Robot Revolution, a report from Bank of America Merrill Lynch, claims that cheap, emotionally-intelligent robots could replace thousands of workers over the next 20 years. Over a third of British workers' roles, and nearly a half of the US workforce, will be displaced by machines and AI by 2035. Job losses will be particularly notable among people earning less than £30,000 a year. The report believes that companies begin to replace workers

with robots when they can achieve cost savings of 15%. In the US the cost of a welding robot is £5 an hour compared with £16 for a human.

The Times, 6 November 2015, p25; The Guardian, 5 November 2015, p5

OECD downgrades world economic growth

The OECD has cut its growth forecasts for the world economy which it now says will expand by 2.9% this year and 3.3% in 2016. Its earlier projections were for 3% and 3.6% respectively. The downgrade is attributed to a slowdown in world trade caused by China and other emerging markets. Recently the IMF said that the world economy would grow at its slowest rate since the financial crisis.

Financial Times, 10 November 2015, p6

The cost of a Brexit

If Britain were to leave the EU, it would result in the country falling back into recession, it would damage its long-term growth potential and lead to increased government borrowing. This is according to a comprehensive review of the economic impact of a 'Brexit' by Morgan Stanley.

The Times, 5 November 2015, p43

Energy and utilities

Business users asked to reduce energy use

Last week Britain's wholesale electricity prices rocketed due to an unexpected outage of power plants. This prompted the National Grid to ask industry to reduce its energy use for the first time. Heavy users, including factories and hospitals, were asked to switch to back-up power or to reduce demand. One energy executive said that this highlighted the fact that the UK did not have sufficient supply. Tom Edwards, an analyst at Cornwall Energy, claims that it will be the consumer who ends up paying for it.

Financial Times, 5 November 2015, p1

UK consumers to question water companies

The UK's Consumer Council for Water is holding a meeting in London this week after its annual report revealed that water companies in the South East are falling behind the rest of the industry when it comes to reducing complaints. Six water companies will be represented. The watchdog will use the meeting to discover what these companies are doing to reduce the number of complaints from their customers. Companies will also have to face questions from consumers.

utilityweek.co.uk, 4 November 2015

Environment

A live air pollution update

Google has partnered with sensor company Aclima and the US Environment Protection Agency (EPA) to

fit its Street View cars with environmental sensors. The aim is to produce real-time neighbourhood pollution maps which could be useful for those with breathing problems. HabitatMap, a New York not-for-profit, has produced a pollution-mapping app which relies on pedestrians for gathering data. People wear the AirBeam, a small sensor that records exposure to particulates in the air, to produce maps and graphs showing the degree of pollution. The revolution in low-cost, portable pollution sensors may galvanise agencies to provide information in different ways, says Dan Costa, a director at the EPA.

New Scientist, 7 November 2015, p20

Warmest year since the industrial revolution

UK scientists are warning that global temperatures are likely to rise to their highest level since the industrial revolution this year. Average temperatures for the first nine months of the year were 1.02C above pre-industrial levels. Governments have agreed that global temperatures should not rise more than 2C from pre-industrial levels if the world is to avoid irreversible climate change.

Financial Times, 10 November 2015, p2

Britain's not so green land

The UK Government is phasing out all renewable-energy subsidies over the next decade, a move that has not been appreciated by green campaigners. Some of the subsidies have been called "over-generous" (feed-in subsidies allowing households to sell their own renewable energy back to the grid) or have not offered good value for money (the cost of photovoltaic cells). Yet the Government is subsidising some non-green forms of energy, such as diesel generators. Investors are unhappy about these inconsistencies. In the solar industry 1,000 people have already lost their jobs, and nine onshore wind projects have been cancelled. Despite Britain achieving a 9% cut in energy-related emissions (according to PwC) it is second only to Germany as the "biggest energy-guzzler" in Europe and is one of the most reliant on fossil fuels.

The Economist, 7 November 2015, pp31-32

Hydrogen cars arrive on Britain's roads

Hyundai and Toyota have both launched hydrogen cars in Britain; they produce water vapour or droplets rather than CO₂ or nitrogen oxide emissions. Those most likely to buy hydrogen cars will be companies involved in the infrastructure to power such vehicles or businesses wanting to establish their green credentials. As yet neither company has sold these cars to consumers: they cost twice as much as most electric cars. Infrastructure – refuelling stations – is one of the biggest challenges for the industry.

The Guardian, 5 November 2015, p27

Fashion

Benetton – a colourful history

Benetton is fifty this year but has been suffering from years of declining sales. It is using the anniversary to try to turn its fortunes around by releasing new clothing collections and a five-year 'Benetton Women Empowerment Programme'. During the 80s most of Benetton's kudos came from "ground-breaking advertising" which featured non-professional models of different races. Its advertising became even more controversial in the 1990s when images included a new-born baby complete with umbilical cord. Benetton returned to 'shockvertising' in 2011 with an image of Obama kissing Hugo Chavez. These days chief product officer, John Mollanger, realises that the brand needs to clarify its message, not an easy task in the age of social media when a shocking image may no longer appeal to the social conscience.

The Guardian, 4 November 2015, pp12-13

The downsizing trend

Documents from the British Standards Institution (BSI) reveal how 'size inflation' has taken place in the clothing industry. A size 10 in 1974 was significantly smaller than a size 10 now. Research from YouGov suggests that British women have an average dress size of 16 but want to be a size 12. In 1974 the equivalent would have been 20 and 16 respectively. Health experts believe that this has contributed to the 'normalisation' of obesity.

The Sunday Times, 8 November 2015, p23

Financial services

Content marketing at Barclays

Mark Brayton, interactive marketing director for personal and corporate banking at Barclays, explains how the bank plans, co-creates and produces its content. Barclays has used a publishing-style model using its own editorial board to transform the way in which it communicates with customers and clients. It has adopted a process which enables it to publish content within hours if required. For example, the bank was able to respond swiftly to July's Budget by publishing segmented articles containing customer-focused analysis backed up by e-mail and social media campaigns. The message is that agility is key to sharing relevant content.

Marketing, November 2015, p33

Challengers enter business market

Challenger banks are moving into the UK's business banking sector – Virgin Money and TSB are expected to launch products for small and medium-sized businesses over the next few months. Metro, which already undertakes business banking, says that loans to commercial customers in Q3 accounted for just over a third of its total lending. The 'big four'

banks currently provide 90% of lending to businesses and 85% of SME current accounts, a situation which has remained unchallenged for over a decade. A key barrier for challenger banks is the size of their branch network – small businesses rely on branches more than consumers do.

Financial Times, 5 November 2015, p23

FMCG

Beverages

South African wine industry

South African wine exports have risen from 50m litres a year to over 420m over the past two decades, making it the world's sixth-largest wine exporter. But this has resulted in damage to the reputation of the industry because South African wine was in such great demand that poor quality products were being exported. Although the quality issue has been addressed, the industry's pricing power and brand image are being affected by bulk exports. South Africa also lacks a flagship brand but KWV, which operates in over 100 markets, aims to plug that gap.

Journal of Strategic Marketing, October-November 2015, pp32-35 (Thomas)

Speciality coffee brews artisan roasters

There are a growing number of high-end artisan coffee roasters, importers and retailers who purchase their beans directly from growers and have rejected traditional coffee bean trading. The small roasters, known as the 'third wave coffee boom', negotiate individually with farmers. Competition for good coffee is fierce and there is an increasing demand for speciality coffee, with coffee drinkers willing to pay high prices for a good cup of coffee at the premium end of the market.

Financial Times, 6 November 2015, p30

NZ wines get geographical indications

A bill introduced in New Zealand last week aims to amend the *Geographical Indications (Wines and Spirits) Registration Act* which was passed in 2006 but never enforced. The country's minister of commerce and consumer affairs, Paul Goldsmith, said, "Some consumers are prepared to pay a significant premium for wines from certain New Zealand geographic regions. The reputation of New Zealand wines must be prudently guarded". The terms New Zealand, North Island and South Island are to be registered geographical indications.

lexology.com, 3 November 2015

Food

Asda says wonky veg acceptable to shoppers

Morrisons has recently been criticised in Hugh Fearnley-Whittinghall's *War on Waste* documentary for having such strict specifications for parsnips.

Meanwhile Asda is to relax standards for the shape of its fruit and veg by extending its "wonky fruit and veg" range. This follows a four-month trial at some of its stores which revealed that 65% of shoppers were prepared to buy misshapen fruit and veg while 56% said they would be inclined to switch to imperfect produce in order to support farmers.

The Grocer, 7 November 2015, p4

America may agree to lift haggis ban

The US imposed a ban on haggis in 1971 when it decided that its citizens should not eat sheep's lung, a major ingredient of haggis. However, a Scottish government delegation, which includes James Macsween, MD of haggis manufacturer Macsweens, is in talks with US officials with the aim of agreeing a clear timeline for reintroducing haggis into the American market. Manufacturers might even agree to remove sheep's lung from the recipe...

The Times, 9 November 2015, p10

Lard is safer than vegetable oil

Scientists have found that heating up vegetable oils leads to the release of chemicals called aldehydes which are linked to cancer, heart disease and dementia. Professor Martin Grootveld of De Montfort University in Leicester said that a typical meal of fish and chips could contain 100 to 200 times more toxic aldehydes than the safe limit recommended by the WHO. He recommends cooking with olive oil, butter or even lard.

The Sunday Telegraph, 8 November 2015

Tesco creates savoury and sweet butters

Tesco is introducing flavoured butter to its stores. The 100g logs of butter include Chocolate Chip, Maple Syrup, Garlic & Herb and Red Chilli. The butters, which have been in development for six months, aim to add "excitement" to the category.

The Grocer, 7 November 2015, p41

Household

Household adspend

In the first half of 2015 adspend on household products reached \$3.4 billion globally, according to data from Nielsen. This represents an 11% share of all FMCG spend but a 6.5% decline in annual spend. Procter & Gamble, the largest US advertiser of household products, reduced its spending by 45.5%. Latin America has grown, while TV is still the most popular medium with 85% of adspend. This article consists mainly of infographics showing household products adspend by global region, product category and by media channel and market. The top ten US advertisers are listed.

Admap, November 2015, pp48-49

Government and public sector

Police could adopt easyJet ads

Police commissioners have said that police patrol cars might carry advertising as a way of tackling the reduction in funding by Government. Senior officers and police and crime commissioners (PCC) have warned that their ability to protect the public has been compromised by funding cuts. Olly Martins, the Bedfordshire PCC, said he was open to easyJet advertising on cars in his area, which includes Luton airport. Deputy commissioner of the Met, Craig Mackey, admitted that there might be legal problems associated with advertising but that he would, "like to look at the whole area of sponsorship".

The Times, 4 November 2015, pp1,4

The nudge unit – small changes, big impact

Governments are using behavioural insights to nudge people into certain types of behaviour. For example, in the UK, people who renewed their car tax were asked if they'd like to join the Organ Donor Register. Eight different messages were tested to find the one that would most encourage people to join the scheme. This is just one of the many trials that have been undertaken by the 10 Downing Street Behavioural Insights Team (BIT) or 'nudge unit'. Overall there have been two major insights: firstly, how small changes in processes or wording can have a big impact on people and; secondly, the importance of trialling, because you can never be sure how people will react.

Wired, December 2015, pp123-124

WPP targets US voters

WPP has created a tool for targeting US voters in partnership with HaystaqDNA, which helped Barack Obama to power in 2008 and has data on 166m Americans. Xasis Politics will facilitate personalised online advertising in the lead-up to the 2016 presidential election when there is expected to be a boom in political spending. WPP subsidiary Xasis, which specialises in digital media, will connect Haystaq's voter information to its database of internet users to create "laser like targeting" of voters online, according to Xasis CE Brian Gleason.

Financial Times, 10 November 2015, p18

Health and pharmaceuticals

Health monitoring

This supplement, produced by *Campaign* and R/GA FutureVision, explains how health monitoring is being disintermediated with the help of mobile devices and other connected equipment. Patients are gradually gaining more information about their own health and, rather than replacing the doctors, the new technology (fitness trackers, specialised

clothing, smart watches, mobile cameras, connected devices and embedded tech) is helping to enhance the time that patients spend with them. Three articles cover different aspects of health technology.

Campaign (Connected Health), 6 November 2015, pp15-24

Allergan a potential Pfizer target

This article looks at the potential of a takeover of Allergan by Pfizer to form what has been dubbed 'Pfizergan'. Some argue that Allergan would do better to become an acquirer itself rather than be a takeover target. The company changed its name from Actavis to Allergan after buying Botox maker Allergan. Chief Executive, Brent Saunders, is said to be adamant that Allergan's culture should survive any takeover deal. Allergan has highlighted nine of its top-selling drugs which it believes could be blockbusters.

Financial Times, 6 November 2015, p19

IT and telecoms

Cyber security

The costs of failing to tackle cyber-security are high – Canadian telecoms company Nortel went out of business partly because hackers stole so much of its intellectual property, while TalkTalk is currently struggling to recover from a recent loss of customer data. As a result of the estimated 90m cyber-attacks a year, the cyber-security industry is booming. Bank of America Merrill Lynch reckons that the market is worth \$75 billion a year and will reach \$170 billion by 2020. Barriers to entry are low and the range of products "bafflingly wide". The situation may get worse before it gets better and many companies lack an understanding of the threats they face...

The Economist, 7 November 2015, pp71-72

Leisure and tourism

A new type of cargo

Cargo ships are increasingly carrying tourists to make up for falling freight prices. Transporting a person from Shanghai to Rotterdam can bring in ten times the amount that a 20-foot container packed with furniture can. The passengers, usually no more than a dozen at a time, dine with the crew and have the run of the ship. There are no luxuries which are present on cruise liners but some routes are so popular that they have to be booked months in advance.

Bloomberg Businessweek, 2-8 November 2015, pp25-26

Stately homes may close

The HHA, which represents historic houses in Britain, has warned that up to 70 stately homes could be closed to the public over the next five years due to the high cost of repairs. It wants the Government to provide practical support to the

houses in terms of tax arrangements so that owners can invest more in their properties. Research by the HHA has found that its members spend a combined £85m a year on repairs.

The Daily Telegraph, 10 November 2015

Materials and mining

US aluminium challenges China

The plummeting price of aluminium has led to a petition and online campaign by a lobby group funded by Century Aluminium, which is urging the US government to take action against China. It accuses the Chinese of subsidising loss-making domestic producers and driving down prices. Century Aluminium saw its market value reduced by 25% recently after reporting a bigger-than-expected quarterly loss. Aluminium prices have fallen to \$1,489 per tonne due to over-supply from China.

Financial Times, 6 November 2015, p30

Media

Books

Amazon launches physical bookstore

Last week Amazon opened its first bricks-and-mortar bookshop. Located in its hometown of Seattle, it stocks 6,000 books which are selected according to online reviews and sales data. Prices are the same as those listed on Amazon.com. This comes at a time when there has been a slowdown in e-book sales. Until now traditional bookstores have enjoyed two advantages over Amazon, that of 'immediacy' and 'browsing'. James Daunt of Waterstones said he hoped Amazon's venture "falls flat on its face".

Retail Week, 6 November 2015, p2; The Bookseller, 6 November 2015, p17; Financial Times, 4 November 2015, p1; The Independent, 4 November 2015, pp28-29

Academic Book Week

This week a wide-ranging debate is taking place regarding the future of the academic book. The first Academic Book Week (ABW) commenced on Monday with support from publishers, academics, booksellers and librarians. The ABW is taking place ahead of the publication of the Government's spending review on 25 November when it is expected that universities minister, Jo Johnson, may disband the Higher Education Funding Council for England and replace it with a new standards body.

The Bookseller, 6 November 2015, pp4-5

Games

Activision buys King Digital

King Digital, the company behind the mobile game, *Candy Crush*, is being acquired by Activision Blizzard, maker of *Call of Duty* and *Guitar Hero* in a deal worth \$5.9 billion. Experts believe that the acquisition is a sign of where the games industry is going over the next few years. The console market

is in decline while mobile gaming is predicted to increase by 50% by 2019. Consolidation in the industry makes sense. However, King Digital has been suffering from falling sales and profits. Analysts at Credit Suisse have claimed that three out of five new game launches fail because barriers to entry in the mobile gaming industry are so low.

The Independent, 4 November 2015, p59; The Daily Telegraph, 4 November 2015, p5; The Guardian, 4 November 2015, p27

Internet

Display planning

Online display advertising has grown rapidly and broadened its scope. This is largely because it has become more credible for achieving brand communications objectives rather than just sales goals; consumers are spending more time online; there has been a growth in formats such as rich media and interactive display; and people are spending more time on social media. As a result there is a role for online display within a broader comms plan. This in turn necessitates display planners taking on new skills such as programmatic trading.

Admap, November 2015, pp17-19

Two-thirds of EU SMES have websites

Around two out of every three SMEs in the EU have a website advertising their products and services. The share is highest in Northern Europe, according to a survey that was carried out among over 14,000 companies by Eurobarometer.

Financial Times, 6 November 2015, p1

Newspapers

Adblocking

Axel Springer, owner of *Bild*, Europe's best-selling newspaper, claims to have reduced the proportion of readers using adblockers on the *Bild* website from 23% to single-digit. This is the result of a policy in which readers have been forced to choose between switching off the adblockers or paying for a subscription. The newspaper also claims to have attracted an additional 3m "marketable visits" from users who switched off their adblockers during the first two weeks following the start of the initiative.

Financial Times, 5 November 2015, p19

Radio

Digital radio in cars

UK culture minister, Ed Vaizey, has revealed that almost three-quarters of new cars now have digital radio installed as standard.

Campaign, 6 November 2015, p3

Social media

Twitter moves from stars to hearts

Twitter will no longer allow users to express their approval of a tweet using a star icon. Instead they

will have to use a heart-shaped button for their 'favourite' things. Twitter believes that the original symbol and wording could lead to confusion.

The Independent, 4 November 2015, p23

Facebook reaches half the world's web users

Facebook has reported that monthly active users of its social network have reached 1.55 billion, up 14% compared with last year. The company now boasts half the world's internet users as its members. It has just posted an 11% increase in profits and 40% rise in revenues in the three months to September.

The Daily Telegraph (Business), 5 November 2015, p3

Television

BBC archives available on iPlayer

The BBC is launching an online store where people will be able to buy and download 7,000 hours of video to their phone, laptop or desktop. These will include vintage TV shows such as *Morecambe and Wise* and old *Doctor Who* series while episodes of *Muffin the Mule* dating back to 1952 will be available. The BBC hopes that BBC Store will have a competitive edge over other platforms because of its breadth of content and the convenience of being able to access it via iPlayer.

The Times, 5 November 2015, p7; The Independent, 5 November 2015, p18

Video

Compelling content

Companies want to create video content that will be popular with consumers and will go viral. But the advice on how to create engaging content is contradictory, generally because experts are comparing only the popular videos. The authors explain how they took a different approach by examining a mixture of popular and unpopular videos. They started with three ideas about how a strong emotional response could be elicited: novelty, incongruity and surprise. This revealed that emotionally-surprising videos produced liking and views more than any other kind of content element studied. Novelty and incongruity were both found to be associated with feelings of surprise, which in turn increased views and liking.

MIT Sloan Management Review, Vol 56(4) 2015, pp83-88 (Pirouz et al)

The battle for video

According to predictions from ZenithOptimedia, the number of people watching traditional linear TV will peak this year and start to decline for the first time next year. In contrast, online video is expected to rise by 23.3% this year and 19.8% next year while online video advertising is forecast to grow by 28.9% and 22.5% respectively. YouTube is the largest online video site in the world but is being threatened by other sites and social networks,

notably Facebook. This article looks at how YouTube and Facebook are taking steps to gain market share by launching new features and advertising services. BuzzFeed and Twitter are also mentioned.

Marketing Week, 5 November 2015, pp12-16

Packaging

Visual packaging

Visual codes relating to product and package design are typical of certain product categories. 'Category-based visual codes' refer to characteristics such as shapes, colours, materials or typefaces. Milk bottles and laundry detergent powders are examples of categories with strong visual codes on their packaging. This research looks at the effect of 'typicality' or 'atypicality' judgements, in relation to the visual appearance of a product, on consumers' aesthetic appreciation and purchase intentions. Some studies have shown a consumer preference for the most typical design, while others have indicated that consumers prefer moderately atypical design. This study, using wine labels, seeks to explain this discrepancy. It reveals that some consumer segments are more likely to appreciate atypical packaging, but that consumers are more likely to accept atypical packaging when the perceived risk is low.

Journal of Product Innovation Management, Vol 32(6) 2015, pp1014-1032 (Celhay and Trinquacoste)

Retailing

WH Smith – all it has is its brand

WH Smith is one of Britain's oldest and most-respected of retail brands but it has fallen on hard times with "shabby shops and rip-off prices". There is even a Twitter feed, @WHS_Carpet, which alludes to the poor state of its carpets! The author questions how long WH Smith can keep squeezing profits out of the business. It has fierce competition from the pound shops as well as more upmarket operations, such as Paperchase, and discount shops, such as Card Factory. What will it take to rescue the brand? One shareholder commented that: "They keep trashing the brand, but they don't seem to realise that at the end of the day the brand is all you have."

Management Today, November 2015, pp36-40 (Lynn)

John Lewis – the Christmas ad

John Lewis has launched its Christmas ad, which is possibly the most high-profile marketing campaign in the UK. The retailer relies on Christmas sales for 40% of its revenues, which is possibly why it relies on the same emotive formula as its previous executions. This year's ad depicts a young girl sending a Christmas present to a lonely man on the moon. Coincidentally a full moon is due on Christmas Day. John Lewis will, of course be stocking up on telescopes, but one of the purposes

of the ad is to support Age UK's campaign for raising awareness of loneliness among older people. (see also under Advertising)

Retail Week, 6 November 2015, p3; The Independent, 6 November 2015, p11; The Guardian, 6 November 2015, p11

Walmart applies for drone delivery

Walmart has applied to test drones for home delivery, kerbside pick-up and checking warehouse inventories in the US. This follows Amazon's approval by the Federal Aviation Administration (FAA) to begin testing unmanned aircraft deliveries in US airspace. The use of drones for commercial purposes is currently banned in the US but retailers are asking the FAA to make exceptions on a case-by-case basis. If permission is granted, it will give retailers a chance to transform their supply chains and logistics, as well as reducing the costs associated with online orders.

Retail Week, 6 November 2015, p28

Services

Online deliveries up

Online delivery volumes are likely to exceed expectations according to Interactive Media in Retail Group (IMRG). Data from its *MetaPack UK Delivery Index* showed an 18.9% increase in deliveries in September compared with the same month last year.

Retail Week, 6 November 2015, p28

Starship enterprise to launch bot delivery

Starship Technologies, a start-up founded by the co-founders of Skype, has created bots that can travel along the pavement to deliver packages. They are able to navigate around cities, cross the road and avoid pedestrians, while travelling at six kilometres per hour. Pilot operations will commence in 2016.

New Scientist, 7 November 2015, p7; The Grocer, 7 November 2015, p10

Old age driving

How do you ensure that an elderly person is still fit to drive? Current driving tests are flawed because they either allow someone to drive or they don't, but there is nothing to take account of individual circumstances. One solution would be to create customised licences which might, for example, permit short trips but not long ones. DriverLab, based in Canada, has created a simulator which can take the driver on various journeys in different weather conditions; it tracks their hands, feet and eyes as well as how well they are driving. Eventually the system could be used to help learners to drive, in addition to assessing older people's capabilities.

The Economist, 7 November 2015, pp85-86

Transport and travel

VW sales hit, but overall market down

October sales of VW cars in the UK fell by 10% year-on-year following the emissions scandal, which has also taken more than 40% off the price of the company's shares. VW's best-selling models, the Golf and Polo, kept their positions as the third and seventh most popular models in Britain respectively. However other VW brands, such as Seat (down 32%) and Skoda (down 3%) were also hit by the scandal. Audi enjoyed an increase in sales of just 2%. According to SMMT figures, the overall car market fell by 1.1%, its first decline since 2012. It says that 2015 has been a "bumper year" for car sales but that growth is tailing off.

The Independent, 6 November 2015, p62; The Daily Telegraph (Business), 5 November 2015, p1; Financial Times, 6 November 2015, p6

The future is driverless

GM has been busy testing driverless car technology. Its Cadillac is the first to have Super Cruise technology which will allow drivers to hand over control to the car when it gets on to the highway. GM, along with Tesla, Mercedes-Benz, BMW, Audi and Volvo, have similar, hands-free driving projects in progress. Google, meanwhile, wants to offer fully autonomous vehicles which don't even come with a steering wheel. This article, which focuses on GM's efforts, highlights the gap between the traditional car industry and Google's vision of a future where people buy mobility services rather than buying and owning a car. A driverless timeline is included.

Bloomberg Businessweek, 2-5 November 2015, pp48-53

New planes – hard to get off the ground

The global market for full-sized commercial airliners has been dominated by Airbus and Boeing since the 1990s. On 2 November Chinese state-owned plane-maker COMAC unveiled its C919 plane, which will compete with the Airbus A320 and Boeing's 737. The Russian state airline, UAC, is another player that is hoping to break the duopoly with its MC-21 aircraft. But the Russians and Chinese may lack the complex production systems and supply chains required to create the standards, reliability and safety that airlines expect.

The Economist, 7 November 2015, pp74-75

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Lauren Ace	Riot Communications	Little Tiger Group	Brand Director	The Bookseller
Zoe Bale	Dentsu Aegis	ESI Media	Head of Creative Development	Campaign
Kate Barlow	ZenithOptimedia	ESI Media	Head of Commercial Content	Campaign
Jenny Fry	Penguin General	Canongate	Communications Director	The Bookseller
Toby Horry	Dare	Tesco	Digital Marketing Director	Campaign
Shelley Mathews	Capita Group	Chambers Travel	UK Sales Director	meetpie.com
Etta Saunders	Frances Lincoln	Hachette Children's Group	Global Brand Manager	The Bookseller
Ryan Wareham	DigitasLBi	R/GA London	Executive Production Director	Campaign
Claire Wilshaw	Vintage	Penguin Random House	Audience Development Director	The Bookseller

Promotions

Name	Company	Previous title	New title	Source
Geoff Bradman	Westons Cider	Head of Sales	Commercial Director	The Grocer

Sources

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www.lexology.com

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MIT Sloan Management Review*

New Scientist** (1 month embargo)

People Management**

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www.research-live.com

Retail Week

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www.utilityweek.co.uk

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