

Cutting Edge: Our weekly analysis of marketing news

6 January 2016

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

Kinetic property and novelty perceptions

This research examines the concept of “kinetic property” in advertising. Kinetic property is defined as “changes in direction embedded in moving ad elements (such as a focal product’s image) within an online advertisement”. The authors argue that the kinetic property produces stronger impressions of the ad as “visually lively” which in turn is defined as “ad liveliness”. They present six studies which back up their central proposition that kinetic property enhances consumer judgments of product novelty.

Journal of Marketing, Vol 79(6) 2015, pp94-111 (Kim and Lakshmanan)

Programmatic advertising – B2B perspective

B2B marketers have been slow to adopt programmatic advertising. The *B2B Barometer 2015* from Circle Research revealed that just 19% of B2B marketers regarded programmatic as highly relevant to them now, while only 18% saw it as the “next big thing”. Yet there has been a huge rise in the use of programmatic in the digital advertising arena: it accounted for 28% of spend in 2013, 44% last year and is forecast to reach 70% this year. This article gives an overview of programmatic advertising, explains how it works and provides a guide to programmatic vocabulary.

B2B Marketing, January 2016, pp20-24 (Green)

Brands and branding

Multisensory marketing

Multisensory marketing is on the rise to the point that some brands have extended their brand identity to different sensory states, such as Singapore Airlines’ signature scent. However, companies often fail to design their multisensory marketing strategy

with the degree of rigor required to realise its full potential. This article firstly analyses a multisensory marketing strategy by adding previously unused sensory states to an existing brand. It then proposes a sensory evaluation framework for brands. The insights are used to design a three-step process for assessing sensory states in terms of their congruency with brand identity.

Journal of Brand Management, Vol 22(8) 2015, pp673-694 (Stach)

Closing the purchase gap

Brand owners and manufacturers have been slow to notice that the line between the consumer (brand marketing) and shopper (sales functions) has blurred. Digital has been a key driver of this trend, as seen in the integration of digital marketing campaigns and e-commerce activities. The author explores the four stages of the purchase journey, namely ‘Discovery’, ‘Planning’, ‘Deciding’ and ‘Maximising’ and advises on how to close the “Anytime Anywhere Purchase Gap”.

Admap, December 2015, pp34-35 (McCabe)

Conferences and events

World expos – returning to the US?

World's Fair USA is a crowdfunded company which plans to raise \$16 billion to help reintroduce the expo back into the US. The country last hosted a world fair in 1984 in New Orleans but had previously played host to many famous expos. They included one in Philadelphia in 1876 which saw the public unveiling of the telephone and the 1901 expo in Buffalo when the X-ray machine was launched. Expos have continued to take place around the world, with Shanghai the host in 2010, Milan in 2015 and Dubai in 2020, but the US is conspicuous by its absence from the circuit. World's Fair founder Michael Weiss is hoping to bring the expo back to the US within the next decade. He has been touring



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the US to raise the billions he will need for the project.

Bloomberg Businessweek, 21-27 December 2015, pp31-32

The nine stages of boom and bust

Dale Parmenter, MD of UK events company Drp Group, says the events industry is "on the brink" of a "period of pain" in its recovery from recession. He has identified nine stages in the boom and bust cycle. Currently the industry is in the recovery stage (stage 4), when agencies are being squeezed between budget-conscious customers and the rising costs demanded by suppliers. Parmenter says that agencies need to educate their clients to understand that the cost of business is increasing before the market can become buoyant again (stage 5). This will be followed by a "harmonious" stage prior to stage 7, when more suppliers will appear on the market and the battle for market share resumes. Supply will then outgrow demand (stage 8), prices will bottom out and the recession will return in the final stage.

meetpie.com, 23 December 2015

Events favoured by B2B marketers

Events are a way for B2B marketers to engage with and promote their relationships with customers. According to research conducted by Demand Metric in September 2015, conferences are the top event type that B2B marketers host or attend (80%). This compares with trade shows (69%) and webinars (55%). B2B marketers also find that events, particularly conferences, are a good way to network, and an effective way of engaging with C-suite decision-makers. Another survey revealed that 46% of tech and service marketing professionals in the UK and US believe that events are a very successful way of targeting high-level decision-makers.

emarketer.com, 28 December 2015

Consumer behaviour

Dynamic presentation – hedonic products

Manufacturers and retailers are using a variety of formats to present their merchandise, including static and dynamic (video) images. The authors use vividness theory – the idea that "when people encounter vivid information it produces more images in their minds and increases imagined consumption" – to argue that presenting products and services using a dynamic visual format increases consumer preferences for hedonic items and their willingness to pay for them. Dynamic presentation enhances involvement with the product experience in a way that is similar to the product experience itself. The studies demonstrate that a dynamic, rather than static format, encourages the choice of a "hedonically superior" option by over 79%.

Journal of Marketing, Vol 79(6) 2015, pp34-49 (Roggeveen et al)

Consumer concerns over Internet of Things

A new report reveals that consumers in the UK and US have low awareness of the Internet of Things (IoT) but are most interested in products "that help to solve existing real world problems and that learn user preferences and behaviours". Consumers expressed concern over privacy and security (80%) while others mentioned stability, accuracy and reliability and cost as key issues. Strategy Analytics, which conducted the survey, recommends that manufacturers should demonstrate the long-term benefits of IoT products in addition to building devices and solutions which are easy to use and connect to each other.

Mobile Europe, December 2015-January 2016, p6

Ask a question, don't nag

US researchers have discovered that people who want to encourage those closest to them to behave responsibly, such as giving up smoking, should not resort to nagging but instead ask a few subtle questions. Asking questions can be more effective in influencing people's behaviour than issuing instructions. This is the so-called "question-behaviour effect", according to the research team at the University of California. The technique of asking people to consider a question could have implications for advertising. For example, ads could ask people direct questions rather than using slogans.

The Daily Telegraph, 2 January 2016, p9

Customer relations

Signalling and loyalty in mobile shopping

In this paper the authors seek to understand how the signals that a seller sends to the marketplace influence mobile shoppers' loyalty. They analyse the effect of these signals on different types of mobile shoppers depending on their level of experience. To achieve this, they propose a model which looks at the roles played by satisfaction and trust in the relational sequence of 'trust-satisfaction-loyalty'. They identify experienced and non-experienced shoppers from a sample of 203 mobile shoppers using Structural Equation Models (SEM). The study demonstrates that the model has greater validity for more experienced shoppers, but that the signals are more effective for non-experienced shoppers.

Journal of Customer Behaviour, Vol 14(3) 2015, pp235-256 (Martín et al)

Customer life events

The customer journey helps marketing to identify where it must place its efforts for winning back or retaining customers. Research by dataIQ for Royal Mail Data Services (RMDS) into the role which customer life event data plays in marketing plans, identified a gap between the core objectives for marketing and how it sets about meeting them. The research revealed a hierarchy of importance which

marketers placed on life events: in pole position was change of e-mail address, with a rating of 3.95 out of 5; rather surprisingly, the intention to move home was rated at just 2.83. Some would argue that marketers are too focused on what matters to them rather than on what is important to the customer. "The key is developing customer intimacy and understanding their needs", says Jim Conning, MD of RMDS.

dataIQ, Winter 2015, pp31-32 (Reed)

Direct marketing

Consumer response to e-mail

Research from the DMA suggests that a good subject line is all important when sending an e-mail. Its *E-mail tracking report 2015* shows that 63% of brand e-mails are deleted straight away, while 75% are deleted within 24 hours of delivery. Some 78% of consumers said they wanted "interesting" subject lines, 48% wanted images, 47% required an e-mail from a person rather than a company and 41% wanted them to be mobile-ready. If consumers are interested in the e-mail their responses vary considerably: these range from keeping the e-mail for later (57%), to going to the company's website (47%), or visiting a price comparison website (23%). This means that, "multichannel messaging has to be right and marketers should make it easy for them to find what they want" says DMA MD Rachel Aldighieri.

Database Marketing, December 2015, p16

Law

US – native advertising guidance

Publishers are increasingly reliant on native advertising as a way of boosting revenues. In the US the Federal Trade Commission (FTC) has responded by publishing two documents (the *Enforcement and Policy Statement on Deceptively Formatted Advertisements* and *Native Advertising: A Guide for Business*) aimed at clarifying when the lines between editorial and advertising become blurred and consumers are being misled. Under the *Policy Statement*, advertisers are responsible for ensuring that native ads are identifiable as advertising before consumers arrive at the main advertising page. In the *Business Guide* the FTC provides 17 examples illustrating the most common forms of native advertising. The most notable ones are described in this article. (See also under Newspapers)

lexology.com, 30 December 2015

ICO increases nuisance call fines

In 2015 fines imposed by the ICO in response to nuisance calls rose to over £1.14m, up from £330,000 in 2014. In April new rules were introduced which lowered the level at which a fine could be issued against a company making such calls. The ICO merely has to prove that the call is a

"nuisance" rather than causing "serious damage and distress" as was previously the case. In 2015 £400,000-worth of fines were issued for nuisance texts and £575,000 for nuisance calls. A PPI claims company, UKMS Money Solutions (UKMS), was fined £80,000 after it sent over 1.3m spam texts. It had failed to check whether the people it contacted had agreed to receive marketing messages. The ICO has also written to more than 1,000 companies involved in the buying and selling of names and numbers who are believed to trade lists with cold callers.

The Independent, 30 December 2015, p44; Database Marketing, December 2015, p9

Marketing

Cause marketing

There are significant benefits for brands that include cause marketing in their promotional campaigns, such as increased product awareness and profits. Many consumer studies support these points: 89% of consumers have said that they would switch to a brand that supports a good cause, while 42% of people say they will pay more for a product that does so. However, only 10% of consumers believe that cause-marketing campaigns are sincere. This article offers a few tips for ensuring that your cause marketing is a success.

lexology.com, 30 December 2015

Building internal advocacy

Employees who share their company insights on social media, e-mail or blogs are an important marketing tool for the business. Research suggests that businesses with engaged employees outperform those who don't have them by as much as 202%. Creating in-house brand advocacy isn't easy because it relies on staff being proud of their company and its culture. Therefore creating an informal programme may not be the right approach. Nevertheless this type of marketing should be planned to include the right tools, goals, support, communication and incentives. Content manager at Sprinklr, Uyen Nguyen, shares her top ten tips for building an internal advocacy programme.

B2B Marketing, January 2016, pp28-30 (McGreal)

Market research

Laddering modified

'Laddering' is a semi-qualitative technique used to elicit attributes-consequences-values (ACV) associations from a respondent's cognitive-motivational structure. One category of laddering includes a self-administered questionnaire which allows respondents to produce ladders in a pre-determined sequence known as 'hard' laddering. The authors investigate the claim that a method for shortening a laddering survey by over 50%, developed by Kaciak and Cullen in 2009, can still generate around 95% of the ladders produced when a full set of questions is asked. They use two

samples of cigarettes smokers, one of which is given the full, hard-laddering option and the other an abbreviated version. Almost no difference was found in the results from the two samples, suggesting that similar results could be achieved with shorter questionnaires. A shorter option could also help to minimise negative respondent emotions and improve the quality of data.

Journal of Customer Behaviour, Vol 14(3) 2015, pp191-214 (Kaciak et al)

Buzz words for research

Research-live's panel of experts looks at the year ahead and comes up with some buzz words which they think will reflect forthcoming trends. They include: "deep learning", an area within artificial intelligence research which describes a new family of machine-learning algorithms based on neural networks; "superforecasting", the title of a book by Philip Tetlock; and wearables, technology which is almost at the stage where it can be of real value rather than just "an expensive novelty" for early adopters.

research-live.com, 4 January 2016

Public relations

Trust and leadership

Robert Phillips, ex-EMEA CEO of Edelman, argues that PR, rather than being part of the trust solution, is in fact part of the trust problem. He believes that today's crisis of trust is "actually a crisis of leadership" consisting of a failure to make the right judgements and to do the right thing. PR is no longer in control because power is shifting from state to citizen; from employer to employee and from business to consumer, while networks are becoming more interdependent and global in nature. Organisations who understand this will become more resilient, adaptive and creative. Phillips considers the need for a new model and looks at a possible way forward, citing examples such as John Lewis and KPMG. Finally, he sets out some strategies for earning trust.

Market Leader, January 2016, pp22-25 (Phillips)

Sponsorship

Nike takes on NFL fan jerseys

In 2012 Nike took over the contract to supply NFL jerseys from Reebok, which originally won the contract in 2000. It agreed to pay around \$220m a year for five years for the exclusive rights to make all the football leagues' uniforms and licensed clothing, including fan jerseys. In just three years Nike has succeeded in selling at least three times as many jerseys as Reebok did ten years ago. It has achieved this by introducing a new line of uniforms in a huge PR exercise featuring star athletes from all the teams. Fans who had never bought a jersey before were inspired to do so. Nike is reportedly still losing money on its NFL deal but its Swoosh, which

appears on uniforms, trainers and coaches, is visible to more than 20m viewers during broadcasts, and provides invaluable exposure for the company.

Bloomberg Businessweek, 21-27 December 2015, pp18-19

BA in sky high sponsorship

British Airways is sponsoring the i360 observation tower in Brighton in a five-year deal that includes naming rights. When completed, the tower will be the tallest moving observation tower in the world at 162m and will boast the very first vertical cable car.

B2B Marketing, January 2016, p7

Agriculture, fishing and forestry

High-quality coffee – supply and demand

Increasing demand for high-quality coffee could lead to a supply crisis within three to five years, according to food and drink analysis firm Allegra Group. MD Jeffrey Young explains that this is because consumers are drinking more cups of coffee and that each cup has a higher coffee content than previously. High-quality coffee comes from Arabica beans that are grown on small farms with low yields, which means that production cannot keep up with global demand. Although coffee is a luxury, it is still regarded as a cheap treat. As prices fail to rise, so it is less worthwhile for farmers to grow it. The price of Arabica coffee has fallen by 35% over the past year according to one source.

The Daily Telegraph, 4 January 2016, p3

Building industry

An aggregated approach to sales skills

Aggregate Industries, a manufacturer and supplier of materials for the construction industry, has been using gamification in its salesforce development programme since 2012, when the company decided to increase the skillset of its salespeople. The company offered ISMM Diplomas to its entire sales force following the formation of the Aggregate Industries Academy. This resulted in over 200 full ISMM Diplomas being awarded and a further 100 salespeople working towards the qualification. This article charts how the company has used gamified learning to improve its salespeople's qualifications and skillsets.

Winning Edge, November-December 2015, pp22-24

Government to sell land for housebuilding

The UK Government wants to increase the pace of housebuilding by allowing houses to be built on public land. The Government will have responsibility for developing the land through so-called "direct commissioning". The aim is to give smaller developers a chance to buy sites with planning permission already in place. Currently the eight

biggest building firms account for 50% of the house-building market. Up to 13,000 homes are due to be built on five publicly-owned sites this year as part of the scheme. Up to 40% of these will be affordable starter homes.

bbc.co.uk/news, 4 January 2016

Businesses and strategy

Video for sales interviewing

This article asks how well video can work as a replacement for face-to-face interviewing during sales recruitment. Video-based interviewing is on the rise and many companies are using it in situations where it is difficult for the parties to meet in person. Modern video interviewing systems allow the candidate to interact with the system, enabling the hiring manager to view the video in their own time. However, many sales managers see the process as useful only in the initial stages of the process, preferring a two-way conversation to take place later on. This article looks at features available on video interviewing platforms, advises on legal aspects and includes three case studies.

Winning Edge, November-December 2015, pp26-29

Strategic transformation

A business cannot survive in the long-term without reinventing itself but it is hard to know when to undertake strategic transformation which involves changing the company's core products or business model. Five interrelated 'fault lines' can suggest when the environment is becoming unstable and it is time for such a change. The authors provide a fault line framework which covers fundamental issues and can help executives to make a case for change. Identifying the gap between where the business is now and where it needs to get to in order to thrive, helps to provide the information about how to transform. The authors use health care company Aetna as an example of a transformation case which illustrates how to detect the fault lines and have time to respond.

Harvard Business Review, December 2015, pp90-101 (Duncan and Waldeck)

Women not making headway in exec roles

A new analysis of the largest companies in Europe and the US reveals that, although women have achieved increased representation in non-executive roles, this has not been matched by their advancement to executive positions. In the UK women hold 31.4% of non-exec boardroom roles at FTSE 100 companies, up from 15.6% in 2011. In contrast women have just 9.6% of executive boardroom roles, up from 5.5% in 2011. In this respect the UK is performing better than most other leading economies but companies need to take action to "improve the pipeline of senior women",

according to Michael Reyner, managing partner at MWM Consulting, which conducted the research.

Financial Times, 30 December 2015, p18

Business development

Strategic business development is known to have a positive effect on profitability and is a vital part of the sales process. Ben Turner, MD of the Association of Professional Sales (APS), defines business development as "a distinct part of the sales process, designed to create, qualify and develop sales opportunities from identification to forecast". The APS has just launched a special interest group to promote the advantages of business development, which include higher growth, less erosion of margins in legacy systems, increasing sales productivity and tackling new markets.

The Business Magazine – Thames Valley, December 2015-16 January 2016, p32

Charities and NGOs

UK donors dislike frequent requests

Research by YouGov reveals that 42% of UK adults are less likely to donate to charities after recent negative media coverage of aggressive fundraising. This means that the charity sector is in danger of losing half of the £10.6 billion it receives annually from the public. The Fundraising Standards Board wants people to have more control over the way that charities approach them: 42% of complaints from the public related to the frequency of contact by charities, with 59% of those over the age of 55 stating that the level of contact was too great.

Database Marketing, December 2015, p9

Virtual reality boosts charitable activity

The Dutch branch of Médecins Sans Frontières (MSF) has been using virtual reality technology to give people a greater understanding of its hospital projects in the Democratic Republic of Congo. Fundraisers are being provided with low-cost Google Cardboard headsets in the shape of glasses into which a smartphone can be placed. Wearers of the headset can watch a 3D video displayed on the phone. Other charities have been using VR technology, such as Amnesty International, which used its Aleppo campaign to show people 360° photographs of the destruction caused by bombing in the Syrian city. Unicef in New Zealand claims that donations doubled after VR headsets were used in Auckland. MSF in Holland says that signups increased by 50% after it started using VR. VR may not become a mainstream fundraising tool but then it wouldn't do for its novelty value to wear off!

Third Sector, January 2016, pp46-47

Contactless collection tins

Charities fundraisers are to carry devices enabling them to take donations by card for the first time.

The new “contactless collection tins” are likely to appear in public places later this year. This means that those wishing to donate, but haven’t any change, will be able to do so by waving their payment card over a pad. However, there are fears that the new technology will provide a further channel through which chuggers can target people. The devices are being developed by the UK Cards Association together with major charities. It will also be possible to use the system in museums instead of dropping coins in a box.

The Daily Telegraph, 2 January 2016, p7

Durable consumer goods

The smart padlock

Noke has developed a smart padlock which, instead of a key, uses wireless technology to maintain security. The padlock unlocks automatically when linked to a smartphone via Bluetooth. The Noke app also allows users to manage multiple locks, to give and deny access to other people and even to specify the time of day, location and duration of access.

Mobile Europe, December 2015-January 2016, p13

Whirlpool debuts smart home products...

The Consumer Electronics Show (CES 2016) has kicked off in Las Vegas and one of the key themes is home automation. Whirlpool, which invented the wringer-washer in 1911, is showcasing the “Interactive Kitchen of the Future”, which can personalise a recipe or measure the nutritional content of a packed lunch. The Smart Kitchen Suite is the first to integrate with the Amazon Dash app which allows users to buy regularly-used items via one click on a mobile device. The fridge, dishwasher and range offer remote controls and alerts. Meanwhile the washer and dryer and connected dishwasher can calculate the number of wash cycles and activate a quiet mode for night washes.

brandchannel.com, 4 January 2016

...as O2 launches smart home service

O2 is to offer its customers a connected home service comprising a range of devices, such as smart plugs, cameras, alarms, door locks and smoke sensors, allowing them to manage their home remotely. US telecoms group AT&T will provide the software for the system while other device makers, such as smart thermostat maker Tado, will be lending support. The O2 Home system will use a hub and smartphone app to control the devices. The partnership between O2 and AT&T is being announced at CES 2016.

Financial Times, 5 January 2016, p23

Economy

Global growth

In the third quarter of 2015 the world economy grew by 2.7% year-on-year, down from 2.8% in the second quarter. China’s GDP grew by 7% and its output accounted for 40% of global growth. India contributed 17% of growth with its GDP growing by 7.4% in the third quarter. Both Russia and Brazil’s GDPs shrank in the third quarter.

The Economist, 19 December 2015-1 January 2016, p131

Turkey – export potential

A series of three articles examines the export potential of Turkey from the perspective of the UK, which has been one of the largest investors in the country for the past decade. Turkey, which provides a gateway between Europe and Asia, is forecast to be the second-fastest growing country in the world by 2018 according to the OECD. There are big opportunities in sectors such as food and drink, which are currently valued at US\$140 billion and are expected to grow by 4.5% from 2015 to 2018. The top ten reasons to invest in Turkey are presented in the form of bullet points.

London Business Matters, December 2015-January 2016, pp34-37

UK and Ireland – highest business confidence

Research by professional services group Grant Thornton reveals that businesses in the UK and Ireland are the most optimistic in the EU as they go into the New Year. The net percentage of businesses in the UK that are optimistic about the economic outlook is 73%, and 88% in Ireland. Overall the survey found that 38% of EU businesses are optimistic, while globally 36% of businesses expressed optimism.

Financial Times, 4 January 2016, p19

Consumer lending rises

Figures from the Bank of England reveal that consumer lending through personal loans and credit cards rose by 8.3% year-on-year during December, the fastest rate of growth since February 2006. Cheap food and petrol coupled with a low cost of living have encouraged people to spend. Nevertheless there are concerns that the UK’s economic recovery is unbalanced: pay increases have been driven by falling inflation rather than greater productivity and indebted households may be at risk of an interest rate rise. Household debt stands at 144% of incomes.

The Independent, 5 January 2016, p50

UK manufacturing in the doldrums

Manufacturing industries’ share of the British economy has not increased since 2008 when the financial crisis led to talk of rebalancing the

economy away from finance and towards industry. This year, despite economic growth, the manufacturing sector has almost certainly contracted. The much-publicised fate of the steel industry is a case in point. Apart from a stronger pound, which makes Britain less competitive for exports, the price of oil has fallen which has hit engineering companies working for the oil and gas industry. Perhaps the greatest problem is the failure of Britain's thousands of SME manufacturers to become significant exporters in the same way as Germany's Mittelstand companies have done. Not enough of the UK Government's initiatives to stimulate innovation have trickled down to the smaller companies.

The Economist, 19 December 2015-1 January 2016, pp33-34

Bosses start New Year as they intend to go on

There is a growing gap between the top 1% of earners and everyone else, according to the High Pay Centre think-tank which has calculated that by 6pm on Monday 5 January 2016 Britain's top bosses will have earned more than the average UK worker receives in a whole year (£27,645). Manifest, a proxy shareholder voting agency, estimates that FTSE 100 leaders received an average total remuneration of £4.96m in 2014, equating to £1,200 an hour. The High Pay Centre is pushing for ordinary workers to be represented on company remuneration committees.

The Independent, 5 January 2016, p17

Energy and utilities

Cutting coal subsidies

In November 2015 the EU, together with eight OECD countries, signed an agreement to cut subsidies for the construction of coal-fired power stations in developing countries. The deal was reached prior to the UN Conference on climate change held in Paris in December. Export credit agencies help companies to trade internationally through government-backed loans and other financial support. From 2007 to 2014 they provided international coal power projects with \$4.3 billion a year. Following the EU/OECD deal, the majority of the 1,000 planned coal plants will become ineligible for export credit agency backing. Some countries will still be able to obtain subsidies, however, but a recent meeting of the G20 in Turkey has reaffirmed the commitment, "to rationalise and phase out inefficient fossil fuel subsidies".

London Business Matters, December 2015-January 2016, p26

Fill your socks with urine power

The University of the West of England has created a pair of socks which can generate electricity from urine. While the wearer is walking, the socks can pump the urine through tubes to microbial fuel cells

which then transform it into electricity. The scientists have already used the process to run a wireless messaging system.

New Scientist, 19-26 December 2015, p20

Environment

Paris – the reality

The climate change conference in Paris resulted in a historic agreement to limit global warming to less than 2°C above pre-industrial levels. Countries will also have to meet their own voluntary targets on emissions between 2020 and 2030. Many scientists, however, do not believe that the initiative has gone far enough in order to meet emissions targets. There are also political barriers, such as international aviation and shipping; it is unlikely that any politician would take the necessary measures to tackle such areas because they would be too drastic and costly. Michael Grubb of University College London concludes that, "actually delivering 1.5°C is simply incompatible with democracy". According to climate scientist Kevin Anderson, the 10% of the world's population that is responsible for 50% of emissions will need to make immediate cuts in their use of energy in order for targets to be met.

New Scientist, 19-26 December 2015, p9

Solar power shines on India

India plans to increase its solar installations from less than 5GW now to 100GW by 2022, which will be more than double the current solar capacity of China and Germany. Many domestic and international investors are putting money into the building of, or supply of equipment to, large-scale solar power stations in the country. Since last February investments of over \$100 billion have been announced for Indian renewable energy. In a country with plenty of sun, solar power will compete with coal in terms of price as well as contributing to the extremely ambitious renewable energy targets set by Indian PM Narendra Modi.

Financial Times, 5 January 2016, p20

Fashion

Islamic fashion – a missed opportunity

Muslim women want clothing that reflects modern fashion yet conforms to Islamic tradition. Demand for suitable fashion is outpacing supply which has resulted in custom-made solutions to fill the gap as well as the growth of small start-ups, especially in developed countries where supply is limited, such as Hijab House in Australia. In 2014 DKNY's Ramadan collection was one of the first examples of a successful Islamic fashion launch by a multinational company. Others are expected to follow its example and the opportunities are immense: in 2013 the 57 countries making up the Organisation of Islamic Cooperation accounted for 7% of the global value of

apparel and footwear. Mintel predicts that this figure will rise to 9% by 2018.

Gulf Marketing Review, December 2015, pp28-30

Primark – fast-fashion and selfies

Primark is the leader in Britain's discount, fast fashion market. Price is the primary factor in the retailer's success, but other factors are its up-to-the-minute designs and the promotions it receives on social media. Primark doesn't need to advertise much because its customers do the advertising for it – thousands of posts appear online, including selfies of people wearing Primark's latest outfits on #primania. The best images are displayed in its flagship Oxford Street store where giant LED screens encourage impulse buying. The store has Wi-Fi everywhere and #primania appears on mirrors and in fitting rooms where friends can take photos of each other wearing the outfits.

Bloomberg Businessweek, 21-27 December 2015, pp46-50

Financial services

Peru – integrated mobile banking

In Peru four out of five people don't have a bank account yet there are 30m people and 32m cell phones in the country. Peru Digital Payments, a company operated by the leading financial services organisations in Peru, has launched Bim, a mobile payment program which will bring together all the banks' online customer interfaces into one system. This system will be the first of its kind because, although there are mobile money programmes in 89 countries around the world, none of them includes all of the banks in a particular country. Some of the largest companies in Peru have signed up to use Bim for transactions with retailers starting in March. In order to succeed, the new network will need continuous development, aggressive marketing, plenty of retail partners and a bricks-and-mortar network of distributors.

Bloomberg Businessweek, 21-27 December 2015, pp30-33

Digital banking in the Gulf

This article discusses the uptake of digital banking in the six GCC (Gulf) states, based on a survey by Ernst & Young, entitled the *EY GCC Digital Banking Report 2015*. It reveals that most people (98%) living in the GCC states have smartphones, but that very few actually use them for banking, while only 14% of bank interactions are made by smartphone. It also reveals that 78% of GCC customers would switch banks if they were offered a better digital experience.

Gulf Marketing Review, December 2015, pp12-16

FMCG

Beverages

A sparkling season for English wine

The UK has traditionally been the largest export market for champagne but now Britons are turning to other forms of fizz. Sales of Prosecco increased by 72% in the year to July 2015 and English sparkling wine is also increasing in popularity. From March Lidl intends to stock English still and sparkling wines from Surrey-based producer Denbies. Both Waitrose and Marks & Spencer report impressive rises in the sale of English sparkling wine. Data from research company IRI reveals that overall sales of sparkling wine rose by almost 30% in the year to July to reach £1.2 billion.

Financial Times, 2-3 January 2016, p13

Tobacco

Regulation could deter vaping

Just as e-cigarettes have become mainstream – an estimated 2.6m adults are using them in Britain – they are to be hit with new regulations. From 20 May 2016 the revised European Union Tobacco Products Directive comes into force. E-cigarettes, which will be classified as tobacco-related products, will have to conform to the new Directive or gain approval as medical devices. Similar rules are planned for the US. There are concerns that many products will disappear as smaller firms lack the resources to deal with the new regulations. Another fear is that smokers could be deterred from switching to vaping from conventional cigarettes.

New Scientist, 2 January 2016, pp28-29 (Munafò); independent.co.uk, 5 January 2016

Government and public sector

Over-seventies skewed poll results

Last year the UK's polling industry seriously embarrassed itself by failing to predict the result of the General Election. Now YouGov and ICM have both admitted that they did not take enough account of the views of the over-seventies who were more likely to vote Conservative. YouGov overestimated Labour by 2.8 points and underestimated the Tory vote by 3.7 points largely because it relied on politically-engaged young respondents who were more likely to vote Labour. Older people, who didn't respond by phone, might not have had internet access. This month will see the publication of an official report by Professor Patrick Sturgis of Southampton University into why so many respected pollsters got it so wrong.

The Daily Telegraph, 2 January 2016, p10

Health and pharmaceuticals

Antibiotic resistance – public perceptions

A World Health Organisation (WHO) survey of 10,000 people across 12 countries has found that 64% of them believe that antibiotics can effectively treat colds and flu. Nearly one third of those surveyed think that they should stop taking antibiotics when they feel better rather than completing the course while three-quarters believe that antibiotic resistance is the result of the body rather than bacteria becoming resistant to antibiotics. Nearly two-thirds of people believe that experts will come up with a solution before it becomes too serious. The survey coincides with a WHO campaign, *Antibiotics: Handle with Care*, which aims to improve understanding of the problem.

European Pharmaceutical Review, Vol 20(6) 2015, p7

WHO redesigns approach to world health

The World Health Organisation (WHO) has been criticised for its failure to react quickly enough to the Ebola outbreak in West Africa. This month Margaret Chan, head of the WHO, will propose a plan to completely redesign the organisation so that it can handle an epidemic. The WHO has traditionally offered health advice and launched long-term campaigns, such as vaccination programs. Its small outbreak response-unit has not proved up to the job of dealing with major health crises. In the future governments will need to agree on a mechanism for giving the WHO leadership in emergencies as well as allowing them the resources and accountability to handle such events.

New Scientist, 19-26 December 2015, pp40-41

Sugar app to tackle health issues

Public Health England (PHE) has developed a 'sugar smart app' which allows people to scan bar codes on food and drink to work out how much sugar they are consuming. The aim is to tackle obesity, type two diabetes and tooth decay by encouraging families to choose healthier options. PHE claims that on average children from four to ten years of age are consuming 22kg of added sugar a year, the equivalent of 5,500 sugar cubes. The app, which is part of the Change4Life campaign, works on over 75,000 products.

bbc.co.uk/news, 4 January 2016

IT and telecoms

Big Data technology and services set to grow

International Data Corporation (IDC) predicts that the Big Data and services technology market will grow at a CAGR of 23.1% from 2014 to 2019. It believes that the transformation of businesses into data-driven companies will lead to strong growth in big data-related infrastructure, software and services. Infrastructure is expected to grow at

21.7% CAGR, software at 26.2% and services at 22.7%. Infrastructure spending will make up around a half of all spending during the period.

Database Marketing, December 2015, p6

In control but no need to touch

Bristol-based Ultrahaptics has developed technology which uses speakers to produce ultrasounds that can create tactile sensations. The so-called 'sonic objects' can be touched up to two metres away from their source. The company doesn't aim to produce products but instead to provide the technology to other industries. For example, Ultrahaptics could provide tactile elements for virtual reality gaming. It might also be possible to make appliances that are operated with ultrasound buttons or switches, such as a toaster, which can be controlled using a gesture resulting in a lever-like sensation on the fingertips. In September Jaguar formed a partnership with Ultrahaptics to design a touchless dashboard for drivers.

Wired, January-February 2016, p30

Smartwatch fast off the blocks with modules

The Blocks smartwatch consists of modules which allows the wearer to select the features they want. The separate modules, which are used to make the watch's strap, offer options such as gesture control, heart rate sensor, GPS or fingerprint scanner. Blocks is based on an open platform which means that developers and third parties can create modules for it.

Mobile Europe, December 2015-January 2016, p13

Canada tries to hang on to AI experts

Canada has a small technology industry compared with the likes of California's Silicon Valley yet it is the world leader in artificial intelligence. The country has produced pioneering technologies that are to be found in Facebook's facial recognition algorithms and Google's Photos app and speech recognition. However, since 2012 Silicon Valley has been recruiting Canada's top AI experts who have been defecting to US tech companies. Now Canadian companies and universities are starting up initiatives and programmes to encourage their AI talent to remain in the country.

Bloomberg Businessweek, 28 December 2015-10 January 2016, pp35-36

VR headsets need to be portable and cheap

Palmer Luckey, founder of Oculus Rift, has warned that it could be another decade before virtual reality (VR) headsets become sufficiently cheap and portable to allow them to replace smartphones as a dominant platform. Luckey believes that VR "has to get to a slim pair of glasses to be successful". Shipping for the Rift headset is due to start in the first quarter of this year, but initially it will represent

a “significant investment” that is likely to appeal primarily to videogame players and early adopters. This article includes graphs on VR spending, market penetration and headset share.

Financial Times, 5 January 2016, p17

Leisure and tourism

US investors turn to Premier League

English Premier League TV audiences in the US have been increasing; the average TV audience reached 480,000 last year while 1.41m people watched Manchester United’s game against Arsenal. NBC plans to pay \$1 billion for six more seasons’ TV coverage. TV money has made the sport attractive to professional investors who are taking minority stakes in clubs. A lot of the interest is coming from US investors, such as Josh Harris and David Blitzer, who have recently agreed to buy an 18% stake each in Crystal Palace.

Financial Times, 2-3 January 2016, p7

Big three cruise towards China

Carnival, Royal Caribbean Cruises and Norwegian Cruise Line are the ‘big three’ cruise operations which together control 80% of the industry. As demand for cruises peaks in some rich countries, the companies are turning their attention to China. Carnival has announced a joint venture with a Chinese shipbuilder and China Investment Corporation to create the first cruise brand specifically for the Chinese market. The Chinese government wants to promote the cruise business and the building of ships as it seeks to rebalance the economy. Nevertheless, if the Chinese economic slowdown worsens, or consumers lose interest, cruise liners could be left with excess capacity. However, China is currently looking to be a better bet than Western markets...

The Economist, 2-8 January 2016, p47

Media

Film

Disney content to acquire

A flowchart drawn up in 1957 illustrates how the Walt Disney Company planned to integrate its films, theme parks, merchandise, music publishing and television. Each element of the business provides content and results in sales for other parts of the enterprise. The company has seen profits more than double over the past five years to reach \$8.4 billion. What differentiates Disney is its ability to place storytelling at the centre of its business and to take on board new characters which attract the loyalty of fans. It has achieved this partly through acquisitions, such as that of Pixar Animation Studios and Marvel Entertainment. The question is how long this model can last and how far the franchise system can be stretched. Yet, perhaps with the exception of

Comcast, there are no competitors to rival the scale of Disney. Meanwhile Disney boss, Bob Iger, reportedly keeps a list of companies which Disney is interested in buying; this includes the Lego Group which already does business with the company.

The Economist, 19 December 2015, pp25-28

Music

Vinyl industry makes big impression

Record Industry, the biggest vinyl-pressing factory in the Netherlands, is working at full capacity. This year it will produce 7.5m vinyl records, up from 3.8m in 2013. It costs just over £2 to make each record but growth is expected to continue as record labels continue to go through their back catalogues and re-release old albums on vinyl. Increasingly people seem to prefer to own music on disc rather than rely on streaming services.

Wired, January-February 2016, pp27-28

Newspapers

ASA rules against advertorial

The Advertising Standards Authority has ruled that an advertorial on telegraph.co.uk, which praised Michelin tyres, was “misleading” because it did not make it clear to readers that this was a paid advert. The text and embedded video, which stated how Michelin tyres improved a car’s safety and performance in wet conditions, featured a Michelin logo, but the ASA decided that the “ad was not obviously identifiable as such”. This ruling is likely to have been noted by other online news publishers, such as BuzzFeed and *The New York Times*, which generate revenue from native advertising. (See also under Law)

Financial Times, 30 December 2015, p2

Television

New logo for BBC 3

BBC Three, which is due to become an online-only channel from 16 February, has launched a new logo consisting of three vertical bars on a bright pink background. Head of marketing, Nikki Carr, has defended the choice, saying that the new icon will work equally well on TV, smartphone or tablet: this logo “fits the digital world, not something analogue just shoehorned into it.” BBC Three is also planning to spend 20% of its budget on different types of content including blogs, animation, short-form clips and picture-led stories.

marketingweek.com, 4 January 2016

Video

Russian bear turns to licensed goods

Russian cartoon *Masha and the Bear* is rapidly becoming a global phenomenon. The series, which is one of the top-rated channels on YouTube, was introduced to Netflix in August 2015. Its producers are looking at licensing opportunities which include

anything from yoghurt to burgers and fluffy toys. Sales of licensed goods are expected to reach \$300m next year as the cartoon increases in popularity.

Bloomberg Businessweek, 21-27 December 2015, pp22-23

Video boosted by smartphones

Mobile video viewing is increasing its share of total video, a trend that is attributed to the rise in smartphone viewing. According to Adobe Digital Index, the global share of smartphone digital video views was 18.1% in Q3 2015, up from 13.6% in 2014. The share of digital videos viewed on a smartphone rose by 33% year-on-year. In contrast the overall share of digital videos viewed on a tablet was down by 7% year-on-year. Separate research from Ooyala has revealed similar trends.

emarketer.com, 28 December 2015

Retailing

Amazon offers monthly installments

Amazon continues to challenge high street retailers with the launch of a service allowing customers to pay for goods in installments. Amazon Pay Monthly, which will charge an interest rate of 16.9%, is being run in partnership with Hitachi Capital. The UK is the first country to be offered the new service.

The Daily Telegraph (Business), 1 January 2016, p25

Take back Tuesday

The British public returned an estimated £200m-worth of gifts on 29 December, the Tuesday after Christmas, which has become known as 'Take Back Tuesday'. The same event led to a 5.1% increase in footfall on the British high street on Tuesday 30 December 2014. A further spike in footfall, of 9.7%, occurred on 2 January 2016 as shoppers headed for the New Year sales. However, overall shopper numbers fell by 3% between 28 December and New Year's Day.

The Independent, 4 January 2016, p52

Services

Domino's offers pizza on tap

Domino's Pizza has launched a 'one tap' app designed for the Apple Watch. Customers who want to order a pizza simply have to tap once on the watch's screen to trigger a delivery from their nearest store. Domino's introduced the app in time for New Year's Day, its busiest time of the year when 2.3m pizza slices were delivered.

The Daily Telegraph (Business), 2 January 2016, p31

Antiques are passé unless you are in China

In both the US and the UK the antique trade is suffering a decline in fortunes, with shops at locations such as London's Portobello Road and Fulham Road closing their doors. Whereas high

rents are an obvious issue, a greater problem is that of falling demand, where buyers are far less interested in antiques than they were even a decade ago. Prices for so-called 'brown furniture' have fallen by up to a half. The downward trend reflects a change in popular taste spurred on by home magazines and interior design trends. Antiques remain popular in China where the well-off are buying up pieces that reflect their cultural heritage.

The Economist, 19 December 2015-1 January 2016, pp103-104

Consultancy threatens audit work at Big Four

The new European requirement for companies to put their audits out to tender every decade, and to change their auditor every 20 years, applies to companies whose financial years commence on 17 June 2016. KPMG has already been appointed as auditor to Barclays, replacing PwC's 120-year relationship with the bank. The onset of competitive tendering could put professional services firms in a difficult position, as they may be forced to choose between pitching for an audit or winning consulting work. While audit work is experiencing pressure from the increased use of automation, consultancy work is highly lucrative.

Financial Times, 30 December 2015, p19

Transport and travel

Spicing up the Indian airways

In December 2014 Indian low-cost carrier SpiceJet was on the verge of closing down. A year on and it is managing to fill 93% of seats following three consecutive quarters of profit. SpiceJet has benefited from the lower price of aviation fuel combined with a general rise in demand from passengers. However, its turnaround is mainly due to the actions of Ajay Singh, one of its founders, who embarked on a raft of cost-cutting measures ranging from fewer in-flight magazines to meals served in cardboard boxes. Now the carrier is considering long-term expansion plans and Singh is in talks with Boeing and Airbus regarding orders for new planes.

The Economist, 19 December 2015-1 January 2016, p101

Airbus sells A380s and increases lead

Airbus has acquired its first new customer in two years with the sale of three A380 superjumbos to ANA Holdings of Japan. It is reportedly in talks to sell up to 30 A380s to other interested parties. The A380 programme, which cost more than \$10 billion and took a decade to develop, had been in danger of being scrapped. The latest orders have helped Airbus to increase its lead over Boeing for the third consecutive year, a trend that might spur Boeing into speeding up plans to develop a new mid-size passenger jet. The companies have a combined production backlog of ten years but analysts are

wary of the market, despite strong growth in passenger numbers and the need to replace old planes.

Financial Times, 2-3 January 2016, p10

Buzz phrases

Hedge spending

Shoppers have been indulging in 'hedge spending', the practice of buying goods at full price and hanging on to them until they discover them at a discount in the post-Christmas sales. They can then buy the item at a reduced price and return the full-priced product. Many retailers have been relying on discounted goods to see them through the financial crisis. Hedge spending has become particularly prevalent in the run-up to Christmas and Black Friday. It is estimated that a tenth of all refunds take place between Boxing Day and late January, something that hits retailers' cash flows.

The Daily Telegraph, 4 January 2016, p5

New additions to the library

Mintel

Over 30 reports are added monthly to our Mintel subscription. Here are a few highlights from the end of last year:

Beer - UK

Coffee Houses – China

Complementary and Alternative Medicine – UK

Electricity Industry – UK

Wearable Technology – UK

Supermarkets – reports covering Europe, France, Germany, Italy, Spain, UK

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Big Data by Marr

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Ten Principles Behind Great Customer Experience by Watkinson

How to Measure Digital Marketing by Flores

Digital Branding by Rowles

Marketing Value Metrics by McDonald *et al*

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Written by CIM's Knowledge Services Team

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