

# Cutting Edge: Our weekly analysis of marketing news

20 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

#### Does traditional ad theory apply to digital?

The mass media period, from 1950 to 1980, led to a new wave of advertising research and most of advertising's foremost academic journals were launched following the introduction of TV. Advertising has changed hugely since those days and one of the simplest ways of looking at these changes is through expenditure. Another way is to examine the diversion of that expenditure from traditional mass media to online and digital channels. Consumer media habits have also changed since the last half of the 20<sup>th</sup> century. This article questions whether the advertising theories constructed during the days of mass media dominance are still relevant today.

**Journal of Advertising Research, Vol 55(4) 2015, pp390-400 (Kerr et al)**

### Agencies

#### Agency operating efficiency

This study aims to evaluate the operating efficiency of 41 US ad agencies based on their profits and expenditure in six areas: payroll to employees; other payroll expenses; administrative expenses; space and facilities expenses; corporate expenses; and professional fees. It reveals that on average 5% of an ad agency's budget is wasted, with the greatest amount of waste being in administrative and corporate expenses. Overall professional fees contribute the most to agency inefficiency.

**Journal of Marketing Communications, Vol 22(1) 2016, pp83-99 (Cheong et al)**

### Diversity

This article reveals some of the results from *Campaign* and the IPA's first annual diversity survey

which looks in detail at the gender and ethnic composition of some of the largest advertising agencies. This week the focus is on gender diversity and the authors are keen to see particular outcomes, such as 40% of senior level roles being held by women by 2020. The IPA is tasked with supporting agencies in taking the steps necessary to achieve such goals. The results, which are presented in the form of infographics, show that the percentage of senior women in creative agencies ranges from 0% to 46%, while those in media agencies ranges from 21% to 57%. Next week the focus is on ethnic diversity.

**Campaign, 15 January 2016, pp26-31**

### M&C Saatchi sells stake in London business

M&C Saatchi's management team has purchased 30% of its London ad agency, the first major change of ownership since the agency's foundation 20 years ago by the Saatchi brothers. Five high-ranking executives, including Chairman Tim Duffy and Chief Executive Tom Bazeley, have purchased the stake. This brings the London business closer to the model used by the rest of the agency's global network, in which executives run and own part of the business.

**Campaign, 15 January 2016, p1**

### Brands and branding

#### Inspiring consumer communities

Brands are increasingly tapping into a level of emotional support from their audience. The idea of building emotional connections used to be rather abstract and subjective, but the influence of traditional media is weakening while the value of earned media is strengthening. Marketers need to change their perceptions of value in order to understand the connection between people and brands. The authors look at three levels of community which can be created following emotional engagement with a brand. Through a



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series of case studies they examine motivating factors and differences in engagement. The benefits of these communities for both marketers and consumers are explored.

**Journal of Brand Strategy, Vol 4(3) 2015, pp201-216 (Morrison and Humlen)**

### **Comparing types of brand extension**

Studies on consumer attitudes towards brand extensions have tended to focus on goods-intensive (GG brand extensions) or service-intensive (SS brand extensions) while there has been a lack of studies on brand extension from goods-intensive offerings to services-intensive offerings (GS brand extensions) and services-intensive offerings to goods-intensive offerings (SG brand extensions). This study examines the influence of factors relating to the parent brand. The fit between the parent brand and the various types of brand extension is also contrasted using data from consumers in two Indian cities. The results suggest that brand extensions from goods to goods is better than those from goods to services in some circumstances.

**Journal of Brand Management, Vol 22(9) 2015, pp778-801 (Ramanathan and Velayudhan)**

### **Conferences and events**

#### **Spending to be boosted by sport and digital**

The Q4 2015 *IPA Bellwether Report* revealed that event marketing spend rose by just 0.6%, representing its smallest growth in nine quarters. Executives at three event agencies, XYZ, Itch and Amplify, discuss the report's findings and predict that certain events will help to lift event marketing budgets this year, in particular major sporting events such as the Rio Olympics and Euro 2016. They also expect digital and social to help boost spending on events.

**eventmagazine.co.uk, 15 January 2016**

### **Consumer behaviour**

#### **Consumer behaviour and product acquisition**

This paper focuses on the behaviour displayed by consumers during product acquisition (defined as the "purchase, consumption and disposal" of the product). Consumer behaviour relates to the "processes, activities and in-activities involved with a product". This review summarises the findings of the numerous studies that have taken place on the subject with the aim of providing an easily-accessible summary for researchers, marketers and other users of consumer behaviour information. The paper provides information on who a consumer is; what defines a product; and the variables relating to either the consumer or the product that decide what a consumer will or will not acquire.

**The Marketing Review, Vol 15(3) 2015, pp335-360 (Ogbeide)**

### **Customer relations**

#### **E-commerce for B2B – getting it right**

The author advises B2B marketers on how to use e-commerce to retain customers and attract new ones. He argues that the rewards for B2B brands who go online can be high and that it should be possible to delight the customer. Customers expect to go online to find an answer to their question but are often disappointed. The fact that consumer brands are constantly innovating their e-commerce offerings often serves to increase the business customer's expectations. The author offers six tips for succeeding within B2B ecommerce.

**B2B Marketing, January 2016, p36 (Aylott)**

#### **Keeping the customer promise**

With the pace of technological change and the shift in power towards the consumer, it has become ever harder to keep promises to customers, yet not doing so can hurt the brand and the relationship. Companies need to be very good at what they do – in fact they need to shift from "saying what they do" to "doing what they say". This article examines the importance of the brand promise to customers, explains that everyone and every process in the organisation has to be aimed at delighting customers and that marketers should work to break down functional silos that hinder a "whole-company, customer-oriented ethos". Case studies of Nissan and Virgin Trains East Coast are included.

**Catalyst, Issue 2 January 2016, pp12-16 (Simms)**

### **Direct marketing**

#### **Using metaphor in direct mail**

Metaphors are often used by marketers to raise consumer awareness and manipulate the comprehension process of target audiences. However, they can lead to interpretations that are not intended by the sender of the communication. In order to use a metaphor meaningfully, organisations need to have a deep understanding of their target audiences. The authors, who identified this as a gap in the current literature, conducted a study to measure the effectiveness of metaphor in direct mail. They introduced the concept of target-group-specific (TGS) metaphors (content and style created for that particular audience) and discovered that carefully-constructed headlines containing TGS metaphors outperformed less target-specific metaphors. TGS metaphors were found to be more persuasive and to have stronger advertising effects.

**Journal of Marketing Communications, Vol 22(1) 2016, pp56-82 2016 (Kolsaker et al)**

### **Law**

#### **Settling cross-border e-commerce disputes**

The EU has initiated a European Online Dispute Resolution (ODR) Platform which takes effect from 9 January 2016. It is to be used by e-tailers and consumers for settling disputes and aims to provide

a simpler, faster and cheaper way of settling cross-border consumer disputes in the EU. Only a limited number of online consumer transactions occur across national borders. European policy makers believe that a key factor in the slow uptake of cross-border e-commerce is the lack of an effective way to settle cross-border disputes. This article offers some 'quick facts' about the ODR Platform and a summary of what online traders need to do in relation to consumers.

**lexology.com, 13 January 2016**

### **ICO commissioner wants stronger penalties**

The UK Information Commissioner, Christopher Graham, has called for stronger sentencing powers for data thieves. In an announcement posted on the ICO website he said that courts should have "more effective deterrent penalties than just fines". This follows a case in which an employee of car rental firm, Enterprise Rent-A-Car, was fined £1,000 for stealing and selling almost 28,000 customer records which is a criminal offence under Section 55 of the Data Protection Act. The ICO said that a court can issue unlimited fines for the offence but not custodial sentences.

**lawgazette.co.uk, 12 January 2016**

### **Employers may be able to check your e-mails!**

The European Court of Human Rights has ruled that a company in Romania which monitored an employee's Yahoo Messenger account did not breach privacy rights. The man had been dismissed in 2007 after the employer had revealed 45 pages of messages he had exchanged with relatives during work hours. The company had asked the man to set up the Yahoo account to chat with clients. Workplace privacy is a sensitive issue and the lines between work and personal life are becoming blurred through the use of technology.

**Financial Times, 14 January 2016, p1**

## **Marketing**

### **Marketing to the over-50s**

The number of people in the UK aged 65 and over is forecast to increase by almost 50% over the next 17 years. Marketers are gradually realising that the over-50s is one of the most affluent consumer groups. The author, who is head of affinity at Age UK, looks at the diversity of the over-50s. She also explores the best way to reach this age group and the barriers that need to be overcome in order to meet its requirements. Based on Age UK's own research, she suggests ways in which manufacturers can take into account the whole customer journey to enable the brand proposition to be accessible to people later in life.

**Journal of Brand Strategy, Vol 4(3) 2015, pp217-223 (King)**

### **Fairtrade towns and place-based marketing**

This study examines how Fairtrade towns, which promote social business and the consumption of Fairtrade products, form a type of place-based marketing network. It found that towns operating as marketing systems went beyond just ethical consumption behaviours influenced by a concern for people in other places. Consumer citizenship linked to civic engagement; the development of local social networks; and connections with local place identity were all factors that combined to create a form of place-based community marketing which can connect people in producer and consumer communities for social benefit. This paper calls for the need to better understand Fairtrade towns, which are not just abstract marketing systems.

**Social Business, Vol 5(3) 2015, pp237-254 (Peattie and Samuel)**

### **Challenges for integrated marketing coms**

Digitisation, empowered consumers and the fragmentation of traditional media, advertising and audiences have led to changes in integrated marketing communications (IMC). Despite all the research devoted to the evolution of IMC, there has been little investigation into understanding the challenges for advertisers and those in the communications industry. Through a qualitative study of 86 interviews, the authors develop a model of managerial challenges which cuts across different categories: advertisers; traditional and digital agencies; media centres; and publishers and broadcasters. They identify various strategic and organisational challenges as well as specific challenges for a particular category.

**European Management Journal, Vol 33(6) 2015, pp438-449 (Veruccio and Ceccotti)**

### **Account-based marketing**

This article focuses on account-based marketing (ABM), which is defined as "treating individual accounts as a market in their own right". B2B marketers report that ABM delivers higher returns than any other form of marketing which is not surprising when dealing with large accounts, such as Toyota, which has revenues that are larger than many countries' GDPs. The author considers how and where ABM works by setting out a seven-step process, before going on to look at the challenges involved in scaling up an ABM process and the obstacles that need to be overcome. Case studies of Juniper Networks and Cognizant are included.

**Market Leader, Q1 2016, pp45-47 (Burgess)**

### **Product distribution**

When planning a product launch most marketing functions have an elaborate strategy in place but a strong distribution strategy is often overlooked. There are a number of questions that should be asked about distribution such as: how much control

of the product you want to have further down the line; whether the product is complex and sensitive; whether it can be entrusted to third parties; and whether it is young and in need of nurturing or requires fast distribution. If the answers to these are yes then the best option is to have your own distribution system, but many companies cannot justify an exclusive distribution channel. Instead they should create flexibility and use many routes to reach the target customer since one channel does not fit all. Distribution should therefore be approached tactically and not as a long-term strategy.

**Marketing Africa, No 9 2016, pp6-9 (Githinji)**

### **Q4 2015 marketing budget growth**

According to the latest *IPA Bellwether Report*, 2015 saw marketing budgets slow to a three-year low: 0.5% of companies registered an increase in budgets for the last quarter of 2015, down from 4.4% in the third quarter. Despite this, marketers appear more optimistic, with 24.6% expecting growth in 2016 to 2017. In addition, prospects for UK adspend growth have been upgraded, from 3.7% in the third quarter to 3.9% in the fourth quarter. The main winner is internet marketing, with 6.9% of companies projecting growth.

**Campaign, 15 January 2016, p2; ipa.co.uk, 14 January 2016**

## **Market research**

### **Gender identity in data collection**

Dr Michelle Goddard of the Market Research Society (MRS) examines data collection and gender identity. She argues that researchers have traditionally collected demographic information by using the standard male or female labels but that this approach should change so that all research participants will feel equally valued. Researchers should ensure that gender information is recorded appropriately. This article considers: the definition of gender identity; the problems of collecting gender data in the light of privacy and methodological issues; and suggests five steps towards best practice in gender identity data collection.

**research-live.com, 13 January 2016**

### **Bellwether reports research budgets down**

The Latest *IPA Bellwether Report* for Q4 2015 reveals a downward revision for market research budgets for the second consecutive quarter. Budgets were revised down by 7.3% from 4.7% in Q3. Almost 18% of the panellists who took part in the survey recorded a downward trend, with only 10% indicating growth.

**research-live.com, 14 January 2016**

## **Public relations**

### **The uses of corporate reputation**

The authors review the uses of corporate reputation with particular emphasis on developing a brand image strategy. Exploring the uses of a well-developed corporate reputation strategy is important for improving the resources required for developing a company's strategic value and brand image strategy. This study is based on six areas of reputation study: public relations; marketing; management; economics; sociological; and finance and accounting. Management implications of the uses of reputation are discussed and suggestions made for developing a brand image strategy.

**The Marketing Review, Vol 15(3) 2015, pp263-288 (Chen et al)**

### **The fine art of bragging**

It is difficult to walk the fine line between bragging and broadcasting your achievements. Getting it right is important for businesses when structuring their social media presence and also has significance for their CSR policies. Jonathan Berman, assistant professor of marketing at London Business School, has conducted research into what he calls "the braggart's paradox" and looks at the issues for businesses who want to publicise their good deeds. Tips on how to brag are included, should you need them!

**London Business School Review, Issue 4 2015, pp26-28**

## **Sponsorship**

### **Sponsorship in the age of corruption**

With extensive media coverage of alleged corruption at FIFA and the IAAF, this article asks how sponsors should be approaching this year's main sporting events, the Rio Olympics and the UEFA Euro 2016. Although many sponsors tend to remain silent in the face of scandal, increasingly they are playing a more prominent role in the politics of sport. Visa, McDonald's and Coca-Cola, who all voiced their concerns as sponsors of FIFA, are also worldwide partners of Rio 2016. They may also decide to state their opinions on the emerging athletics scandal. On the other hand, given the huge levels of investment involved, it is difficult for brands linked to FIFA or the Olympics to pull out. Sponsors are advised to offset negative perceptions about their brands by publicising the positive aspects of their sponsorship and, if necessary, plan an exit strategy.

**marketingweek.com, 14 January 2016**

## **Agriculture, fishing and forestry**

### **New Zealand's methane dilemma**

Cattle and sheep are great producers of greenhouse gases and, according to the UN's Food and Agriculture Organisation, domesticated ruminants

produce a hundred million tonnes of methane every year. Methane is 25 times more powerful than CO<sub>2</sub> and it is estimated that since the beginning of the Industrial Revolution livestock have been responsible for around 14% of global warming. New Zealand's sheep and cattle (around 40m of them) account for a third of its contribution to global warming. Researchers at AgResearch are looking at various ways to reduce the country's methane emissions. Farmers may be hard to persuade but one answer may be a so-called "fart tax"!

**The Economist, 16 January 2016, p81**

### **Wales to suffer most from Brexit**

Discussing the possibility of a Brexit from the EU, Farmers' Union of Wales (FUW) MD Alan Davies, says that "a Brexit would have dire economic consequences for Wales and the UK, with our rural communities hit the worst." A recent report from Agra-Europe, entitled *Preparing for Brexit*, claims that Wales benefits financially from EU membership more than any other part of Britain: it receives an average of £185 per capita each year.

**farminguk.com, 18 January 2016**

## **Building industry**

### **European growth**

Business leaders may be worried about the weakening Eurozone, China's economic downturn and the possibility of a Brexit, but forecasts from Euroconstruct suggest that the UK construction industry is stronger than its counterparts on the Continent and should continue to grow through to 2018. Last year the UK overtook France to become the second-biggest construction market behind Germany. In 2017 UK output is forecast to grow by 4.4%, Spain's by 4%, France's by 2.8% and that of Germany by just 1.1%. However, France is expected to regain second place by 2018. The strongest growth between 2015 and 2018 will be achieved by Ireland (32.5%), Poland (25.3%) and Portugal (14.1%).

**Construction News, 15 January 2016, pp32-33**

### **Construction industry lacks necessary skills**

Last year a shortage of skilled workers in the building industry led to increased wages, a trend that could threaten some of the government's largest construction projects, the Royal Institution of Chartered Surveyors (RICS) has warned. It reports that there was a particular shortage of bricklayers and quantity surveyors while construction wages rose by over 6% in the year to October. RICS' *UK Construction Market Survey* reveals that labour shortage was the biggest obstacle to growth for 66% of those interviewed.

**The Guardian, 14 January 2016, p24; The Daily Telegraph Business, 14 January 2016, p4**

### **Robots take up construction work**

THOR, the Terraforming Heavy Outdoor Robot project, is based at the University of Kaiserslautern in Germany. It aims to automate the repetitive tasks that mechanical excavators perform on building projects but it may be some time before its robot starts work on real projects. This isn't the only project using bots on building sites: the Swiss Federal Institute of Technology in Zurich (ETH Zurich) has flying bots that can weave ropes to make a bridge while others can work on concrete and sheet metal. Arash Adel, an architect working with ARH, believes that such technology will help to create new architectural designs that are too complicated for humans alone to assemble. A recent report by Forrester predicts that by 2025 automation will eliminate 16% of all jobs in construction and extraction.

**New Scientist, 16 January 2016, p22**

## **Businesses and strategy**

### **Social media and employer branding**

Employer branding has become increasingly important with employers realising that human resources are one of their most valuable intangible assets. Social media gives employers a new channel for communicating job-related information, for boosting their image and engaging with potential candidates. This study identifies the key factors affecting employer attractiveness in a social media environment, such as: information-seeking; the match between the candidate and employer and its employees; and corporate image. The model, which is tested on both company-controlled and independent social media sites, shows that there are only marginal differences between the two.

**Journal of Brand Management, Vol 22(9) 2015, pp755-777 (Kissel and Büttgen)**

### **Distributor contribution to NPD**

Following a new product launch, distributors are usually the ones to inform producers of problems identified through consumer feedback. Such information, which could influence new product development (NPD) activities during the product life-cycle management (PLM) phase which follows launch, could also be important in ensuring the viability of the product in the medium to longer term. This article aims to better understand how distributors contribute to PLM activities. A typology of four scenarios is proposed using three themes: organisational information processing; dynamic capabilities; and task complexity. Developers of new products can use the typology for planning distributor involvement in PLM activities while distributors can use it to plan their level of engagement with such activities.

**Journal of Product Innovation Management, Vol 33(10) 2016, pp69-89 (Restuccia et al)**

### **Moving away from ideation**

New approaches to developing ideas (ideation), such as design thinking and crowdsourcing, have resulted in a huge number of new ideas for products, services and business models deriving from both inside the company as well as from customers, designers and scientists. Yet companies often lack the methodology to capture the best opportunities. This is because changes in society and technology challenge conventional ideas of how companies should identify what it is that customers value. The author has devised a process for creating new assessment criteria. This is based on the art of criticism rather than on ideation. It helps the company's employees to express their own visions which are then compared and discussed to produce a handful of proposals. The views of outsiders are only elicited at the end of the process.

**Harvard Business Review, January-February 2016, pp88-95 (Verganti)**

### **China buying overseas**

The Chinese economy may be faltering but Chinese firms are investing overseas, with \$61 billion-worth of deals closed last year alone. ChemChina which has just acquired KraussMaffei, a German maker of machinery for processing rubber and plastic, is one of the most dynamic globalisers among China's state enterprises and has already made a number of foreign acquisitions. One of the main reasons for purchasing overseas seems to be to acquire the brands, technologies and skills that will be needed in order to capitalise on growth in China, as and when it happens.

**The Economist, 16 January 2016, pp64-65**

## **Charities and NGOs**

### **Commission to amend search tool**

The Charity Commission is to amend a prototype online search tool, launched last March, which was developed to make charity data easier to find and understand. Users had criticised the use of cost ratios as a measure of charity effectiveness. The beta site shows the percentage of total income a charity attributes to charitable activities. The True and Fair Foundation, founded by philanthropist Gina Miller, used figures from the beta search tool in its recent report about expenditure on charitable activities. The charity sector has criticised the way in which some of the statistics had been used.

**thirdsector.co.uk, 15 January 2016**

### **F2F fundraising rules**

The Public Fundraising Association (PFRA) has developed an interactive e-learning platform for F2F fundraisers which covers the rules on street and door-to-door fundraising. It comprises a series of modules using a mixture of interactive games and videos. It also stresses the importance of

understanding the circumstances of potential donors, particularly more vulnerable people.

**fundraising.co.uk, 15 January 2016**

## **Durable consumer goods**

### **Lego fined by German regulator**

Bundeskartellamt, the German competition regulator, has fined Lego for preventing retailers from offering discounts on its products. The Danish toy company has been accused of threatening shops, which wanted to lower their prices, with sanctions such as withholding or reducing supply. Lego, the world's largest toy maker by sales, was fined €130,000.

**The Daily Telegraph (Business), 13 January 2016, p8**

### **Tupperware image – staying fresh**

Rick Goings, chief executive of Tupperware Brands, has the task of changing the outdated image of the company which is associated with middle-class housewives and Tupperware parties. These days only 20% of group sales derive from basic kitchenware. The company generates over 90% of turnover from outside the US and is busy experimenting with new formats. In the US it is possible to host or attend an online Tupperware party. Tupperware also promotes itself as a way for women to acquire more economic power, particularly those in developing markets.

**Financial Times, 14 January 2016, p12**

## **Economy**

### **Brexit concerns keep interest rates low**

The forthcoming UK referendum on EU membership is one explanation for a falling pound, according to the Bank of England. The Bank has hinted that it will hold off raising interest rates until after the referendum, and interest rates have been left at just 0.5% for the 82<sup>nd</sup> consecutive month. Michael Saunders, an economist at Citigroup, says that the risk of a Brexit is affecting the UK's business confidence.

**The Independent, 15 January 2016, p58**

## **Energy and utilities**

### **UK renewables power down**

The UK's renewable energy industry enjoyed a record-breaking year in 2015 with more homes being powered by renewables than ever before and total wind-power investment rising to £11 billion, an all-time high. Now experts are warning of a forthcoming slowdown due to the Government's abandonment of wind farm subsidies and the halting of the spread of onshore wind farms. Data from Bloomberg suggest that Britain will lose 1 gigawatt of renewable energy over the next five years, which is enough to power 660,000 homes.

**The Independent, 18 January 2016, p12**

### **Oil prices plummet**

The price of Brent crude oil has fallen to below \$30 a barrel for the first time. The RAC claims that pump prices could fall to 2009 levels if oil declines to as low as \$10, as recently forecast by Standard Chartered Bank. RAC spokesman Simon Williams says that petrol could soon be cheaper than some bottled water. Currently average prices in the UK are around 102.5p per litre for petrol and 103.2p per litre for diesel.

**The Daily Telegraph (Business), 14 January 2016, pp1,3**

### **Coal plants could stay open for longer**

Former shadow energy secretary, Tom Greatrex, believes that the Government's commitment to phase out coal by 2023 "is perhaps going to be a more difficult commitment to meet than envisaged". This follows the news that seven coal fired power stations have decided not to opt-out of European emissions targets, an option offered by the Government. If they had chosen to opt out they would have had to close by 2023 as part of the deal. The power plants can either comply straight away with European emissions targets or agree to a transitional programme by 2020. The latter will help to keep their options open and delay the decision as to whether to close the plants.

**utilityweek.co.uk, 14 January 2016**

## **Environment**

### **Climate denial about to be scored**

There are many climate change deniers and denialist headlines are to be found all over the internet, to the frustration of climate change scientists. Emmanuel Vincent of the University of California has created Climate Feedback, a tool which enables climate scientists to review journalists' climate contributions and allocate a credibility score to each story. A *Forbes* article, entitled *Updated NASA Data: Global Warming Not Causing Any Polar Ice Retreat*, has been given the lowest possible score. Vincent is to launch a Kickstarter campaign to recruit more scientists and to develop a system for scoring the overall credibility of a publication's climate coverage. This could be applied to other topics such as GMOs.

**New Scientist, 16 January 2016, p21**

## **Fashion**

### **A 3D peek at underwear**

A forthcoming exhibition at the V&A, entitled *Undressed: 350 Years of Underwear Fashion*, should help to boost underwear sales. The London Stereoscopic Company, Brian May's publishing company, is teaming up with the V&A Museum to release a book for the exhibition. *Crinolin*, by Brian May and Denis Pellerin, is described as a "3D exploration of one of fashion's most celebrated garments". The book has its own 3D viewer and

contains contributions from Vivienne Westwood and Zandra Rhodes.

**The Bookseller, 15 January 2016, p8**

### **Diesel turns to porn sites for ads**

Italian fashion firm Diesel is to start advertising on pornography sites. Founder Renzo Rosso claims that the strategy makes sense since Diesel already sells to young, sexy people. Ads for the company's 2016 fashion will appear on Pornhub, Grindr (a social app for gay men) and dating app Tinder. Marketing on sex sites may well prove lucrative because of the size of the audience and the demographic. Diesel is known for its sex-oriented advertising which creates huge publicity for the brand.

**The Independent, 14 January 2016, p24; The Sunday Times, 17 January 2016, p14**

### **ASOS thrives outside Britain**

Fashion e-tailer ASOS has reported that growth outside Britain has almost doubled to 20% in the last four months of 2015, especially in Europe and the US, where sales have risen by 40% and 35% respectively. Gross profit margins have fallen slightly owing to price reductions and a zonal pricing tool which has been used to target some markets.

**The Times, 15 January 2016, p45**

## **Financial services**

### **Grocery app enables direct purchases**

MasterCard and Samsung have produced an app enabling people to buy food directly through their fridges. The technology, which was unveiled at the recent Consumer Electronics Show, places online shopping facilities in the door of Samsung's Family Hub fridge. The fridge can access MasterCard's Groceries by MasterCard app which enables consumers to create shopping lists and then confirm purchases using a PIN. It will also provide personalised shopping suggestions. The app launches in the US in May.

**Retail Week, 15 January 2016, p31**

## **FMCG**

### **Beverages**

#### **Gin makers in high spirits**

Start-up gin makers are boosting the popularity of gin and challenging the dominance of the Scotch whisky industry. Around 60 gin distilleries have started up in Britain since 2011 but, unlike whisky which needs to be stored, gin can be sold almost straightaway. Craft gins are popular among Millennials but are more expensive than mainstream brands, which explains why volume sales have risen by just 6% since 2012 while value sales have increased by 18%.

**The Economist, 16 January 2016, p29**

## **Cosmetics and toiletries**

### **Male grooming**

The male grooming business is on the rise: since 2010 the top ten 'boom' markets have included Brazil, South Korea, the US, Germany, India and the UK. In China year-on-year growth has topped 20%. The world market is expected to exceed £14.8 billion this year as men become more knowledgeable about beauty and care more about their looks. Haircare has emerged as the largest category followed by shaving, according to Elodie Bohuon of Selfridges. Moisturiser is now regarded as an essential product, rather than a luxury, by most men.

**The Independent, 15 January 2016, p42**

## **Food**

### **Vegans and boomerang users offended by ad**

A humorous online ad from Meat & Livestock Australia has caused a fair amount of controversy. The aim of the campaign is to sell more lamb leading up to Australia Day on 26 January. It received 250 complaints, most of which came from vegans who didn't like the scene in which a bowl of kale was destroyed by a flamethrower. There have also been complaints about the use of the native word "boomerang" – critics say that the ad commemorates a day on which the first colonials arrived in Australia.

**Campaign, 15 January 2016, p3**

### **The decline of sliced bread**

Over the last five years there has been an 11% decrease in sales of pre-sliced, packaged bread: 138,000 fewer tonnes of bread were consumed in 2015 than in 2010, according to Mintel. Marks & Spencer has just announced that fibre will be added to all its bread, which will effectively eliminate the traditional sliced white. The sheer choice of loaves in supermarkets is a major factor in the demise of the sliced loaf but there are other reasons, not least of which is that it is increasingly perceived as unhealthy.

**The Daily Telegraph, 13 January 2016, p22**

### **Walking off a chocolate bar**

The Royal Society for Public Health (RSPH) argues that labels should be placed on food and drink to show how much physical activity is needed to burn off the calories. People tend to greatly underestimate just how much exercise is required. For example, a standard chocolate bar (229 calories) takes 42 minutes of walking to burn off or 22 minutes of running, while a packet of crisps (171 calories) takes 31 and 16 minutes respectively. The RSPH claims that people spend just six seconds looking at food before buying it so the information on the front of packs should be easy to understand. It proposes that pictorial icons could be used.

**bbc.co.uk/news, 15 January 2016**

## **Tobacco**

### **Ads for flavoured e-cigarettes attract children**

A study for the Department of Health has found that school pupils who were shown ads for candy-flavoured e-cigarettes showed more interest in buying and trying them than those not shown the ads. The researchers at the University of Cambridge have expressed concern that ads for flavoured e-cigarettes might attract school children and encourage them to try the products. They claim that their research supports the need for greater regulation of e-cigarette advertising. New EU regulations are being introduced in May.

**The Daily Telegraph, 18 January 2016, p6**

## **Health and pharmaceuticals**

### **Boston biotech**

The clustering of similar firms in tech industries is more important than ever. Many biotech firms are based with the digital and IT start-ups in Silicon Valley, but there is a biotech cluster located on its own in Cambridge, Massachusetts (close to Boston). This cluster has attracted substantial interest from a range of biotech players including global pharmaceutical giants, such as Novartis, who have set up labs in the area. Although the Boston cluster is thriving, it will need to keep an eye on its rival, Silicon Valley, if it ever needs to rely on technology such as software, wearable sensors and big data analysis.

**The Economist, 16 January 2016, p67**

### **Nurofen's marketing unravelled down under**

Reckitt Benckiser's marketing strategy for Nurofen, is described as "brilliant" because, instead of marketing the drug as one product for pain relief, it marketed it as four products targeting different types of pain. In December 2015 the Federal Court of Australia decided that this marketing strategy was misleading. This paper is a commentary on how the court reached its decision. It also comments on the fact that Nurofen specific pain relief is sold in the UK and New Zealand in the same way as in Australia, and that it will be interesting to see if regulatory authorities in those countries adopt the same approach.

**lexology.com, 12 January 2016**

## **IT and telecoms**

### **PCs down but there's life in them yet**

New data from IDC reveals that global shipments of PCs fell by over 10% last year to 276m from 308m in 2014; this is the first time that shipments have slipped below the 300m mark since 2008. The market is struggling because of the habit of replacing laptops with tablets, the downturn in China and a longer-term trend for people and businesses to retain their computers for much longer. Analysts



are surprisingly upbeat about the prospect for PCs but Apple is the only vendor not to have suffered a decline in sales; last year it became a top five global PC maker.

**The Times, 14 January 2016, p38**

### **Smartphone users swap call time for data**

New research from Deloitte has found that people are increasingly using their smartphones for data only and that around a quarter of users in developed markets will not make a traditional voice call this year. Around 22% of smartphone users said that they had stopped using their phones to make calls last year, double the number who said so in 2012. Deloitte attributes the trend to the shift to 'over the top' internet services which replace the traditional voice minutes assigned by the mobile provider.

**Financial Times, 12 January 2016, p18**

### **VR develops a light touch**

Virtual reality usually involves the senses of sight and hearing. Teslasuit is a full-body outfit which can transmit the sensation of touch to the skin. The suit, which has 52 points of stimulation, can be pre-ordered for £1,799 through Kickstarter.

**New Scientist, 16 January 2016, p22**

### **Return to the simple life**

New York-based entrepreneur Joe Hollier is launching a new type of phone this summer. The Light Phone is different because it allows people to make or take calls but doesn't do anything else. It sits in a plastic shell, the size of a credit card, and has a 20-day battery life. Hollier says the phone appeals to people who don't want to take their expensive smartphones with them or to older people who want to return to a simpler life without the distraction of multi-media.

**Financial Times, 15 January 2016, p12**

## **Leisure and tourism**

### **Love hotels in China**

Beijing's purple and pink Lots of Love hotel takes its inspiration from Japan, which has an estimated 30,000 love hotels where couples can pay by the hour. Now China is catching up as entrepreneurs spot a gap in the market and similar establishments, with names such as We Love Hotel and Love at First Sight, have been opening up. China, which has been witnessing a sexual revolution, has also become the world's largest sex toy producer. Nevertheless it is still a conservative country and an ad campaign with the slogan *Extreme passion, extreme romance* has met with some opposition.

**The Guardian, 14 January 2016, p17**

### **UK museums to charge entry fees**

Since 2010, when the Government started to take steps to reduce the deficit, 44 museums in the UK

have closed. The Museums Association says that museums are continuing to reduce the services they offer. Its research reveals that 8% of museums were charging for entry last year and that another 12% plan to do so this year. Apart from the big London museums which are funded by the Government, the majority of museums and galleries rely on local authority money, self-generated income and sponsorship.

**Financial Times, 13 January 2016, p4**

## **Materials and mining**

### **Lithium**

The lithium market is not huge and worldwide sales of lithium salts are worth around \$1 billion a year. Yet it forms a vital component of batteries for cars, smartphones, laptops and other devices. As the demand for greener vehicles and cleaner electricity grows, lithium is being dubbed "the new gasoline". There has been a global scramble for supplies of lithium and the price of 99%-pure lithium carbonate imported to China more than doubled in the last two months of 2015. The industry is also becoming more concentrated in the hands of a few big companies.

**The Economist, 16 January 2016, pp63-64**

### **British steel**

Tata Steel appears to have succeeded in selling its Scunthorpe steel plant to London equity fund, Greybull Capital. The arrangement, which is backed by the Treasury and business department, will still need serious negotiations in order to sort out workers' terms and conditions. Scunthorpe is responsible for Tata's loss-making long products business which makes customised steel for construction and railways.

**The Times, 14 January 2016, p36**

## **Media**

### **Books**

#### **WH Smith flies upmarket**

WH Smith has opened a new type of bookshop in some UK airport terminals. The Bookshop by WH Smith, which is aimed at more affluent readers, has launched in Heathrow Terminal 5 and Edinburgh Airport. The new shops are located among the airports' luxury stores and contain a luxury book section featuring expensive coffee-table books and gift books. The shop's branding is also different from current WH Smith branding by using white letters on a black background.

**The Bookseller, 15 January 2016, p23**

### **Film**

#### **China stars in the movie industry**

Chinese company Dalian Wanda has bought Legendary Entertainment, which was responsible for

co-producing the latest *Jurassic Park* and *Batman* films. Dalian, which is owned by Wang Jialin, the richest man in China, aims to build a global entertainment and property empire. It already owns China's largest cinema company and this latest acquisition could lead to anti-trust concerns over its control of both the cinema and production ends of the business. In two years' time Hollywood is likely to be overtaken by China as the largest movie market in the world.

**The Times, 13 January 2016, pp36-37**

## Music

### Music industry – the economics

In 2002 David Bowie predicted that: "Music is going to be like running water or electricity". In fact this is pretty much how young people listen to music these days. Over the years the effect of the internet and MP3 on record revenues has been devastating: global income plummeted from a high of \$30 billion in the late 1990s to \$15 billion by 2014. But now digital revenues are rising thanks to streaming royalties and legal downloads. Increasingly people are prepared to pay for the convenience of premium streaming services. Meanwhile advertisers are paying to access YouTube and Spotify's audiences. Yet there is still a great deal of unease regarding the economics of the music industry.

**The Independent, 15 January 2016, p61**

## Newspapers

### BuzzFeed has misled readers says ASA

The Advertising Standards Authority has ruled that BuzzFeed has misled readers by showing them paid ads which appear to be news stories. The ASA recently ordered *The Daily Telegraph* to stop publishing advertorials that were not "obviously identifiable as marketing communications". BuzzFeed specialises in branded content for advertisers who want to reach its audience, but in so doing has managed to blur the lines between ads and editorial content. Native advertising is one of the fastest-growing areas of revenue for the news industry.

**Financial Times, 13 January 2016, p4**

## Social media

### Man on the moon most viewed YouTube ad

Last year John Lewis's *Man on the moon* was the most-viewed ad on YouTube in the UK according to data from Google.

**Campaign, 15 January 2016, p3**

### Ads – engaging but distracting

Research from Mintel reveals that social media users are increasingly responding to advertising on social media – 43% of social media users had engaged with product ads on Facebook, Twitter or Instagram over the past three months – but 58% said that they found the advertising distracted them from

what they were doing online. Among smartphone users, 46% said they would be less likely to click on social ads from a mobile device. Mintel suggests that advertisers could avoid disruption by offering a button which users could elect to click on to receive more information.

**Retail Week, 15 January 2016, p31**

## Television

### Millennials won't take up pay-TV packages

A new survey of Millennials has concluded that young YouTube and Netflix viewers are less likely to adopt more traditional media habits when they finally settle down into their own homes and have families. They are unlikely to start buying pay-TV packages and watch linear TV. This could lead to major disruption for traditional TV, especially for the likes of Sky and ITV. However, there is still debate in the industry over what effect online video will have on pay-TV and commercial broadcasters. ITV's share of viewing has fallen but sales have risen – while advertising continues to fragment, TV has the advantage of offering a large audience.

**The Daily Telegraph (Business), 13 January 2016, p8**

## Packaging

### Shoppers are stealing plastic bags

Since the 5p charge was introduced for plastic bags in England last October, it is estimated that over £26m-worth of bags have been stolen. A poll of 2,784 people by VoucherCodesPro.co.uk reveals that more than half had taken a bag without paying and had done so on average three times a month.

**The Daily Telegraph, 14 January 2016, p6**

## Retailing

### Making an impact online

By 2019 online retail is expected to account for 18% of all grocery transactions. This will present a challenge in terms of designing products that stand out on a mobile device. Retail brands have always had the problem of attracting attention but online retail is even harder. Retailers need to create products which can be differentiated on screen in terms of their shape, form, iconography and colours as well as messaging and information hierarchy, according to Nikki Austen, head of insight and strategy at Webb deVlam. They should combine design and marketing to achieve powerful messages that reach the target audience across channels. After all, consumers are just a click away from defecting to competitor sites.

**Retail Week, 15 January 2016, p23**

### Online grocery delivery in India

India has around 15m small, family-owned shops known as kiranas. So far these have been protected from foreign supermarkets because of the Indian

Government's reluctance to allow them into the country. With over 200m Indians able to access the internet on mobile devices, a far greater threat to the kiranas is expected to come from e-commerce. So far online operators in India are helping small retailers to stay in business. Grofers, for example, has an app which enables customers to order items that can be collected from small shops and delivered by young workers on bikes. It is an inefficient system and none of the online grocers have made a profit as yet. But, for now, investors seem happy to plough money into such systems.

**The Economist, 16 January 2016, pp66-67**

### **Aldi and Lidl see slower growth**

Aldi and Lidl have been credited with having effectively competed with the big supermarkets but now it is reported that sales have been slowing at their older stores. Last year Aldi and Lidl achieved a 10% share of the UK's grocery market but data from Kantar reveals that like-for-like sales growth is slowing and is now down around 1%. The discounters' market share has also nudged down to 9.7%.

**The Daily Telegraph (Business), 13 January 2016, p1;**  
**Financial Times, 13 January 2016, p17**

### **Sports Direct under fire with gun vendor**

Sports Direct has acquired a 2.3% stake in Dick's Sporting Goods which has more than 600 stores in the US. It is one of the biggest vendors of guns in the country and uses the strapline: *your fire-arms destination*. Mike Ashley, Sports Direct's founder and a majority owner, frequently buys stakes in companies so that he can develop commercial partnerships and build relationships with suppliers and brands.

**The Guardian, 14 January 2016, p26**

## **Services**

### **EatFirst cooks first**

EatFirst, founded by entrepreneur Rahul Parekh, is a meal delivery service with a difference. Its aim, like its competitors Just Eat and Deliveroo, is to deliver food quickly to people's homes through a website and mobile app. However, instead of delivering food from local takeaways, the company makes its own meals. Since launching in 2004 it has delivered over 10,000 meals and has built commercial kitchens in London and Berlin. The fact that EatFirst owns and runs the operation makes the meals cheaper.

**The Times, 13 January 2016, p43**

### **CMA investigates legal advice**

The UK's Competition and Markets Authority (CMA) is to investigate the legal advice sector, worth £30 billion a year, because it is worried "about the affordability of legal services and standards of service". The CMA will also look at the effect of

regulations on competition for the supply of legal services. This follows surveys showing dissatisfaction with lawyers among the public and small business owners.

**The Times, 14 January 2016, pp36-37**

### **Greggs to trial gluten-free**

Following a slowdown in sales over the Christmas period, Greggs the baker is to introduce healthier food options. The UK's largest bakery chain is well known for its sausage rolls, but this year it plans to trial gluten-free products and to introduce flat white and mocha to its coffee menus. Currently its Balanced Choice range of healthier foods account for 10% of sales.

**Financial Times, 13 January 2016, p25**

## **Transport and travel**

### **When the train doesn't take the strain**

New research has named the train journeys that are the worst value for money compared with travelling by car. They include a return off-peak journey from London to Newcastle, which costs £159, London to Edinburgh (£150) and London to Leeds (£133). Some journeys are also slower by train, such as Birmingham to Norwich and Glasgow to York. The study was conducted by Kwik Fit Insurance Services.

**The Independent, 11 January 2016, p13**

### **Fiat accused of inflating sales data**

Fiat Chrysler is facing a US lawsuit following allegations that it has inflated its sales figures. It is accused of having offered dealers large amounts of money to report unsold vehicles as being sold. Around 85% of the company's earnings before interest and tax derive from the US which is its most important market.

**Financial Times, 15 January 2016, p17**

### **Driverless cars – the battle for data**

Driverless cars have to be able to sense obstacles in order to operate safely and this requires a detailed picture of the world in which the hazards are located. They need a good map, which is an area where one might expect Google to have a competitive edge. But maps need additional data in order to be effective for autonomous cars, so car makers are taking steps to provide their own data. Here Maps has recently been acquired by a group of car manufacturers (Daimler, VW and BMW) who will use sensors on new car models to gather mapping data rather than using a fleet of dedicated vehicles. This must be of some concern to Google which has traditionally had more data about the physical world than its competitors.

**New Scientist, 16 January 2016, pp20-21**

**Ryanair and EasyJet – a deal with big airlines?**

Ryanair and Easyjet are considering entering into deals with long-haul flag-carrying airlines. This could result in passengers starting their journey on a budget carriers' aircraft and then transferring to a larger airlines' long-haul aircraft. The journey would be arranged through a single transaction with one airline. The advantage for flag carriers of taking feeder passengers would be that they could more easily fill their aircraft but there are hurdles to overcome. One of the biggest is who would be liable if flights were delayed and connections missed: the budget airline or flag carrier. This issue has already led to the end of negotiations between Ryanair and two other airlines.

**Financial Times, 13 January 2016, p19**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Blake Brooks	The Bookseller	Head of Zeus	Marketing and Publicity Executive	The Bookseller
Alex Dingwall	Raspberry Blonde	Concerto Group	Group Central Sales and Venues Director	meetpie.com
Matt Davies	Carat	MEC	Managing Director of Content	Campaign
Paul Kennedy	Callcredit	Amaze One	Data Strategy Director	research-live.com
Rachael Kennedy	Ruth Killick Publicity	Pan Macmillan Bluebird	Publicist	The Bookseller
Pablo Marques	Freelance	Possible London	Executive Creative Director	Campaign
Sarah Mayo	TRO	FreemanXP	Marketing Director EMEA	eventmagazine.co.uk
Gwendoline Riou	Interel	EUROPEN	EU Public Affairs and Communications Manager	packagingnews.com
Caitlin Ryan	Karmarama	Cheil London	Executive Creative Director	Campaign

## Promotions

Name	Company	Previous title	New title	Source
Emma Cook	Prestel Publishing	Sales and Office Executive	Publicity and Marketing Executive	The Bookseller

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European Management Journal

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

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

[The Financial Times](#) ~

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

[The Guardian](#)

Harvard Business Review\*\*

[The Independent](#)

Journal of Advertising Research\*\*

The Journal of Brand Management\*

Journal of Brand Strategy

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

Journal of Product Innovation Management\*\* (12 month embargo)

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

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

London Business School Review

Marketing Africa

The Marketing Review\*\*

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

Market Leader

New Scientist\*\* (1 month embargo)

[www.research-live.com](http://www.research-live.com)

Retail Week

Social Business

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

The Times

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

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