

Cutting Edge: Our weekly analysis of marketing news

27 January 2016

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

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Marketing trends and issues

Advertising

Scarcity appeal and need for uniqueness

Marketers often use the concept of scarcity appeal to promote demand, leading to messages such as 'nearly sold out due to high demand' or 'limited edition'. There is a distinction between scarcity appeals due to excess demand and those based on limited supply, which can each send different signals to the marketplace. Researchers have studied the interaction between scarcity appeals and need for uniqueness (NFU) or the need to establish a separate identity. Here the authors investigate the interaction between scarcity appeal type and NFU in the context of advertising effectiveness by looking at its effect on four variables: attitude toward the ad, attitude toward the brand, purchase intention, and perceived value. Secondly, they explore how consumers with different levels of NFU respond to scarcity appeal types (demand versus supply).

Journal of Advertising, Vol 44(4) 2015, pp349-359 (Roy and Sharma)

Personal data exchange

This week saw the launch of a data exchange website which allows consumers to have more control over their personal data, which is usually exchanged between retailers regardless of whether people have agreed. People.io allows people to enter their personal data in return for credits which can be used at advertisers who support the website. It will also help to determine the amount of advertising and updates received from the advertisers. The service is being piloted in Shoreditch, London. Other companies such as Digi.me and CitizenMe, are offering rewards for personal data but some experts are concerned about the security aspects of such schemes.

Financial Times, 23 January 2016, p4

Agencies

Ethnic diversity

This is the second article to reveal the results of *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 ethnic diversity: the study reveals that 13.1% of the ad industry is from a BAME (black, Asian and minority ethnic) background. However, whereas BAME employees account for 10.8% of senior level employees in creative agencies, they make up just 2.9% of senior employees in media agencies. *Campaign* and the IPA want this figure to increase to 15% by 2020. Tom Knox, president of the IPA, and Magnus Djaba, chief executive of Saatchi & Saatchi Fallon UK, discuss the results, which are presented by means of bar charts and tables.

Campaign, 22 January 2015, pp26-30

Brands and branding

Brand credibility measurement

This is the second of two articles to appear in the *Journal of Brand Strategy* (Vol 4, Issue 2 2015) on the subject of brand measurement. The first paper discussed source credibility persuasion theory; the definition of credibility-based branding; and why credibility-based logo design is important. The current article goes on to explain why brand credibility is a better brand equity measurement and why it is a better measurement compared with other measures. It also looks at the 'totally credible company, where a company must not just look credible, it must also be credible.

Journal of Brand Strategy, Vol 4(3) 2015, pp291-302 (Haig)

Employer branding

Recent research reveals that two-thirds of potential employees in Kenya are Millennials – people born between 1982 and the 1990s. Millennials, are ambitious and tech-savvy; they do not like to start on low salaries and are unlikely to stay with a company for too long. The challenge for CEOs and HR professionals is to find and retain those who will make loyal and hard-working employees. The author discusses how marketing and branding is involved in this process and how to set about creating a strong employer brand. (See also under Consumer Behaviour)

Marketing Africa, Issue 9 2016, pp46-47 (Kamunzyu)

Conferences and events

Event technology

A panel of experts offer their opinions on the type of technology one might expect to see at this year's events. Although augmented reality (AR) is likely to be in evidence this year, they believe that it has yet to really take off. Graeme Gordon of Internet For Business thinks that Oculus, Google Cardboard and the like are set to become "the visionary vehicles of the future". Experts believe that events will make better use of proximity marketing as event organisers become acquainted with the benefits of hardware, such as beacons, which will improve the delegate experience. Peter Komorik, CEO of sli.do, argues that technology at events will gradually become less noticeable and provide a seamless experience.

Meetings & Incentive Travel, January 2016, p34 (Norbury)

Consumer behaviour

Symbolic consumption and teen minorities

Developed societies, including the UK, are becoming increasingly multicultural. The diversity of consumption among these communities is reflected in the consumers' age, gender, income and ethnicity. This article examines London-based Black African teenage consumers to show how the interactions of personal, social, cultural, psychological and commercial factors affect the teenagers' consumption decisions. It reveals that they use symbolic consumption to reflect their need for acceptance in society. The way in which this group reacts to brand personification is also explored.

Journal of Brand Management, Vol 22(9) 2015, pp737-754 (Gbadamosi)

Marketing to Millennials

Millennials – there are 1.8 billion in the world, accounting for 25% of the population – are 'agents for change'. This article reveals seven key insights into how brands should behave so as to connect with Millennials and how to market to them. These include the advice that Millennials are resistant to

traditional marketing and can see through the veneer of brands. They are attracted by the utilitarianism of products rather than the personality of brands. They are also looking for brands that make their lives easier, such as the Push for Pizza app in the US. (See also under Brands)

Market Leader, Q1 2016, pp30-32 (Hayter and Dewdney)

Direct marketing

Direct mail grows at expense of digital display

Direct mail has enjoyed an increase in interest and usage over the past three months, according to data from The Software Bureau. It attributes this growth to the reduced cost of postage and declining client confidence in digital display advertising. Mailmark, introduced by Royal Mail 18 months ago with the objective of making direct mail more accountable, has become the most cost effective way of sending bulk mail. The reduced confidence in digital display advertising could be as a result of the increased use of ad blocking software and much-publicised issues associated with programmatic advertising.

Database Marketing, January 2016, p7

Calling line identification

The UK's Department for Culture, Media and Sport has launched a consultation into a requirement for those making direct marketing calls to provide Calling Line Identification (CLI). A CLI is a telephone number which not only identifies the caller but can also be used to make a return call. This would make it easier for people to refuse and report unsolicited marketing calls. It will also help the Information Commissioner's Office's (ICO) to identify breaches of the law resulting in a potential penalty of £500,000. The consultation, which would lead to changes in the Privacy and Electronic Communications Regulations 2003 (PECR), closes on 23 February 2016.

lexology.com, 22 January 2016 (Trapnell)

Law

Data Protection law comes of age

In January 2012 the European Commission put forward proposals for EU Data Protection Reform, aimed at bringing Europe up to date in the digital age. At the end of last year it was announced that the new rules had finally been agreed upon and the law is due to be enforced in two years' time, giving companies the time to make their businesses compliant. This article looks at what the changes entail for businesses and consumers. A significant development is that there will be a single set of rules for the whole of Europe, making it easier and cheaper for companies to do business and saving an estimated €2.3 billion a year.

Database Marketing, January 2016, pp12-14 (Scott)

The age of protection

The EU's updated data protection legislation originally included the ruling that it would be illegal for companies to handle the personal data of people under the age of 16 without parental consent. Following the backlash that followed, the EU amended the rule so that governments within the EU could reduce the age to 13 should they so wish. This is likely to result in some serious lobbying at national level, especially from big internet groups anxious to keep the lower age limit and continue to attract advertisers. If the lobbying doesn't succeed, social networks will have the job of verifying people's ages.

Financial Times, Special Report, The World, 20 January 2016, p6

Marketing

Cause-related marketing

The authors look at the meaning and uses of cause-related marketing (CRM). The first part of the paper provides an analysis of the meaning of CRM and drills down to how this meaning applies in industry through the deconstruction of two advertisements. The second examines the functions of CRM by proposing a four-level analysis of its uses. The last section summarises the conclusions and implications of the paper.

The Marketing Review, Vol 15(3) 2015, pp383-400 (Ikiebey et al)

Social marketing

Social marketing began to appear as a discipline in the 1970s with the idea that marketing could be used to sell ideas, attitudes and behaviours that could benefit society, rather than simply being of benefit to the marketer. Social marketing has been used a great deal in global health programmes, such as campaigns to reduce drug and alcohol abuse in Kenya. It applies the four 'Ps' of product, price, place and promotion while adding a fifth 'P', that of positioning. The author shows how these are applied to social marketing and looks at communications programmes as well as various channels for health communications.

Marketing Africa, Issue 9, 2016, pp62-64 (Nyutu)

Marketing to women

Bic has come in for some stick for marketing its 'Bic For Her' pens to women at £22 for a box of 12 compared with the usual 10 biro's for £1.99. There is a general backlash against products, such as razors and deodorants, which target women and cost substantially more than those aimed at men. This so-called 'sexist surcharge' or 'pastel tax' has induced MPs to get involved. Maria Miller, chair of the Women and Equalities Select Committee, says she will launch an investigation into whether gender discrimination is involved.

The Independent, 20 January 2016, p34

Market research

Pre-testing – emotion tracking

Just because a video attracts millions of views, does it mean that it has resonated with people? A new generation of emotion-tracking technologies is attempting to answer this question. There are already a number of services designed to track the thoughts and feelings of people who have viewed an ad. Brainjuicer and Unruly have both been testing emotional reactions while Realeyes has just signed a deal with MediaCom to give its clients the ability to measure people's emotions through webcams. This forms part of a wider move to reassess what creates ad effectiveness. This article looks at developments in emotion tracking but says that ultimately marketers should still follow their gut instincts.

Marketing Week, 21 January 2016, pp12-13

From MR to data investment management

In the latest MRS 70th anniversary article, Sir Martin Sorrell explains that what WPP used to call market research or consumer insight is now described as 'data investment management'. Although this area is still all about gathering and interpreting data, the sheer volume of data now available means that there has been a fundamental shift in how one thinks about the business. The combination of digital, data and fast-growth markets has meant that WPP can offer clients a global view of consumer attitudes and behaviour which provides a great opportunity for what used to be called 'market research'.

research-live.com, 25 January 2016

Public relations

Andy Coulson launches comms agency

Andy Coulson, formerly editor of *News of the World* and David Cameron's communications director, has launched a consultancy with Henry Chappell, the founder of Pitch. Coulson Chappell will provide corporate strategy and communication advice in addition to speech writing and media training to individuals, companies and organisations. Andy Coulson is well-known for his involvement in the phone-hacking scandal.

The Daily Telegraph (Business), 21 January 2016, p4

Don't rely on media coverage

The Public Relations Society of America defines public relations as 'a strategic communication process that builds mutually beneficial relationships between organizations and their publics'. Based on this definition the author argues that media relations is not synonymous with public relations. He explores PR's obsession with media coverage and contends that, rather than trying to reach the maximum number of people with an announcement, more thought should be put into who needs to know about it. Instead of reliance on media coverage to

prove PR's value, there are new tools available which can help it to both support and drive sales.

prdaily.com, 25 January 2016 (York)

Sponsorship

Beware of endorsements – Rugby

It is the marketer's responsibility to ensure their marketing communication doesn't breach the advertising code. With the impending rugby Six Nations Championship, marketers may appreciate a reminder of the rules, which are summarised here. Official sponsors of the Six Nations are allowed to mention it in their advertising, but non-sponsors are not allowed to imply that they have an official affiliation with the event. They can, however, make general references to the Six Nations or even offer messages of support for a team. This article also covers privacy, permission, celebrities, social media and age-restricted products.

cap.org.uk, 21 January 2016

The end of a relationship – IAAF and Adidas

The question is why Adidas has decided to pull the plug on its sponsorship of the IAAF? It is sponsoring Fifa until 2030 and there is no sign that it intends to end this deal as Coke and McDonald's have done. *The Independent* argues that the IAAF drugs scandal is different because it is not all about ticketing, marketing and hosting rights: "it is a scandal that has stepped on to the field of play" and "if the integrity of the sporting contest is lost, the motivation for your logo to be all over it is lost too". Adidas' decision to pull out will cost the IAAF millions of dollars. In most cases when one sponsor pulls out, another steps in, but this might not happen here particularly since Lord Coe has already ended his controversial relationship with Nike.

independent.co.uk, 25 January 2016

Agriculture, fishing and forestry

Only kidding – the drive for goat meat

Goat meat has not had the take up among consumers that some experts have been predicting, which means that thousands of billy kids are killed at birth each year, since they can't be used in the dairy industry. Now breeders, campaigners and celebrity chefs, such as Jamie Oliver, are supporting a new drive to popularise kid meat. A few years ago Lizzie Dyer, a Cotswolds farmer, started a business called Just Kidding, which buys unwanted billy kids to rear for meat.

The Independent on Sunday, 24 January 2016, p16

Sustainability

The Blue Number Initiative, a global registry for sustainable farmers, was launched in September during the United Nations General Assembly

(UNGA). Through the registry, farmers are given a Blue Number, or geolocation number, containing information about the farmer including their products and contact information. It enables the farmer to connect to a sustainability marketplace with other trading partners and to share achievements, as with a professional social network. Over 60,000 farmers have so far received an invitation to Blue Number. The scheme will allow global brands and farmers to access sustainability information and allow their business networks to be better connected. The marketplace site will be fully functional during the first quarter of 2016.

International Trade Forum, Issue 3 2015, pp16-17 (Wozniak)

Smart farming

Amsterdam based start-up Connecterra has developed a fitness tracker for cows. It claims that its daily activity monitor could save time and money as well as improving milk yields. This is just one example of how digital technologies are being applied to agriculture technology which can collect and transmit data – such as sensors that can track the performance of seeds or drones fitted with cameras that can give an overview of yield patterns – and have the potential to increase agricultural productivity. But the question remains as to whether they can be used by the world's small holders. Duncan Green at Oxfam believes the answer may lie in groups of farmers coming together to access technologies.

Financial Times, Special Report, The World, 20 January 2016, p7

Building industry

Behavioural assessment

When planning a complex project one of the most important considerations is the choice of contractor. A recent study identifies poor contractor performance as the greatest contributor to underperformance of the project. The right choice of contractor can help to ensure a supply chain with the right capabilities, will help to maximise value and increase the chances of success. Construction clients are increasingly using a behavioural assessment of contractors to determine not just their building skills but also whether they will provide an effective partnership.

Construction News, 22 January 2016, pp18-19

Output down in November

Construction output fell by 0.5% in November compared with October, owing to declines in new infrastructure work (down 4.3%) and private commercial (down 1.5%), according to the Office for National Statistics. In other construction areas output was mainly flat although total housing output rose by 0.9%. Private industrial work reported the largest rise in output year-on-year at 18.6% with

infrastructure growing at 11.6% year-on-year.

Construction News, 22 January 2016, p10

Businesses and strategy

Users instead of experts to screen new ideas

There has been little research into the effectiveness of employing users instead of experts to judge new products. This paper seeks to rectify that by looking at the suitability of using users instead of professionals during the initial idea screening of new product or service ideas. Two different approaches to outsourcing the screening of wireless ideas to users are explored and then compared with assessments made by experts. The results suggest that companies can engage users during the initial screening process using criteria assessment to choose the best ideas, which in turn would help to reduce the overall number of ideas.

Journal of Product Innovation Management, Vol 33(1) 2016, pp4-18 (Magnusson et al)

R&D alliances

Companies use R&D alliances as a way of exploring new capabilities or technologies, of sharing risks and achieving synergies. The authors create a model to examine how network centrality (firms' position in the network) and learning speed affect the relationship between technological diversity and market performance. The study is carried out using a sample of US biotech, pharma and medical device firms. It reveals that the extent of technological diversity between alliance partners produces an inverted, U-shaped relationship with the market-based performance of the firm. The firm's network centrality and learning speed influence this relationship.

European Management Journal, Vol 33(6) 2015, pp450-461 (Lee et al)

The rise of the unicorns

Uber has expanded dramatically as have other 'unicorn' ventures, which are defined here as private, venture-backed companies valued at a billion dollars or more. Research by Silicon Valley consultancy Play Bigger shows that unicorns have been growing faster over recent years in terms of market capitalization. It finds that companies which go public at six to ten years of age, generate 95% of all value created post-IPO. They also scored companies in the sample on whether they were trying to create new categories of products or services to meet the needs consumers hadn't realised they had. This revealed that the vast majority of post-IPO value creation comes from category kings, companies which have created new niches, such as Facebook, and LinkedIn. The category kings capture 76% of the market!

Harvard Business Review, January-February 2016, pp28-30

Networking and innovation

Companies increasingly recognise that networks and networking are essential to innovation. People need to talk to each other both internally and with colleagues in the wider business environment. Many companies are in fact using open innovation to maintain their competitive advantage. Socially generated innovation is not just restricted to people or companies since cities and societies can also benefit. The author looks at the rules of good networking, such as brushing up on your social skills, cultivating an ability to listen, and keeping an open mind.

London Business School Review, Vol 26(4) 2015, pp13-15 (Perle)

Employee collaboration – a step too far

Employee collaboration, a current trend, is aimed at encouraging people to achieve things collectively but a growing amount of academic evidence supports the idea that collaboration is not always a good thing. For example, even small interruptions can significantly increase the time involved in completing a task, while multitasking reduces both quality and efficiency. Managers are also failing to measure the costs of collaboration. The most important problem is that collaboration makes 'deep work' (intense concentration) difficult. So what can be done to restore the balance?

The Economist, 23 January 2016, p67

Charities and NGOs

Creating a positive media image

In October the National Council for Voluntary Organisations (NCVO) recruited Giselle Green to the role of media network coordinator. It is her job to generate positive news stories about particular cause areas rather than sector-wide issues. She is working on a project called Constructive Voices which will encourage constructive journalism. Journalists will be encouraged to provide readers with a more comprehensive view of a social issue by analysing, not just the problems, but also potential solutions. She believes that exposure to constructive news is more likely to encourage people to donate to charity or to take positive action.

Third Sector, February 2016, p54

Donor relationships

A new report from fundraising think tank Rogare, examines a new approach to fundraising which puts donors, rather than charities, at the centre of raising money. The *Relationship Fundraising Where Do We Go From Here?* report argues that ideas on the subject need to be brought up to date. It recommends that charities should remunerate fundraisers depending on how satisfied their donors are; that fundraisers should help donors to feel that charities are part of their identity; and that

fundraisers should elicit feedback about donors' feelings, a process known as affective self-disclosure.

Third Sector, February 2016, pp42-43

Durable consumer goods

The return of low-tech toys

Stretch Armstrong, an action figure with stretchable limbs popular in the 1970s, has been relaunched. It has just won a Best 'New' Toy Award at the 2016 Toy Fair, which has been taking place in London this week. A panel of retailers has predicted that the £19.99 doll will be one of the best-selling toys this year. Other retro toys are regaining popularity: two other winners in the action category are the Supersize Thunderbird 3 rocket and the Danger Mouse Mark IV Danger Car!

The Independent, 26 January 2016, p15

Economy and society

A matter of trust

There is an increasing gulf in the level of trust in government, business and the media between the haves and have-nots in Britain. This is according to the *Edelman Trust Barometer*, which has identified a widening gap between rich and poor, notably university-educated high earners who are interested in politics, and everyone else. The trust levels between the two have doubled in a year, with 57% trust among wealthier people compared with 40% among the poorer. These findings support a string of reports from various bodies, such as the King's Fund, which reveals signs of increasing inequality in Britain. Edelman also found that trust in traditional media has risen by 14% among the better-educated, who have renewed confidence in established news brands.

The Independent, 19 January 2016, p4

Workplace equality – sexual orientation

According to Stonewall's *2016 Workplace Equality Index*, 11,383 respondents out of the 60,506 polled across 400 companies, identified themselves as being lesbian, gay or bisexual. It reveals that 33% of gay men are comfortable disclosing their sexual orientation to colleagues, managers and customers or services users but only 23% of lesbians and 12% of bisexual people feel this way.

Financial Times Appointments, 21 January 2016, p2

Vietnam – a spirit of optimism

The outlook is positive for Vietnam's economy, which is growing at a rate of nearly 7% a year. The country is partly thriving at the expense of some of its neighbours because Vietnamese manufacturers are gradually taking business away from China which pays higher wages, while other countries in the region – Indonesia, Malaysia and Thailand – all

have problems. There have been a number of trade agreements between Vietnam and foreign parties, such as the Trans-Pacific Partnership, Europe, South Korea and Japan. Vietnam has also been passing laws to cut red tape, which has helped the country to move up the ranks of the World Bank's ease-of-doing-business index.

The Economist, 23 January 2016, pp65-66

Energy and utilities

2015 – a surge in renewable power

A new report by the environmental campaign group Sandbag reveals that last year renewable power generation rose by nearly double the average of the previous five years. Its *Review of the European Power Sector in 2015* reports that over three quarters of new renewable generation came from Germany, the UK and Italy. However, the group estimates that CO² emissions fell by just 0.5% following the 7.5% reduction in 2014. Larger reductions in CO² emissions are expected this year as demand falls, renewable generation increases and coal fired power stations close.

utilityweek.co.uk, 19 January 2016

Environment

Data centres – energy use unsustainable

The amount of energy used by data centres around the world is expected to treble over the next decade which will put strain on energy supplies and threaten efforts to reduce global warming. Data centres consume vast amounts of energy – currently they use around 3% of the world's electricity and account for about 2% of greenhouse gas emissions. However, the level of energy used by data centres will eventually become unsustainable - one study suggests that Japan's data centres will consume its entire electricity supply by 2030 if they carry growing at today's rate. The sheer size of the problem presents an opportunity for the data centre industry to lead the way in renewable energy.

The Independent on Sunday, 24 January 2016, p14

Fashion

Burberry celebrates Chinese New Year

Burberry is targeting the Chinese New Year on 8 February with the launch of its interactive Lunar New Year Gift app on WeChat. Users can 'unwrap' virtual gifts to reveal images of Burberry's gifts for the New Year. WeChat users in China will have the chance to win a limited edition Lunar New Year envelope containing prizes. Burberry is hoping to increase sales in China which accounts for 40% of the company's global revenue. Although it reported sales growth in mainland China over Christmas, sales fell by 20% in Hong Kong.

Retail Week, 22 January 2016, p31

Financial services

Contactless payments

The UK Cards Association has reported that the total amount spent using 'tap and go' plastic cards was in excess of £1 billion in November 2015, when 121m contactless purchases were made. The average value of a contactless transaction during the month was £8.03, up from £7.72 in October.

The Independent, 22 January 2016, p60; Financial Times, 23 January 2016, p3

AI enters the financial markets

Developments in computing have revolutionised most aspects of modern life including financial markets. Hedge funds are beginning to recruit computer scientists rather than economists or investment bankers. The next stage of this technological revolution is artificial intelligence, where machine-learning algorithms can scan big data sets for investment opportunities. Groups, such as BlackRock, Bridgewater and Two Sigma, have hired experts in AI.

Financial Times Big Read, Fintech, 21 January 2016, p11

FMCG

Zero-based budgeting for Unilever

Unilever is asking its marketers to use zero-based budgeting which means that rather than relying on last year's budget, they will have to justify all expenditure. Despite improved results, with underlying sales up by 4.1% last year, CEO Paul Polman is warning of "high volatility" and the need for discipline when it comes to costs. The company wants to save around €1 billion by 2018, which will include savings in brand and marketing expenditure.

Marketing Week, 21 January 2016, p6; The Daily Telegraph (Business), 20 January 2016, p3

Beverages

Toasting a new ale

The first UK-produced beer made from old bread crusts is due to launch this weekend. Tristram Stuart, founder of the charity Feedback, has joined up with Hackney Brewery to produce the new drink. Feedback campaigns to end food waste and Stuart hopes that Toast Ale will help to reduce the 24m slices of bread that are thrown away every year in the UK. A survey by Love Food Hate Waste found that 18% of UK adults admitted to throwing away a loaf of bread without opening it.

The Guardian, 23 January 2016, p13

Cosmetics and toiletries

Ad shows T-Rex having sex

Japanese condom-maker Okamoto decided to create an ad showing two dinosaurs having sex after research revealed that only 12% of men and women could recall any condom ads while over half said they had never seen one. The company, which

wanted to market its new ultra-thin Zero One condom, decided to make an ad that no one would forget!

Campaign, 22 January 2016, p5

Food

Four fingers cannot be trademarked

The British High Court has ruled that Nestlé cannot register KitKat's four-finger design as a trademark. The company had hoped that a trademark would prevent other manufacturers from copying the shape of its chocolate bar but Cadbury objected to its application. The dispute has been going on since 2014. Nestlé says that it intends to appeal.

The Independent, 21 January 2016, p20

Curry-flavoured haggis!

A new type of haggis arrived on Asda's shelves in time for Burns Night on 25 January. McKechnie Jess's curry-flavoured haggis has been inspired by the recent TV debate on whether more curry is eaten in Scotland than haggis, its national dish. Asda expects a 32% rise in sales of haggis this year.

The Grocer, 23 January 2016, p44

Government and public sector

Party political brand identity

The authors investigate the importance of internal communications when building a strong political brand. In particular, they examine UK Conservative Party members' attitudes towards the development of the Conservative brand under David Cameron and internal market engagement during the 2010 General Election. The study reveals that it is important to engage the internal market of the political party in the co-creation of a communications strategy because it is the brand evangelists who interpret the brand at a local level.

Journal of Marketing Communications, Vol 22(1), pp100-117 (Pich et al)

Why the polls failed

A review carried out for the British Polling Council into why the polls got the results of the 2015 General Election so wrong, has concluded that unrepresentative samples were to blame. In particular, certain key demographics were underrepresented, notably those over the age of 70, the under-30s who do not vote and those who are too busy to respond. There is also a question mark over how brands conduct market research – there tends to be an over-emphasis on people who can receive questionnaires and have the time to complete them.

Marketing Week, 21 January 2016, p7

The power of brands

Speaking recently at the Lewis Silkin Brand Academy, Baroness Neville-Rolfe looks at the growing power of brands. She refers to the fact that up to 90% of a company's value can be accounted for by its brand and intellectual property which in turn leaves it vulnerable to threats. According to research, companies that invest in branding achieve better growth, more jobs and pay higher wages. She talks specifically about three aspects of branding: enforcement, international connectivity and a robust legislative framework, with particular reference to current government initiatives including the Intellectual Property Office's (IPO) new, five-year strategy.

gov.uk/government/speeches, 22 January 2016

Health and pharmaceuticals

US meals exceed recommended calorie intake

In the US 92% of restaurant meals have been found to exceed the recommended calorie content of a single meal, according to research. Some dishes even exceeded the calories recommended for a whole day. Chinese and Italian dishes were found to be the worst in this respect.

New Scientist, 23 January 2016, p7

IT and telecoms

When the chips are down, China invests

Since the 1970s China has been trying to develop its own semiconductor industry. Now it is ploughing more money into the endeavour than ever before – \$100-\$150 billion is to be invested in helping the country to catch up with the world's leading technology firms by 2030. China wants to end its dependence on foreign companies and in ten years aims to be producing 70% of the chips used by Chinese companies. To achieve this, the country's state-owned firms are rushing to invest in or buy foreign microchip firms. Chinese firms may eventually catch up with the West, but the danger is that they could undermine the worldwide industry through over-capacity, as they have done with solar panels.

The Economist, 23 January 2016, pp61-63

Crunch-time in India for Apple

As China's smartphone market levels off, Apple has turned its attention to India by applying to open its first solo branded retail store in the country. This forms part of its search for new markets to counter a predicted fall in iPhone sales this year. Last year India became the world's fastest-growing market for smartphones and Apple responded by increasing its marketing and strengthening its distribution network. It also launched a big ad campaign for its iPhone 6S and there is speculation that it will start

manufacturing in the country.

Financial Times, 21 January 2016, p18

Leisure and tourism

Hotels with a difference

The author undertakes a case study of 21c Museum Hotels, a new concept in hotel branding, which combines a quality restaurant, an art museum with large gallery spaces and a deluxe hotel. She describes how the hotels have been branded, their differentiation strategies, engagement with local communities and the way in which they have used a variety of marketing communications to attract potential customers.

Journal of Brand Strategy, Vol 4(3) 2015, pp259-266 (Reeves)

Science Museum insults agencies

The Science Museum has upset agencies by offering an insulting fee for a tender. Agencies are being offered £1,000 to submit three ideas to the Museum which will then have ownership of the intellectual property contained in the tender. The museum is currently drawing up a shortlist of agencies, but at least one agency was unimpressed by the "£333.33 for each idea" and won't be taking part. The Science Museum employs agencies on a project-by-project basis.

Campaign, 22 January 2016, p8

Materials and mining

The problem for metals is oversupply

China's demand for metals is still rising with consumption of copper estimated to have grown by 1.8% last year. This suggests that the decline in prices is due more to oversupply by mining companies rather than the slowdown in China. Last year China used nearly as much copper as the whole of the western world. Overall the price of copper has fallen by 57% since it peaked in 2011, which has resulted in miners announcing cutbacks in production of 300,000 tonnes. China is expected to have used 28m tonnes of aluminium last year, up by 6% on 2014 while its consumption of nickel rose by 20%.

Financial Times, 20 January 2016, p30

Diamonds – the price is not forever

Diamonds have been falling in price which has affected the sales of Petra Diamonds, a London-listed precious stones producer. It sold 7% fewer diamonds in the first half of its financial year ending in December, while revenue has fallen by 28% owing to falling demand which has brought the price of diamonds down by 9%. Petra has been increasing its spending on its Cullinan South African mine which produced two of the largest diamonds in the Crown Jewels. The company has defended its decision not to cut production, arguing that it will not adversely

affect worldwide supply.

The Daily Telegraph, 26 January 2016, p5

Media

Children – changing media habits

The amount of time children spend playing and socialising online has overtaken that spent watching TV programmes for the first time. Three hours per day is spent online vs. 2.1 hours watching TV. This landmark change is revealed in an annual tracking survey of children's media viewing habits in the UK by Childwise. Of those who do watch TV, Netflix is more popular than any TV channel. Meanwhile the number of five to 16-year-olds who own tablets is up by 50% compared with the previous year. YouTube is a dominant channel for young internet users – it is used every day by almost half of all five to 16-year-olds.

bbc.co.uk/news, 26 January 2016

Books

Pearson suffers from educational changes

Pearson, the educational publisher, plans to reduce its workforce by 4,000 in the wake of a profit warning. Part of the decline in profits can be attributed to sale of the *FT* and *The Economist* together with the separation of Penguin Books into a separate entity with Random House. But the company is having problems in its biggest education markets: the US, where fewer people are enrolling in colleges; the UK, where former education secretary Michael Gove has moved schools away from vocational courses such as those offered by Pearson; and South Africa, where text book sales have fallen by 70% over two years.

The Independent, 22 January 2016, p59

Academic books – the changing market

Academic bookseller Ron Johns closed his Plymouth-based University Bookseller shop after 42 years because the university had started to give out free e-books as part of the £9,000-a-year fees. This raises the question of how independent bookshops can compete with digital textbook sales. Some physical retailers have managed to adapt to the changing market, with John Smith's and Blackwell's campus bookshops maintaining or increasing their book sales. However, the trick is to find the best way of delivering materials for learning and the business models that best support their supply.

The Bookseller, 22 January 2016, pp4-5

Film

Sky buys family Gold Spot

Sky has acquired the Gold Spot at UK cinemas for every film with a family audience, at a cost of £3m a year. The so-called Gold Spot gives an advertiser the last ad spot before the screening of a film. Confused.com was the previous holder of the family

Gold Spot which is now sold on a film-by-film basis. EE gave up its tenure of the Gold Spot, which previously applied to all films, after ending its two-for-one ticket offer.

Campaign, 22 January 2016, p4

Cinema sales respond to digitisation

Digital Cinema Media, Britain's largest cinema sales house, reports that cinema ad revenues rose by 27% last year thanks to films like *Star Wars: The Force Awakens* and *Spectre*. This is something of a turnaround for cinemas, which suffered a 20% slump in ad sales, from £176m in 2008 to £139m in 2013, but which rose to £178m last year, according to Group M. The reversal in fortunes is attributed to cinema's transformation into what is described as a dynamic digital business.

Campaign, 22 January 2016, p24

Netflix accused of eroticism in Kenya

Netflix's impressive global expansion into 130 new markets has hit a stumbling block – Kenya has claimed that the streaming service is a threat to national security and that its content includes 'shockingly explicit eroticism'. Jackson Kosgei, chairman of the country's film classification board (KFCB), also claims that Netflix has been operating without a licence. Kenya's stance is an indication of the potential barriers facing digital streaming services which rely on western content.

Financial Times, 21 January 2016, p18

Internet

Online ad fraud

It is estimated that online fraud will cost advertisers \$7.2 billion this year, up from \$6.3 billion in 2015. Advertisers are being cheated by bots or automated computer programmes which copy human behaviour. They are paying out for ad views in the belief that they are reaching real people. The study by the Association of National Advertisers in the US and White Ops, a fraud investigator, attributes the predicted losses from online fraud to a 15% rise in digital ad spending this year.

Financial Times, 20 January 2016, p21

Google serves up sexist job ads?

During a search for jobs on Google, men are shown ads for higher-paid jobs than those that are shown to women, according to research from Carnegie Mellon University. The researchers analysed over 600,000 targeted ads on Google.

New Scientist, 23 January 2016, p21

Newspapers

The Guardian faces significant challenges

The Guardian is facing increasing losses and redundancies are on the horizon. This article questions whether the newspaper should introduce

an internet paywall while not relying quite so heavily on advertising and sponsorship to pay for its online expansion. *The Guardian* faces a number of challenges: ad money is being put into programmatic and large platforms, such as Google and Facebook; native advertising is limited while costs have risen for Guardian Labs, which was set up to create branded editorial content; *The Guardian's* voluntary membership is not delivering sufficient revenues; and Guardian Media Group does not have the necessary advertising scale. *The Guardian* still relies on print, with cover price revenues bringing in around £60m a year while its online reach means that it is also relying on 'non-indigenous' markets.

Campaign, 22 January 2016, p23

Podcasts

Podcasts

Podcasts have been around a while but are still a very small market for advertisers, at just \$50m to \$80m a year compared with \$16 billion for terrestrial radio in the US. But the audience is growing rapidly and technology is helping: in 2014 Apple placed a podcast app on its phone and last year Spotify and Pandora added podcasts to their music-streaming services. There has also been growth in companies dedicated to connecting podcasts with advertisers, such as Midroll and Art19. Two major obstacles when it comes to attracting big advertisers are: that it is hard to know who the audience for podcasts is and few podcasts have a sufficiently large audience.

The Economist, 23 January 2016, p66

Podcasts could be measurable

Panoply, the podcast network, is launching software which can help a company to track when and where people listen to podcasts, which should help to boost advertising sales. Its Megaphone software offers hosting, distribution, measurement and ad placement for podcasts. Podcast user numbers are growing: 17% of over-12s in the US have listened to a podcast in the past month, up from 9% in 2008. Panoply hopes to sell dynamically-inserted ads, where new ads are placed in older podcasts, to attract greater expenditure. It has also formed an advertising division to create entire shows for sponsors.

Financial Times, 22 January 2016, p18

Radio

Radio ads lack recall

Siobhan Kenny, chief executive of Radiocentre, the trade body for commercial radio in the UK, is concerned about the European Consumer Credit Directive of 2008. The directive dictates that when a monthly repayment is mentioned in an ad, it has to be accompanied by additional information including a repayment example together with financial data

and jargon. Research suggests that just 4% of people are able to retain or recall this information. Radiocentre, which estimates that the regulation costs the radio industry £130m a year, is looking for a solution which includes a plea to EU regulators to allow the ad messages to be tailored to suit audiences.

Campaign, 22 January 2016, p25

Social media

Social media marketing

Social media has risen to prominence as an important channel of communication and as a dominant way of attracting participation among businesses, consumers and other groups. This study starts by defining social media marketing (SMM), and then brings together the existing research on SMM by presenting a review of seventy-one articles. It looks at future directions for research, identifies limitations in the literature and sets out key conclusions.

The Marketing Review, Vol 15(3) 2015, pp289-309 (Dwivedi et al)

Promoting marketers on LinkedIn

As LinkedIn reaches 20m members, an analysis by the professional network reveals that marketers are 2.5 times more active on the site than the average member. However, they are not immune to the use of words, such as creative, strategic, motivated, passionate, which LinkedIn says are among the most overused buzzwords in marketers' professional profiles. LinkedIn head of global consumer communication, Darain Faraz, advises marketers to "Show your personality and show your success" instead of using jargon.

Marketing Week, 21 January 2016, pp26-27

Friends Reunited closes

Friends Reunited, one of the UK's first social networks, is to close down. The announcement has been made by Steve Pankhurst, one of the site's founders. Pankhurst is planning to launch a new social network called Llife, where people can plot key moments in their lives. However, they need only share them with people who were involved in these events.

Campaign, 22 January 2016, p5; bbc.co.uk/news, 18 January 2016

Television

Interactive TV advertising

This study emphasises the fact that even small cultural differences between similar countries – in this case the UK and the US – can have an impact on new forms of advertising, such as interactive TV (iTV) ads. The UK was the pioneer of mainstream iTV advertising but it has now become a mainstream option in the US on cable TV and online TV networks. This study tests whether effective iTV

execution factors in UK iTV campaigns are equally effective in the US. It reveals that particular cultural differences make iTV advertising in the US unique and also identifies potentially universally-effective factors for iTV ads.

Journal of Marketing Communications, Vol 22(1), pp3-17 (Zorn et al)

Packaging

2015 innovations

Last year saw brands battling to stand out on the shelves with state-of-the-art packaging designs aimed at reducing food waste and helping the environment as well as looking good. This special report on packaging describes ten of the best innovations of 2015. They include a spherical membrane made out of seaweed which allows users to drink the water inside and eat the packaging so that there is no waste. The makers hope that the product will come to market next year. Last year a collaboration between Carlsberg and other organisations resulted in an eco-friendly Green Fiber beer bottle made out of wood and paper. Meanwhile US scientists came up with a solution to getting tomato ketchup out of a bottle. LiquiGlide technology, invented at MIT, creates a permanently slippery surface on the inside of containers, allowing ketchup, mayonnaise and toothpaste to exit their packaging with the minimum of effort!

The Grocer, 23 January 2016, pp25-33 (Tatum)

Retailing

Sensory marketing

In-store experiences tend to rely on tangible and visual stimuli, leaving other aspects of sensory marketing – touch, taste and smell – as areas still to be explored by some retailers. However, the danger of experience-based shop environments is that people will visit them without actually buying anything – Toys R Us's flagship store in New York attracted tourists who wanted a multi-sensory experience but the store has since closed. On the other hand, toiletries retailer Lush has achieved a balance of sound, sight and smell. Sensory experiences should be as 'genuine as possible', using a combination of science and intuition as well as looking at their effect on the demographics associated with a store.

Retail Week, 22 January 2016, pp34-36

Homebase to be rebranded to Bunnings

Australian retailer Wesfarmers has agreed to acquire UK DIY retailer Homebase for £340m. The branding on the store will be changed to Bunnings. The latter, which is Australia's largest hardware chain, has 338 stores including some in New Zealand. Bunnings, which employs 40,000 people, made its highest pre-tax profit, of £530m, last year. It likes to host so-

called 'sausage sizzles' where barbecues are set up, allowing shoppers to eat while in-store.

Retail Week, 22 January 2016, p5

Amazon to expand across Europe

Amazon is setting out its plans for European expansion using compelling arguments to counter the recent backlash against big American tech corporations. Amazon says it employed a record 10,000 people in Europe last year and will employ a further 2,500 people in the UK this year. Europe, where Amazon has ten R&D centres, is an important innovation market for the company. In the UK it is working on a cloud-based personal assistant (a bit like Siri) called Alexa as well as a drone delivery system called Prime Air.

Financial Times, 22 January 2016, p17

Services

Kickstarter project collapses

Since its foundation in 2009, Kickstarter has enabled ordinary people to invest directly in entrepreneurial ideas. But last week Kickstarter received some bad publicity due to the spectacular collapse of Torquing Group. The Welsh-based start-up used the site to raise funds for its handheld drone, the Zano, which rapidly became the most funded project in Europe. Some 12,000 people raised over £2.3m towards its development, which is now being investigated by Trading Standards. Kickstarter has published an investigative report which in part attributes the company's failure to the decision to 'skip a genuine pilot build and head straight into full production'. Kickstarter has other failed projects but it will be interesting to see what effect this high-profile event has on small investors.

The Independent, 22 January 2016, p38

AA ad break down

A TV ad for the AA has been banned by the Advertising Standards Authority (ASA) because it could not back up the statement that it had "more expertise" than competitors to deal with vehicle breakdowns. The AA claimed that it handled more services in-house than other services but the ASA deemed the ad to be misleading.

The Times, 20 January 2016, p4

Royal Mail delivers at Christmas

Royal Mail trumped its rivals with regard to Christmas parcel deliveries: and volumes for the first nine months of 2015 were 4% higher year-on-year. Royal Mail, which has benefited from the rise of online shopping, has won business from retailers such as John Lewis and House of Fraser. In December it handled 130m parcels, 7.5m more than the year before.

The Independent, 22 January 2016, p59; Financial Times, 22 January 2016, p22

Transport and travel

Lack of competition among US airlines

The fall in the price of oil has not translated into lower domestic air fares in the US which means that the four largest airlines are doing rather well. The lack of competition means that domestic air fares are higher than they should be. There is a rule banning foreigners from owning more than 25% of voting shares in a domestic carrier, which prevents discount airlines from setting up wholly owned subsidiaries in the country. It also reduces the amount of foreign capital that can be made available to challenger airlines. The Department of Justice is beginning to respond but progress is slow...

The Economist, 23 January 2016, pp63-64

World car registrations

Last year saw steady growth in the world car market with the EU experiencing its best year for new car registrations since 2009, although volume sales were still below pre-recession levels. China, the world's largest car market, is slowing down with luxury cars sales suffering from anti-corruption measures and economic concerns. There have also been falling sales in Russia and Brazil whose economies are in turmoil. Separately the *FT* reports on the fact that British carmakers built more vehicles (1.59m) last year than at any time since 2005. This figure was driven by a 3% rise in exports to 1.2m, which is the highest on record. However, UK car production is still lower than the record of 1.9m achieved in 1972.

The Economist, 23 January 2016, p85; Financial Times, 21 January 2016, p4

Uber in London victory

Transport for London (TfL) has dropped proposals to restrict the activities of minicab-hailing app Uber. These would have included imposing a wait time of five minutes between ordering and beginning a ride. Black cab drivers argue that the lack of regulation of minicabs has given Uber an unfair advantage. TfL has instead suggested that Uber minicabs should have to pay the London congestion fee and it may charge Uber more for a licence

The Daily Telegraph Business, 21 January 2016, p4; Financial Times, 21 January 2016, p4

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Chloe Curme	Clinique	Liz Earle	Global PR Executive	fashioninsight.co.uk
Rema Gouyez-Benallal	Benefit Cosmetics	Kiehl's	Digital Engagement Manager	fashioninsight.co.uk
Helen Hoare	Age UK	Freedom from Torture	Fundraising and Communications Director	Third Sector
John Levenson	National Council for Palliative Care	Young Women's Trust	Director of Communications and Campaigns	Third Sector
Paul Silburn	Saatchi & Saatchi	Bartle Bogle Hegarty	Senior Creative Director	Campaign
John Trampleasure	Mental Health Foundation	Ambitious about Autism	Director of Fundraising, External Affairs and Strategy	Third Sector

Promotions

Name	Company	Previous title	New title	Source
Tamsin Northridge	BMB	Planning Director	Head of Planning	Campaign
John Seifert	Ogilvy & Mather	Chairman of Ogilvy & Mather North America	Chief Executive	Campaign
Claudia Strauss	Future Thinking	MD of FMCG and Shopper (Launch)	UK Managing Director	research-live.com

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Campaign**

www.cap.org.uk

Construction News

[The Daily Telegraph](#) ~

Database Marketing

The Economist*

European Management Journal

[The Financial Times](#) ~

www.gov.uk

The Grocer

[The Guardian](#)

Harvard Business Review**

[The Independent](#)

International Trade Forum

Journal of Advertising**

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.lexology.com

London Business School Review

Marketing Africa

The Marketing Review**

Marketing Week **

Market Leader

Meetings & Incentive Travel

New Scientist** (1 month embargo)

www.prdaily.com

www.research-live.com

Retail Week

[Third Sector](#) (selected articles available)

The Times

www.utilityweek.co.uk

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