

Cutting Edge: Our weekly analysis of marketing news

3 February 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

Ad repetition

Repeated exposure to an advert can enhance both consumer attitude toward the brand and ad recall. This study uses a meta-analysis to investigate the number of exposures needed to maximize consumer response to an ad. It reveals that maximum attitude is reached after around ten exposures, while recall increases linearly and does not level off before the eighth exposure. The study examines the effects of other factors on repetition effects and finds that low involvement and spaced exposures improve the repetition effects on attitude toward the brand while embedded advertising and mass exposures enhance the repetition effects on recall. Repetition effects decline over a period of time for both attitude toward the brand and recall.

Journal of Advertising, Vol 44(4) 2015, pp415-428 (Schmidt and Eisend)

Long-form is back in fashion

Long-form writing seems to be back on the agenda, both in journalism and advertising. For example, we have recently seen the launch of Facebook's Instant Articles, *The Guardian's The Long Read* and Snapchat Discover. Long-form is viewed either as a risky choice due to shrinking audience attention spans or as a way of engaging readers and offering value. This article explores the changes in attitudes towards long-form writing that is affecting the worlds of journalism and advertising. It is interspersed with examples of long-form ads from Tate Britain.

thedrum.com, 29 January 2016

Agencies

Client-agency relationships

The client-advertising agency relationship is an area of service provision that is ongoing and interactive in nature. This study explores the impact of creative competence and project management on the longevity of the client-agency relationship. The objectives are: to identify important aspects of service quality for an advertising agency; to evaluate their effects on client value perceptions and formation of trust; and to investigate the impact of value and trust on longevity in the form of client loyalty. The results suggest that creative competence and project management play an important part in the evaluation of value and development of trust, which in turn build client loyalty. The implications for agencies are discussed.

Journal of Business and Industrial Marketing, Vol 31(2) 2016, Earlycite 39pp (Levin et al)

2015 Agency Census

The IPA's *2015 Agency Census* reveals that media agencies were responsible for overall industry growth of 1.9% last year. Media agencies grew by 6.4% compared with a decline of 0.7% for creative and other non-media agencies. The number of women in senior positions has increased slightly compared with 2014. Women now account for 27.3% of senior executive management level positions (up from 25.6%) and 37.6% of other executive positions (up from 37.1%). However, there has only been a 0.1% increase in employees from a non-white background, which highlights the important of IPA president Tom Knox's diversity targets.

Campaign, 29 January 2016, p2

Graduates benefit from pay rises

Last year's strong advertising market has led to



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above-inflation salaries for media agency employees, with graduates enjoying average pay increases of 6.3%, up to £19,300, while those with one or two years' experience received increases of 7.4% to reach £27,500. Alex Michaels, MD of Sylex which compiled the annual survey, said that agencies are willing to pay more for graduates with numeracy skills because they can tackle new areas such as programmatic buying.

Campaign, 29 January 2016, p8

Brands and branding

The role of brand logo varieties

Brand logo modifications may mean that consumers fail to recognise the brand and its associations. One solution is for brands to use a logo variety approach, in which the main brand identifier is present alongside variations of the logo. This study seeks to demonstrate that logo varieties can be a safe brand-building strategy for companies that want to make changes but do not want to risk the negative effects of a redesign. Coca-Cola and Nutella are examples of established brands that have temporarily used the logo variety in a campaign. Two studies examine the influence of existing brand logo and logo varieties on brand prominence and freshness. They suggest that consumers subconsciously process logo varieties in a similar way to that in which they process the existing logo, making both types of logo exposure effective for building brand prominence and freshness.

Journal of Product & Brand Management, Vol 24(7) 2015, pp736-744 (Sääksjärvi et al)

Does a 'like' lead to liking?

Studies have suggested that liking a Facebook brand page correlates with a positive brand evaluation, but the reasons for this have not been established. This experiment compared brand evaluations of "current followers" of a brand's Facebook page with "new followers" instructed to like the page and "non-followers", over a period of one month. The results suggested that there was a significant positive increase for new followers with regard to brand evaluations while there was no change for non-followers. Current followers were the most positive overall in terms of evaluation but experienced no change over a period of time.

Journal of Interactive Marketing, Vol 32 November 2015, pp26-36 (Beukeboom et al)

Conferences and events

Event planning – key trends

The *2016 Events Professionals of Tomorrow Survey* from Bizzabo reveals that e-mail marketing is considered to be the key marketing tool by 85% of event planners. Attendee satisfaction, rather than revenue, is regarded as the most significant indicator for measuring the success of an event, according to 84% of event planners. Over half of

respondents said they are spending less than 10% of their budget on event technology, but 84% said they considered audience engagement solutions to be the main trend for maximizing event success. The topline results are displayed in infographics.

eventindustrynews.co.uk, 25 January 2016

Security and cost top travel priorities

The annual *EVP Barometer* by American Express Global Business Travel (GBT), reveals that safety is a top priority for business travelers and that 96% of companies have implemented security procedures. The *Barometer* also found that business travel expenditure increased by 1.4 % last year, more than twice that anticipated in 2014 (0.7%). Business travel tends to be seen as a necessary cost (76%) rather than an investment (24%) which suggests that companies are still failing to calculate ROI on business travel, says Elyes Mrad, MD of EMEA at American Express GBT.

meetpie.com, 29 January 2016

Consumer behaviour

Consumer goals

Human behaviour is goal-driven and performed as a means to an end. The aim of this research is to establish a multi-dimensional measure of human goals by taking three master goals into account. These are: the gain goal, the normative goal and the hedonic goal. The three goals are explored through three studies to reveal distinct sub-goals: thrift and safety (related to the gain goal), moral and social norms (related to the normative goal) and instant gratification (related to the hedonic goal). The authors conclude that a multi-dimensional approach to consumer motivation should prove useful in marketing research, as well as in the segmentation of consumer groups, products and settings.

Journal of Consumer Marketing, Vol 33(1) 2016, pp75-85 (Barbopoulos and Johansson)

Customer relations

B2B CRM

B2B vendors in indirect sales markets increasingly recognise the importance of customer experience (CX). They increasingly find themselves facing demand for more 'consumerised', B2C-type customer experiences, despite the fact that they operate through channel partners. According to Accenture's recent *B2B Customer Experience Survey*, organisations that "did CX right" enjoyed higher-than-average revenue growth (about 13%), yet less than a quarter of businesses globally are delivering experiences that customers really value. The survey makes a clear distinction between the leaders and the strivers in this respect. The author, an MD at Accenture, points to key success factors which have been identified in the report.

CRM Magazine, Vol 20(1) 2016, p8 (Wollan)

Direct marketing

Predictive dialling

Stephan Sullivan, founder of Channel Doctors, reflects on the challenging times ahead for the large telemarketing centres that use predictive dialler technology. This is in the light of Ofcom's *Review of how we use our persistent misuse powers: Focus on silent and abandoned calls*. Ofcom has proposed some changes to regulations to help address the problem of the 4.8 billion nuisance calls made every year. The DMA has lobbied Ofcom to extend the original consultation period by two weeks to Wednesday 24 February. This article looks at the industry's response, considers whether predictive dialling has had its day and invites people to submit their opinions.

dma.org.uk, 29 January 2016

E-mail marketing

In a recent marketing trends survey, 40% of marketers said opening rate was the top measure of e-mail marketing success compared with just 27% who cited revenue as a sign of success. Increasingly, e-mail marketers are relying on social media buy buttons to boost sales conversions – 22% of respondents used buy buttons last year, a figure that is predicted to reach 35% this year. The survey highlights the inconsistency between the e-mail and social media customer experience: whereas many social media sites are highly visual, e-mail tends to rely on text-heavy newsletter content, according to Seamus Egan of Campaigner, which conducted the survey. The survey also touched on the importance of predictive analytics and analytic strategies which can be used to gain better insights into customers and develop more effective relationships.

dmnews.com, 28 January 2016

Law

Lego in good shape with trade mark victory

Lego has won a case in the EU General Court in which toy manufacturer Best-Lock Europe tried to block the registration of the Lego man shape as a Community Trade Mark. The Court upheld the Lego man' shape trade mark. Best-Lock's claims that "the shape results from the nature of the goods themselves", or "the shape of the goods is necessary to obtain a technical result", were rejected. This verdict contrasts with the recent case of Kit Kat in which the British High Court ruled that Nestle could not register Kit Kat's four-finger design as a trade mark. The Lego case shows that it is possible to successfully defend challenges to shape trade marks. (See also Cutting Edge 27 January)

lexology.com, 27 January 2016

Data protection – higher fines by 2018

Speaking at the Advertising Association's annual LEAD conference last week, information

commissioner, Sir Christopher Graham, said that data protection failure could lead to €20m in fines by 2018: the year in which regulators will be able to impose higher penalties. Data breaches could also lead to serious reputational damage. He cited the example of TalkTalk, which was forced to suspend its sponsorship of *The X Factor* while police conducted an investigation. Sir Christopher urged the marketing industry to "think about reputational management. That's the business that you're in".

mediaweek.co.uk, 28 January 2016

Symbol for mobile location tracking

A new working paper recommends that retailers should create a standard symbol, a bit like the signage used with CCTV cameras, to inform customers that their location within stores is being tracked through their mobile device. The paper, produced by an international working group on data protection in telecommunications, expresses concern that mobile communication tools could potentially be used to collect personal data. It would like to see a range of physical and digital signage which clearly states its purpose and who is responsible for it.

out-law.com, 25 January 2016

Marketing

Career and salary survey

Marketing Week's annual *Career and Salary Survey* reveals that marketers are not getting the career opportunities they would like, that salary growth is flat and that most marketers are doing over 2.5 hours a week in overtime. Some 68% of marketers said that opportunity for career progression was very important while 42% said there was not enough opportunity for career progression. The survey also revealed that men are still earning significantly more than women: men have an average salary of £42,303 compared with £35,005 for women. Other topics covered are: employee benefits, average salary by sector and diversity in the workplace.

Marketing Week, 28 January 2016, pp16-22

Gen Y and cause-related marketing

Cause-related marketing (CRM), in which business and charities form a partnership with each other, has the power to boost corporate image and increase sales but its effect varies according to who the audience is. A national survey conducted in the US reveals that Gen Y (people born between 1977 and 1994) women are more likely than Gen Y men to support CRM. A second study shows different responses according to gender to a CRM campaign over a period of time. It reveals that men's purchase intentions decrease after message exposure, but then increase again after a two-week delay while the opposite is true for women.

Journal of Marketing Communications, Vol 22(1) 2016, pp18-35 (Vilela and Nelson)

Market research

Avatar-based focus groups

The authors explore the nature and potential use of avatar-based focus groups (AFGs) or focus groups undertaken in 3D virtual worlds compared to face-to-face and online focus groups. Over the past decade there has been a significant increase in the use of 3D virtual worlds as a research tool. In the first phase of the study, data were collected using traditional face-to-face focus groups followed by AFGs. The second phase involved an online, semi-structured survey to provide comparison data and experiences in AFGs, two-dimensional online focus groups and traditional face-to-face focus groups. The advantages and disadvantages of AFGs were identified. The authors concluded that there was no obvious difference in data quality between the AFGs and face-to-face focus groups. However, AFGs compensate for some of the limitations associated with online focus groups.

Qualitative Marketing Research: An International Journal, Vol 19(1) 2016, pp101-114 (Gadalla et al)

Altruism to motivate panel participation

Market researchers rarely consider what motivates people to take part in opinion polls and surveys, although offering payment seems to be an effective way of persuading people to give up their time. Researchers are finding it increasingly difficult to recruit and retain panelists. In order to reinvent itself, the panel industry needs to consider the underlying factors which lead to respondent participation. The author accuses the industry of failing to engage people and of moving towards so-called "panel commoditization". She reports on how research agency Vivi has used altruism as a motivating factor – its panel consists of people who are take part in order to raise money for the causes they care about.

research-live.com, 25 January 2016 (Misell)

Public relations

Using research in PR strategy

The article discusses the benefits of consumer research in the strategic planning of public relations. Many PR professionals like to use gut feeling when devising creative campaigns and ideas. The author argues that the best PR pros "balance visionary thinking with solid research-based planning that aligns PR strategy with business outcomes". After all, even the best ideas have to align with business goals. She outlines the areas where research can help to inform and implement the PR strategy as well as helping with measuring and reporting.

Public Relations Strategist, Vol 21(4) 2015, pp18-19 (Daunt)

Maintaining trust as a PR communicator

Establishing trust between your personal brand as a PR professional and the consumer rests on your

ability to provide a consistent experience to clients, journalists and other stakeholders. Businesses often fail to address issues of trust, which has led to a loss of public confidence for some high-profile brands. Communicators should provide "credible, accurate and transparent" information. This article sets out three pieces of advice for ensuring that your reputation as a trusted communicator is maintained.

prdaily.com, 29 January 2016

Sponsorship

Olympics – non-sponsors beware

As the weeks go on there will be an increasing amount of advice on can or cannot be done with regard to marketing around the 2016 Rio Olympics. Olympic-themed messages will begin to seep into every aspect of people's lives as businesses try to capitalise on the event. This is a short guide to official branding, with particular emphasis on intellectual property associated with the Games, such as the Olympic rings, flames and motto and the Paralympic 'Agitos'. Non-sponsors should note that they cannot use the Games for: advertising propaganda, as a theme for competitions or promotions, images of athletes, production of products or materials or a commercial name. However, they can use it for journalistic purposes, for the communication of opinions or for the central theme of an event. But beware of when the lines become blurred...

lexology.com, 27 January 2016 (Neil)

Agriculture, fishing and forestry

Dairy industry damaged by price cuts

The National Farmers Union (NFU) has warned that "ruthless" cuts in the price of milk could "decimate" the British dairy industry. Arla, a milk buyer, has recently reduced the price by 0.75p per litre to take effect from 1 February. This has been compounded by increasing milk supplies in the UK and EU and a stagnant global market. NFU Dairy Board chairman Rob Harrison, who believes that a lot of farmers will leave the industry, wants the whole dairy supply chain to come together "to look at ways of managing the price volatility".

farming.co.uk, 25 January 2016; The Daily Telegraph (Business), 29 January 2016, p4

California muscle

California changed the wine industry by producing good wines and it is now taking initiatives to improve its olive oil market with a technology-driven approach. In Italy, Spain, Tunisia and Syria the olive harvest is either a manual task or uses a tractor with a vibrating arm that shakes the tree trunk. In California the industry has developed a tree that is only the height of a bush and allows mechanical pickers to strip away the olives. The machinery can

pick seven tons of olives in 30 minutes. Although Americans haven't been using much olive oil, the demand is growing.

Bloomberg Businessweek, 25-31 January 2016, pp52-57

Tuna fishing in deep water

Tuna fishing is a highly contentious issue and Greenpeace claims that the commercial tuna industry is "out of control". The organisation has renewed its calls for the UK to commit to 100% pole-and-line fishing. Greenpeace also accuses the industry of human rights abuses linked to unjust labour conditions. The WWF has also waded in by advocating that the best approach is to encourage more fisheries to take up Marine Stewardship Certification (MSC). This article looks at the major issues facing the industry. It explains the sourcing policies of the major supermarkets, looks at catching methods and environmental standards and examines the sustainability status of tuna species.

The Grocer, 30 January 2016, pp26-31

Building industry

The productivity problem

The UK Government wants to improve the country's productivity, an aim reiterated in the Chancellor's Autumn Statement. Construction has historically found it hard to improve efficiency, which is backed up by data from the Office for National Statistics suggesting that there has been minimal improvement in construction output per hour since 1997. This article looks at the challenges faced by the industry in its efforts to improve productivity. Richard Threfall, UK head of infrastructure, building and construction at KPMG, says that the industry does not have so much of a productivity problem as "a productivity opportunity". He believes that the sector is 20 years behind in its adoption of technology and is still too dependent on manual processes.

Construction News, 29 January 2016, pp32-33

Wales to grow faster than rest of UK

A new study predicts that construction in Wales will grow at nearly three times the UK average over the next five years, with the creation of 27,000 jobs. The Construction Skills Network predicts an annual average growth rate of 7.5% for Wales and just 2.5% for the rest of the UK.

bbc.co.uk/news, 27 January 2016

Businesses and strategy

Managing collaboration

Data collected by the authors reveals that the time spent by managers and employees on collaborative activities has risen by 50% over the past two decades. At some organisations people can spend 80% of their time in meetings or other types of

collaboration which leaves little time for important work and can result in employee burnout. Leaders can manage collaboration more effectively in two ways: firstly by mapping the supply and demand in their organisation and eliminating or redistributing the work more evenly and secondly, by incentivising people to collaborate more efficiently. (See also Cutting Edge 27 January 2016)

Harvard Business Review, January-February 2016, pp74-79 (Cross et al)

The DREAM workplace

A few years ago the authors published a book on authentic leadership, but in this article they turn their attention to the "authentic" organisation by asking the question "Why should anyone work here?" Their new research explores people's positive visions of firms and how these can become a reality. Responses for an ideal workplace centre on the mnemonic DREAMS – difference, radical honesty, extra value, authenticity, meaning and simple rules. The authors argue that few companies have even half of these qualities while many are not prepared to tackle the underlying issues. They explore these qualities and look at the way forward.

London Business School Review, Vol 26(4) 2015, pp10-12 (Goffee and Jones)

Engaging SMEs with sustainability

On 25 September 2015 the UN General Assembly formally adopted the Global Goals for Sustainable Development. One of the key challenges will be the engagement of SMEs, which are estimated to account for up to 95% of the world's businesses and to employ over half its workers. In general SMEs have tended to be overlooked in the global agenda. Yet, if production and consumption practices are to be changed at the root then companies of all sizes need to be involved. This article considers how to bring SMEs into the sustainability process.

International Trade Forum, Issue 3 2015, pp6,12-13 (Kingo)

Dynamic pricing

Businesses have always offered different prices to different groups of customers but dynamic pricing takes this a stage further by constantly changing prices or tailoring them to the needs of individuals. The prices of goods and services can be varied online according to the person buying, the weather, what the competition is doing and a host of other factors. Now the practice is spreading offline, for example to physical retailers who are using electronic price displays, as well as to less obvious sectors, such as toll roads and zoo-keeping. The dynamic pricing model may be beneficial to businesses but there are major risks: firstly, it can offend a customer's sense of fairness which could lead to reputational damage; secondly, it focuses on who can offer the lowest price, which may distract

the business from its core objective of making its products and services attractive to customers so that they are not so fixated on the cost.

The Economist, 30 January 2016, p64

Charities and NGOs

Social return on investment

Many charities carry out a social return on investment (SROI) analysis to measure the social impact of their work. Some use their SROI ratio in their promotional material. SROI is defined as the amount of social value the charity generates for every £1 of funding or investment received. *The Ambitions and Challenges of SROI* report from the Third Sector Research Centre claims SROI allows organisations "to inflate the value created". Ben Carpenter of Social Value UK believes the seven principles of SROI are still valid, others argue that organisations often overestimate their impact and underestimate the costs. Ultimately it is important to measure the value that matters to your organisation.

Third Sector, February 2016, p58

Unbearable ad banned in Norway

The Norwegian Heart and Lung Association has dressed teddy bears to look like infamous dictators including Adolf Hitler, Colonel Gaddafi and Kim Jong-il for its latest campaign showing that cuddly toys can be dangerous to children if they aren't washed regularly. Unfortunately the idea has backfired: the ad has been banned because it caused upset, particularly among Jewish leaders in Norway.

thedrum.com, 30 January 2016; dailymail.co.uk, 27 January 2016

Crimestoppers at heart of ad ban

The Advertising Standards Authority has banned an ad from the Crimestoppers Trust because it shows the image of a heart that appears to have been ripped out of someone's chest. The poster campaign, which intended to encourage people to speak out about violence, used the strapline: "Don't let drugs and violence rip the heart out of your community". The ASA received complaints that the ad was likely to cause distress, particularly to children. It has told Crimestoppers to ensure that future marketing does not cause undue distress.

theguardian.com, 27 January 2016

Swimmers targeted for water campaign

The "hope locker" device fits inside swimming pool lockers and encourages swimmers to donate £1 to WaterAid. A touchscreen tells them how long they have been in the water and calculates how many people have died from drinking contaminated water during that time. Then it asks them to choose whether they would like their £1 deposit back or to donate the money.

Campaign, 29 January 2016, p8

Durable consumer goods

Barbie expands – in every sense

Mattel is extending its traditional, svelte Barbie doll with the introduction of some new shapes including tall, curvy and petite. The dolls will also be sold with a variety of hair, eye and skin colours as well as some new face shapes. Mattel executive Evelyn Mazzocco says that "these new dolls represent a line that is more reflective of the world girls see around them". There has been largely positive press coverage but cynics say that Mattel is simply responding to declining sales while others denounce it as 'trend-spotting'.

bbc.co.uk/news, 28 January 2016; prdaily.com, 29 January 2016; The Daily Telegraph, 29 January 2016, p3

Lifelike dolls fuel superstition trend

In Thailand lifelike 'supernatural' dolls called Luk Thep or "child angel" are all the rage among adults. Their owners feed, water and dress them in the belief that they will bring good luck. Luk Thep came into fashion last year after being endorsed by various celebrities. The trend has recently made headlines after budget airline, Thai Smile, said that passengers who didn't want their dolls to be placed in overhead lockers had to buy tickets for them. Thailand's Civil Aviation Authority has been forced to intervene!

The Economist, 30 January 2016, p52; bbc.co.uk/news, 28 January 2016

Lego launches disabled figure

Lego has produced its first disabled figure which takes the form of a young man in a wheelchair. It will go on sale as part of a set in June. This was after Rebecca Atkinson, a London mother and journalist, had launched a global campaign, (#toylikeme) in which she posted pictures of toys, adapted to reflect disabilities, on the internet. She also became a disability consultant at Playmobil. Over 20,000 people signed a petition calling on Lego to do the same.

The Times, 28 January 2016, p18

Economy

World economy

UK manufacturing grew in January due to stronger domestic demand. The Markit/CIPS *Purchasing Managers' Index* (PMI) rose to 52.9 during January, up from 51.6 in December. However, competition was tough as companies battled to win new business and this is the fourth time in six months that companies have been forced to cut jobs. Meanwhile weak manufacturing activity in the eurozone's largest economies – Germany and France – slowed down the rest of the eurozone. Its PMI was 52.3 in January, down from 53.2 in December. Last year looks to have been the weakest year for

world trade since 2009 and manufacturing output in the G7 remains below pre-recession levels.

The Daily Telegraph (Business), 2 February 2016, p4;
Financial Times, 29 January. 2016, p3

Energy and utilities

SSE to cut domestic gas prices

SSE is to reduce its gas prices by an average of 5.3% from 29 March. This follows an announcement by Eon that it will cut its prices by 5.1%. The two suppliers have responded to calls from energy secretary Amber Rudd and Ofgem to reduce prices in the wake of falling wholesale costs. SSE claims the cut will save its standard tariff gas customers on average £32 a year, but stresses that wholesale energy costs account for an increasingly small proportion of the bill and that there are other factors affecting electricity and gas. Separately SSE has reported that it has lost 300,000 gas and electricity customers in the nine months to 31 December 2015.

utilityweek.co.uk, 28 January 2016

Wine turbine manufacturers

Leading wind turbine manufacturers Vestas and Gamesa have recovered their fortunes since 2012 by restructuring and bringing costs under control. In general turbine manufacturers have benefited from a weaker Euro, renewed wind energy tax credits in the US and the climate change deal in Paris. Since 2012 Gamesa sales have risen by around 30% while the cost of goods has fallen by 18% allowing the company to improve its operating margins. Separately Siemens is in talks to acquire Gamesa which could result in the formation of the world's largest wind turbine maker by market share.

Financial Times, 2 February 2016, p16; Financial Times, 30-31 January 2016, p13

Environment

The sunshine tariff

The Cornish town of Wadebridge is participating in a trial to access cheaper electricity during the sunniest parts of the day. Cornwall has been at the centre of the UK's solar power boom thanks to being the sunniest place in the country. The new Sunshine Tariff, which officially launches in April, gives domestic customers a rate of 5p per kWh for electricity from 10am to 4pm between April and September 2016, and 18p per kWh at other times. The aim, according to Wadebridge Renewable Energy Network (WRNE) which is leading the scheme, is to encourage people to shift their energy use to the middle of the day. The scheme has the potential to enable savings of up to 40% off electricity bills.

businessgreen.com, 26 January 2016

The green burial

Natural or green burials are becoming increasingly popular in the UK, with two-thirds of people expressing a preference for them according to a poll. Fifteen years ago there was just one green cemetery in the UK, now there are over 270. Their popularity has led to a shortage of green sites according to Rupert Callender of the Green Funeral Company. He believes that every village or town should have a green burial site and that this provides an ideal way for farmers to diversify. Green sites are associated with good ecological land management. The best ones undertake to conserve the natural environment, minimise the impact on wildlife and use coffins made from bio-degradable materials.

fwi.co.uk, 27 January 2016

Fashion

Social influencers

According to a new report by Fashion and Beauty Monitor and Econsultancy, 57% of those in the fashion and beauty sectors use social influencers in their marketing strategy and the fashion and beauty sector has become a leader in this respect. Although 42% of respondents say they spend less than 10% of their budget on influencers, 26% are spending between 30% and 75%. Influencers are considered critical for product launches and content promotion and distribution. But finding the right influencer can be a challenge as is proving the ROI on influencer partnerships. Another consideration is the disclosure of paid-for sponsored content which has prompted the Committee of Advertising Practice to issue new guidelines.

Marketing Week, 28 January 2016, pp26-27

Intelligent clothing

We've all worked in offices where some want the window open and some want the heaters on – but help is at hand with some innovative clothing that is in development. The clothes use inspiration drawn from squids who modify visible light to camouflage themselves. In this innovation the infrared wavelengths are used to adapt to carrying heat through material with thermal properties. But with 13% of energy usage in the US going on aircon systems, the \$30m invested could soon be recouped.

New Scientist, 30 January 2016, p20

Financial services

Over a third of transactions made on mobile

The number of transactions made on mobile continues to grow – according to payment solutions provider Adyen, 34% of browser-based online transactions worldwide are now being done on a mobile device, compared with just over 30% last quarter. The UK continues to lead the way in mobile

payment adoption, with 49% of online transactions taking place on mobile devices but Adyen attributes overall growth to major Asian-based payment methods, such as JCB, UnionPay and Alipay.

nfcworld.com, 27 January 2016

MasterCard – an even more flexible friend

MasterCard is to trial flexible payments in Europe later this year using its MasterCard Instalments service. The aim is to make more expensive purchases easier for consumers. It allows cardholders to divide the transactions into a number of equal monthly payments using their debit, credit or commercial card. Users will be able to select the flexible payment service on card machines before choosing the number of months over which they would like to pay.

retail-week.com, 21 January 2016

FMCG

Beverages

Taking the poop out of the equation

Civet-digested coffee beans are a delicacy that can cost \$600 per pound. But a new start-up in the US has been experimenting with creating the same flavours in a much more synthetic way. A blend of beans is subjected to a controlled amount of bacteria and fungi to mimic the digestive tract of the civet. The roasting process then burns off any microorganisms that are left. Their beans retail at \$69 a pound.

Bloomberg BusinessWeek, 25-31 January 2016, p30-31

Can Japan trump Scotch for a second year?

Last year Suntory's Yamazaki Single Malt Sherry Cask 2013 was the first Japanese spirit to win the World Whisky of the Year award from *The Whisky Bible*. Suntory's latest whisky, much anticipated by wine connoisseurs, sells at £200 a bottle, twice the price of its predecessor. The company has produced 5,000 bottles, compared with 2,600 in 2013, which will be sold in Japan, the US and ten major cities across Europe. Having led the field for so long, Scotland will have to up its game. It also lost out to a Canadian rival in last year's *The Whisky Bible* awards, the second year in which no Scotch appeared among the top five.

The Independent, 1 February 2016, p9

Big brands deliver for Diageo

Diageo has reported global growth in Guinness sales of 9% for the last six months of 2015. All six of Diageo's biggest brands have returned to growth while its luxury spirits business, including Ciroc vodka, saw sales rise by nearly a third in Britain. Despite the 1.8% rise in organic net sales, the company has experienced slowing sales in emerging markets. The US business is also suffering because

Diageo had raised the price of its Smirnoff vodka leading to reduced demand. *The Daily Telegraph* provides a SWOT analysis.

The Daily Telegraph (Business), 28 January 2016, p2

Food

Britons encouraged to take a break

Research commissioned by Kit Kat reveals that working Britons aren't getting enough breaks, which is bad for their wellbeing. It is also bad news for Kit Kat who want people to eat the chocolate as a break-time snack. The research coincides with a new campaign advertising two new types of Kit Kat: vanilla and chunky chocolate.

Campaign, 29 January 2016, p2

Egg sales at highest for over 60 years

Sales of eggs are growing at their fastest rate since the 1950s as Britons have become interested in high-protein diets. Breakfast consumption has risen by 9.6% and younger people are also recognising the benefits of eggs. The British Egg Council reported that retail sales of eggs grew by 5% (up 275m) last year, following eight consecutive years of rising egg sales. Strong demand is also encouraging producers to invest in higher production.

The Grocer, 30 January 2016, p42

Government and public sector

Politicians least trusted profession

According to a new poll, politicians are the least trusted profession while doctors are the most trusted. The research, conducted by Ipsos MORI, reveals that public service professions generally have a high level of trust: 89% trust doctors to tell the truth while 86% trust teachers, 80% trust judges and 68% the police. However, just 16% of respondents said they trusted politicians. A lack of trust in politicians is nothing new: since 1983 no more than 25% of the public has trusted politicians to tell the truth. Following the expenses scandal trust in politicians dipped to 13%.

research-live.com, 25 January 2016; ipsos-mori.com

Health and pharmaceuticals

Cuts will reduce pharmacy numbers

Up to a quarter of Britain's pharmacies could close following a £170m cut to be imposed by the Government in October. A typical pharmacy receives 90% of its income from the NHS, amounting to £200,000 each on average. Doctors believe that GP practices will be overwhelmed with the additional workload but the Government insists that the country has more pharmacies than it needs. Health minister Alistair Burt admits that between 1,000 and 3,000 pharmacies out of 11,674 might close.

The Times, 27 January 2016, p2

Flavonoids could prevent weight gain

Research from Harvard University and the University of East Anglia (UEA) suggests that fruit and vegetables with high levels of flavonoids could help to prevent people putting on weight. Flavonoids have long been known to have antioxidant effects that help to prevent cell damage. The research, which was conducted in the US among 124,086 people over 24 years, revealed that consuming just a small amount of flavonoids could help to prevent weight gain. Professor Aedin Cassidy of UEA claims that this is the "first large study to examine the associations between consumption of all flavonoids and weight gain in middle-aged and older adults".

independent.co.uk, 27 January 2016

IT and telecoms

Home routers are shared with public

New research claims that almost a third of home routers will be used as public Wi-Fi hotspots this year. According to Juniper Research the installed base of dual-use routers will reach 366m globally by the end of 2020. However, most consumers are unaware that their devices are being used to supplement Wi-Fi networks. Dual-use routers, or homespots, create one public and one private network separated by a firewall. Juniper claims that telcos, including BT and Virgin Media, are using homespots as a low-cost way of expanding Wi-Fi coverage in Europe. It admits that most operators allow consumers to opt-out but that the majority of them have no idea of the use to which their routers are being put. This is particularly significant in the light of privacy and security concerns.

mobileeurope.co.uk, 26 January 2016

Broadband provider face stricter rules

A study by the ASA and Ofcom revealed that 81% of respondents were unable to calculate the cost of a broadband contract while 74% believed the information to be unclear. In the light of these findings the ASA is introducing new advertising rules which come into play on 30 May. They recommend that broadband users should advertise all-inclusive costs including line rental and to highlight the up-front costs.

Marketing Week, 28 January 2016, p7

Good and bad apples

Apple has just announced record quarterly sales of \$74.8 billion with gross margins of 40%. It also sold 74.8m handsets in the final quarter of 2015 – 34,000 iPhones an hour. Chief executive, Tim Cook, has admitted that falling commodity prices and currencies will reduce the number of people who can afford to buy the company's products. Apple's earnings announcement is accompanied by a disappointing growth forecast. The iPhone continues to dominate sales while other products, notably the

iPad and Mac, are in decline. The iWatch has barely made an impression on sales while AppleTV is competing in a crowded marketplace. Yet around one billion people own an Apple product which gives the company significant clout. Analysts believe that future growth could come from services such as Apple Pay and Apple Music, which will provide recurring revenue sources.

The Independent, 28 January 2016, p53

Smartphone sales slow

The pace of smartphone sales is slowing, with global shipments rising at just 6% in the latest quarter, the slowest rate on record. This is despite sales in 2015 reaching a record 1.4 billion. The slowdown is attributed to saturation in key markets.

Financial Times, 29 January 2016, p1

Leisure and tourism

Dinner theatre

Murder mysteries have been around for many years but there is a new form of immersive theatre in development that brings in gaming and science. Coney, a London-based theatre company, has developed adventures that engage with the audience where their decisions drive the outcome of the event. Combining the personal autonomy of game-playing with the experience of group discussion, leads to decision-making events, such as *The Green Gold Conspiracy*. Coney has developed a range of experiences by drawing on cryptography, music festival management or sustainable palm oil.

New Scientist, 30 January 2016, pp44-45

Super Bowl – super ads

The US Super Bowl takes place this weekend and all eyes are on the advertising. A record \$377m has been spent on advertising during the event and 30-second slots have sold for a record \$4.8m, topping last year's price of \$4.5m. As usual the ads are expected to be almost as attractive as the game itself. Some estimates say that half the viewers turn on for the ads rather than the game. Last year's Super Bowl was watched by 114.4m people, around a third of the population of the US.

The Times, 1 February 2016, p36; strategy-business.com, 31 January

Materials and mining

Industry steels itself for long recovery time

A global overcapacity in steel is threatening the rich world's remaining producers, including specialist producers, such as Scunthorpe. Last week the World Steel Association announced that global steel production had fallen by 2.8%, having declined in all countries except India. The fall in steel prices is due to decreasing demand and rising production in China, whose steelmakers have been selling their surpluses to foreign markets. Some experts believe

that without help from government, the steel industry in high-cost countries such as Britain, will be decimated. There are signs that prices for sophisticated steel, such as the components made by Sheffield Forgemasters, may be bottoming out. Even so, a return to profitability could take some time.

The Economist, 30 January 2016, p63

Media

Books

Review of the year

Last year the print market grew by 6.6% in value, with most publishers experiencing growth. However, it was the first year recorded by *The Bookseller* in which the 'Big Five' publishers reported a collective decline in e-book volume sales. It appears that the triple-digit growth enjoyed by e-books in the early part of the decade is slowing and some experts believe that digital has simply settled into a mixed book market model. Anthony Forbes Watson, MD of Pan Mac, says that print "not only is the heritage format but, for readers, the emotional format". One of the boom areas last year was the craze in adult colouring books. Outside the UK market, Ireland and Australia proved to be particularly strong. A separate article charts the progress of the publishers in 2015, including the performance of the 'Big Three': Penguin Random House, Hachette and HarperCollins.

The Bookseller, 29 January 2016, pp6-7,20-21

Internet

Google allows real-time ads during big events

Google has created a real-time advertising platform enabling advertisers to use instant messaging and promotions during big events such as the SuperBowl and UEFA Champions League. The platform, which is still in beta stage, is to be tested during this year's Superbowl. Google claims that the service is unique in that it allows brands to advertise on both video and display in real-time. The service will compete with Twitter's Moments tool.

Marketing Week, 28 January 2016, p7

Newspapers

Daily Mail – decline in advertising

Financial results from the Daily Mail & General Trust (DMGT) show that last year's decline in newspaper print sales, also suffered by Guardian Media Group and Trinity Mirror, is continuing. DMGT's advertising sales fell by 3% in the last quarter of 2015 in both print and MailOnline. By the first four weeks of 2016 the decline had reached 12%. Overall MailOnline, which is the most popular English language website in the world, achieved a 27% growth in revenue in the last three months of the year but the £5m rise in ad revenue was not enough to counter the £7m fall

at the print operation. This week the *Daily Mail* increases its cover price from 60p to 65p, its first price rise for three years.

mediaweek.co.uk, 28 January 2016; Financial Times, 29 January 2016, p21

Social media

Facebook wants greater share of mobile

Mobile advertising accounted for 78% of Facebook's revenues by the third quarter of 2015, showing that it is in a good position to take advantage of mobile spending, as advertisers follow their audiences across to mobile devices. Facebook has spent years building audiences for its mobile services and now has 1.4 billion monthly visitors to its main Facebook app and over 400m on its photo-sharing app, Instagram. With ownership of what COO Sheryl Sandberg describes as the "two most important mobile advertising platforms", Facebook has been shipping a lot of ad products, including its Dynamic Product Ads aimed at obtaining a greater 'share of (advertising) wallet'.

Financial Times, 29 January 2016, p17

Television

Sky remains set on TV

The Sky Q set top box launches next month, allowing customers to watch a programme on one device and then switch to another mid-programme in a seamless transition that Sky calls "fluid viewing". Stephen van Rooyen, Sky's chief marketing and digital officer, believes that this is "the most advanced TV experience in the world", evidenced by the fact that it will be supported by the company's biggest ad campaign yet, worth £20m. In this article van Rooyen talks about Sky's advertising and the company's belief in the TV set's continued role in the home.

Campaign, 29 January 2016, pp24-25

Packaging

Card Factory has handle on 5p bag charge

The Card Factory, the discount card retailer, has found a way to circumvent the 5p plastic bag charge. After it discovered that the charge only applied to thin-gauge bags with handles, it decided to cut the handles off its plastic bags although it is still offering conventional plastic bags with handles!

packagingnews.co.uk, 28 January 2016

Retailing

Consumers want it now!

Consumers expect goods to be delivered as quickly as possible – Accenture's *The Next Generation of Commerce* study reveals that 66% of US consumers surveyed would order from a company that could deliver faster than a competitor and 64% would pay more for faster delivery. Uber has launched UberRush, which provides on-demand deliveries

from stores to consumers and Amazon introduced a one-hour delivery service last year. Amazon and other online services raise consumer expectations. Although smaller retailers can spread the risk by operating over a number of marketplaces, larger retailers, who try to offer similar rapid-delivery services, have multiple challenges to overcome.

Retail Week Supply Chain, January 2016, pp10-12 (inside Retail Week, 29 January 2016, after p20)

Convenience for Pets at Home

Pets at Home wants to build a presence on the high street with the launch of a chain of convenience stores called Whiskers 'n Paws. The first one, which opened last month in Dorking, Surrey, offers a range of essential food and accessories for animals. The stores will be piloted in areas where no retail park location is available.

Retail Week, 29 January 2016, p5

Tesco needs to rebuild trust

Tesco was recently found to have "seriously breached" the Groceries Supplies Code of Practice by delaying payments to suppliers, in some cases by over two years. Christine Tacon, head of the Groceries Code Adjudicator (GCA), has told Tesco to improve relations with suppliers, to stop taking money from them without permission and to correct errors in its payment systems. Tesco boss, Dave Lewis, has apologised and promises to work with suppliers to rebuild trust. But, despite introducing 14 supplier-related initiatives since 2014, he admits that Tesco is still "on a journey" to build better relationships with suppliers.

Retail Week, 29 January 2016, p5; The Guardian, 27 January 2016, p19; The Independent, 27 January 2016, p49

Adjudicator turns to shelf positioning

Groceries Adjudicator, Christine Tacon, has given supermarkets eight weeks in which to respond to her findings that suppliers have been paying out millions of pounds to secure better positions on the shelves. Code of Compliance Officers (CCOs) from all major supermarkets have been summoned to a meeting where they will be told to provide more transparency in the face of growing concerns that they could be breaking competition law.

The Grocer, 30 January 2016, p5

Services

A slice of the pie

The pizza market in the US is a competitive place. Pizza Hut is still the leader with sales of \$5.5 billion in 2014 but this is 3.5% drop compared with 2013. Pizza Hut is experiencing competition from product and service innovation. Dominos is the pizzeria of choice for ordering via a mobile; at Blaze you can watch your pizza being customised; and Pie Five Pizza is promising that its dough and marinara sauce

is freshly made every day. Another development is vegan cheese. Pizza Hut is fighting back with improved livery and faster ovens – once the pizza has been assembled, it takes just 3 minutes to cook!

Bloomberg Businessweek, 25-31 January 2016, pp20-21

Online art auctions

There seems to be general agreement that online auctions are important to the future of the art world. Christie's holds its own online sales while Sotheby's has joined forces with eBay to offer five online auctions a year. In 2014 online art sales accounted for 6% of worldwide sales and this is likely to grow as buyers become more comfortable purchasing online. PayPal and Twitter are among those backing Artsy, a start-up with an extensive art catalogue, which runs online auctions. However, despite fears to the contrary, online firms have so far failed to disrupt the traditional art market.

The Economist, 30 January 2016, p60

Transport and travel

DeLorean back in production

The DeLorean sports car, which appeared in the film *Back to the Future*, is to go back into production. The company that owns the rights to the DeLorean Motor Company has been selling refurbished cars since 1995 but changes in US law now allow cars to be built without conforming to modern safety standards provided that fewer than 325 are made per year. The company hopes to produce the first car by 2017.

The Daily Telegraph, 29 January 2016, p5

Flybe overcomes turbulence

Flybe returned to profit in September, having gone through a restructuring programme which has reduced its liabilities as well as its operating costs. The airline's management is now focusing on marketing and 'commercial execution' which appears to be paying off. A SWOT analysis of the company is included.

The Daily Telegraph (Business), 29 January 2016, p2

EasyJet to trial hybrid aircraft

EasyJet is to trial a hydrogen fuel cell system which could save it 50,000 tonnes of fuel a year and reduce carbon emissions. The plans are for a hybrid plane using technology similar to the Formula One kinetic energy recovery system which uses waste energy. The commercial aircraft industry, which produced around 700m tonnes of CO₂ in 2013, is under pressure to reduce emissions.

Financial Times, 2 February 2016, p22

Cutting Edge: Our weekly analysis of marketing news

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Leslie Berland	American Express	Twitter	Chief Marketing Officer	thedrum.com
Kevin Chesters	Mcgarybowen London	Ogilvy & Mather London	Chief Strategy Officer	Campaign
Lisa Hill	Lambie-Nairn	Firefish	MD for UK Qualitative Business	research-live.com
Andrew Keller	CP&B	Facebook	Global Creative Director for in-house agency, Creative Shop	thedrum.com
Dermot McPartland	Cake	VCCP	Creative Director for Content and Marketing	thedrum.com
Tom Rowland-Hill	RAPP	Amaze One	Head of Business Development	Database Marketing
Hugh Todd	Leo Burnett	Saatchi & Saatchi	Global Creative Director for HSBC account	Campaign

Promotions

Name	Company	Previous title	New title	Source
Josh Bullmore	Leo Burnett	Head of Planning	UK Chief Strategy Officer	Campaign
Chris Duncan	News UK	Chief Marketing Officer	Chief Customer Officer	Campaign
Alice Mrongovius	Hungryhouse	Marketing Director	CEO	Marketing Week
Rich Stoddard	Publicis Groupe	Chief Executive of Leo Burnett North America (continues as)	Chief Executive of Leo Burnett Worldwide	thedrum.com

Cutting Edge: Our weekly analysis of marketing news

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www.dma.org.uk

www.dmnnews.com

www.thedrum.com

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www.eventindustrynews.co.uk

www.farming.co.uk

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www.fwi.co.uk (Farmers Weekly)

The Grocer

[The Guardian](http://TheGuardian.com)

Harvard Business Review**

[The Independent](http://TheIndependent.com)

International Trade Forum

Journal of Advertising**

Journal of Business & Industrial Marketing+

Journal of Consumer Marketing+

Journal of Interactive Marketing

Journal of Marketing Communications** (18 month embargo)

Journal of Product & Brand Management*

www.lexology.com

London Business School Review

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www.mediaweek.co.uk

www.meetpie.com

www.mobileeurope.co.uk

New Scientist** (1 month embargo)

www.nfcworld.com

www.out-law.com

www.packagingnews.co.uk

www.prdaily.com

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[Qualitative Market Research: An International Journal+](http://QualitativeMarketResearch.com)

www.research-live.com

Retail Week

www.strategy-business.com

[Third Sector](http://ThirdSector.com) (selected articles available)

The Times

www.utilityweek.co.uk

[Wired](http://Wired.com) (selected articles available)

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