

Cutting Edge: Our weekly analysis of marketing news

13 April 2016

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Before-and-after appeals

Adverts can encourage purchases by describing how the products can solve problems and often compare consumers' states before and after the product's use. This paper compares such before-and-after appeals (referred to here as "before-after") with before-use (problem-focused) appeals and after-use (outcome-focused) appeals to show two possible "routes of influence" that before-after appeals could prompt. Three studies test out these hypotheses.

International Journal of Advertising, Vol 35(2) 2016, pp301-324 (Chang)

Market scarcity – time limitations

Market scarcity is defined as "sales tactics that employ restrictions to promote a product". One example is time restriction – 20% to 30% of print ads feature a time limit message such as "Limited Time Only". Yet the impact of such a tactic on product message processing and product evaluation is a controversial issue. This study uses structural equation modelling to analyse the effects of market scarcity and time-limited promotions.

Journal of Marketing Communications, Vol 22(2) 2016, pp135-154 (Shen)

Agencies

Trust between media agencies and clients

A new survey reveals that 31% of advertisers regard trust levels with media agencies as low or very low with only 10% rating it as high or very high. For their part agencies are more optimistic – 19% rated trust between themselves and advertisers as high or very high while 20% said it was low or very low. The research, by ID Comms, shows that a lack of transparency into holding company operations,

programmatic buying and an inability to "follow the money" has led to this lack of trust.

Campaign, 8 April 2016, p2

McCann on demand...

McCann has opened a new agency, McCann Demand, for clients who "have a clear brief: to drive demand quickly". Set up in response to clients who complained that their agency couldn't deliver campaigns quickly enough, it will offer services in advertising, digital media and PR. Its first client is National Express.

Campaign, 8 April 2016, p8

...and robotics

Employees of McCann Japan are using a robot called AI-CD Beta to help guide ad creation using data from TV shows. Although this has been dismissed as a bit of a PR stunt, it nevertheless shows the potential of AI in the industry!

New Scientist, 9 April 2016, p21

Brands and branding

Customer-brand engagement

Customer-brand engagement is becoming an important concept in modern marketing, yet it is still in the early stages of being understood. Early ideas of customer-brand engagement tend to emphasise the relationship between the customer and the brand. This article aims to clarify the area by proposing and testing a company-led platform for customer-brand engagement. The model measures the impact of customer-brand engagement on brand value and brand loyalty, showing the customer's role in value creation

Journal of Marketing, Vol 23(2) 2016, pp119-136 (France et al)



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Beating the brand scavenger

The brand is the most valuable part of any business so it is damaging when there is a mismatch between the brand and its audience. The author claims that African brand managers have a particular problem with brand distortion in the form of fakes or used items and that the biggest victims of so-called "brand scavengers" are the aspirational brands, such as luxury cars. He offers some advice to brand managers for keeping their brand "clean".

Marketing Africa, Issue 10 2016, pp14-17 (Majeni)

Personalisation

Brands increasingly offer highly personalised services through e-commerce, this becomes trickier as companies get bigger. This article looks at how brands tackle personalisation, such as online styling service Chapar and guitar repair service The Guitar Hut. It examines how larger corporations, such as Standard Life, address mass personalisation. A case study of Encllothed is included.

Marketing Week, 7 April 2016, pp33-35 (Bacon)

Branding for the Muslim market

Global brands are beginning to realise that there are big opportunities to be had in the global Muslim market which is young, educated and has considerable spending power, although many corporate brands are ignoring the potential. Some large brands, such as M&S and H&M, have attracted attention by offering a 'burkini' or using a model with a hijab. Navid Aktar, CE of TV company Alchemiya, refers to a global urban Muslim group known as 'gummies' who are mainly English speakers with a high disposable income. A sub-group of these are 'mipsters' – Muslim hipsters aged 16 to 24. Muslim start-ups are often inspired by the lack of a suitable product on the high street and Muslim women are considered to be in a good position to start their own businesses.

The Guardian, 8 April 2016, p15

Conferences and events

Government-approved apprenticeship scheme

In March the UK Government approved the Trailblazers Industry Advisory Board's event management apprenticeship standard. It is designed to help introduce a standardised apprenticeship programme for the events industry and over 150 event-related organisations have so far registered their support. Although the number of event management courses at UK universities has risen, so have the fees and some event agencies believe that degrees can leave students with "skills gaps" because they have been taught theory rather than practice. Apprenticeships can encourage diversity in recruitment and offer employers the opportunity to tailor learning to their organisation's requirements. The new apprenticeship standard will set out the skills and behaviours needed for the industry.

Conference & Incentive Travel, April 2016, p18

The world's first healthy venue

The Scottish Exhibition & Conference Centre (SECC) has been named the first ever accredited "healthy venue" by the World Obesity Federation. World Obesity's awards programme looks at what venues can do to support healthy eating and encourage activity. SECC has created a healthy venue task force to promote healthy practices, including a partnership with Nextbike to offer free bikes to conference delegates.

Association Meetings International, April 2016, p8

Consumer behaviour

User review volume and willingness-to-pay

Online reviews have an impact on both online and offline businesses and consumers will often trust reviews more than they do adverts. Various studies have examined the effect of review volume and review variance on product price but results have been inconsistent. The authors conduct a study to investigate the role of review volumes on consumers' willingness-to-pay (WTP) decisions.

Journal of Interactive Marketing, Vol 33 February 2016, pp43-56 (Wu and Wu)

March of the millennials

There are around 280m millennials – those born between 1980 and 2000 – in the world who will have a predicted global spending power of £8.9 billion by 2020. Yet this is a hard demographic to target because of its use of technology, for researching products and comparing prices, and its use of peer-to-peer recommendations. This article asks what motivates millennials and how retailers can tackle this audience. US research suggests that those who get it right will be justly rewarded: 60% of millennials claim to be "often or always" loyal to brands that they currently purchase from.

Retail Week, 8 April 2016, pp16-17

Customer relations

Beware retention campaigns

In their efforts to keep customers, companies develop 'retention campaign' programmes. Although this strategy seems to make a lot of sense, a US study tells a different story: *The Perils of Proactive Churn Prevention Using Plan Recommendations* warns that the outcomes of retention campaigns is often the opposite of what was intended. In an interview, author Raghuram Iyengar of the Wharton School, explains that, in a study of a cellphone company, the customers who were targeted with a retention campaign left the company more frequently than those who weren't targeted. This could be because sending campaigns to people might lead them to start questioning their options...

Journal of Strategic Marketing, February-March 2016, pp54-55

Direct marketing

Revised e-privacy on the horizon

The DMA notes that the reform of the *General Data Protection Regulation* will require a revision of the *E-Privacy Directive* which in turn is linked to the *Privacy and Electronic Communications Guidelines (PECR)*. The latter, along with the *Data Protection Act*, sets out the rules for marketing calls, e-mails, text, faxes and cookies. The European Commission is undertaking a consultation to prepare for a new legislative proposal on e-privacy which is due by the end of this year. It is inviting views on the existing text and revised framework.

dma.org.uk, 11 April 2016

<https://ec.europa.eu/eusurvey/runner/EPRIVACYReview2016>

Law

Additional descriptions

There has been updated guidance issued by the Department for Business, Innovation and Skills on the topic of textile labelling. The update concerns paragraph 18 of the *Textile Labelling Regulations* "Textile products containing non-textile parts of animal origin". If there is any additional material such as leather, feathers, bones, pearls, beads, horn or fur there must be a note saying "Contains non-textile parts of animal origin" although no further detail is legally required.

gov.uk, 5 April 2016

Protection areas

Since 1 April a local area risk assessment is required to be carried out by bookmakers and other licenced gambling premises. The assessments will cover vulnerable groups and crime; this will add to other moves, such as banning gaming machines from shop windows and a watershed on advertising.

ABB Press Release, 6 April 2016

CMA acts against unclear online advertising

The Competition and Markets Authority (CMA) is taking action to address unclear online advertising in articles and blogs. This follows an investigation into Starcom Mediavest and Tan Media who created online endorsements for loan provider Myjar without clarifying the fact that they were advertising. CMA senior director of consumer enforcement, Nisha Arora, warns that opinions in blogs that influence people's shopping decisions are unlawful if it is not clearly identified as content marketing.

Marketing Week, 7 April 2016, p6

Marketing

Innovation selling and sales rep motivation

The commercialisation of innovation is an important managerial challenge for companies and it depends on the sales force for its success. There has been little research on how companies should employ their direct sales force in this role in the context of

selling globally in different cultures. For this study the authors used data from sales reps in 38 countries to investigate how to motivate sales reps for innovation using four financial and non-financial "steering tools": variable compensation for innovation-sales results; supervisor appreciation for innovation-sales results; education for innovation selling; and supervisor support for innovation selling.

Journal of Marketing, Vol 80(2) 2016, pp101-120 (Hohenberg and Homburg)

Marketing to the older consumer

The developed world is seeing the emergence of a so-called "grey-quake" where people over the age of 60 are the fastest-growing group in rich countries. Older consumers are also the richest, spending \$4 trillion a year, an amount that will grow. Yet, according to The Boston Consulting Group, less than 15% of companies have a business strategy which focuses on the elderly while the Economist Intelligent Unit has found that only 31% of companies it surveyed had planned for increased longevity in their sales and marketing. This is attributed to the predominance of young people in marketing departments. Another reason is that it is difficult to define and understand older people.

The Economist, 9 April 2016, p64

Creative cliché

Car brands are notable culprits when it comes to the creative cliché (long, winding roads, car drivers with hair blowing in wind, etc) Yet the cliché can offer a useful shortcut for a message as well as producing memorable, attractive marketing to a global audience. The cliché can also represent a lack of creative ideas and is dismissed as "just wallpaper", by Chris Hawken, group marketing director of Subaru and Isuzu UK. The author examines the fine line between the use of cliché as a creative tool and the clichéd ad that can be simply a waste of money.

Marketing, April 2016, pp42-45 (Bashford)

Market research

Engaging surveys: visualisation-gamification

There is a growing need to engage online research participants at a time when response rates are declining and there is a risk of using poor quality data. Although there is evidence that more engaging surveys have a better impact on respondents, some types of surveys – notably B2B, those in developing markets and those related to accurate behavioural data – have been less focused on engagement. The author explores the barriers to more engaging surveys by testing a survey that covers all three areas; it also includes both visualisation and gamification.

International Journal of Market Research, Vol 58(2) 2016, pp325-331 (Wells)

Getting things into perspective

News articles often quote statistics using big numbers which are hard to interpret. Here the author looks at making numbers more meaningful. A team of researchers at Microsoft Research set about identifying a set of anchors or “perspectives” aimed at placing a statement in context. For example, “These planes are not allowed to fly below 400 feet. To put this into perspective, 400 feet is about the height of a 40 storey building.” They found that these so-called “perspective” clauses improved recall, estimations and error detection in readers. The research has implications for any type of communication, either to customers and consumers, researchers, respondents, or business colleagues.

research-live.com, 5 April 2016 (Hollingworth)

Public relations

When sorry is the hardest word

Saying sorry after a corporate blunder is simply not good enough if the public doesn't believe that the apology is sincere as former CEO of BP, Tony Hayward, found out after the company's oil spill. A study entitled: *Saving face? When emotion displays during public apologies mitigate damage to organisational performance*, reveals that language is just one part of an apology but that how the apology is delivered is as important as what is said. It argues that companies should consider the non-verbal behaviour of their representatives because a poor apology can damage reputations. The research analysed thousands of individual video frames to reveal that chief executives who say they are sorry but fail to show sadness in their facial expressions will discover that their company's bottom line will be badly effected for months after the apology!

London Business School Review, Vol 27(1) 2016, pp30-31 (Adams)

Mossack Fonseca – an example of bad PR

Mossack Fonseca, the Panama law firm at the centre of a massive data leak (aka the Panama Papers), has issued a lengthy statement regarding recent media coverage. The author of this article points to the PR mistakes that the company has made in response to this crisis. In particular it uses the wrong tone; a long and detailed legalistic rebuttal; and it focuses on the role of the media. He points out that the press isn't the story – it is simply the “window” through which the public views the story. He concludes that Mossack is good at incorporating companies “but it is very bad at PR”.

Financial Times, 12 April 2016, p14

Agriculture, fishing and forestry

Hand picked

Employment in the farming industry had been steadily declining with the advent of machinery but

that trend is changing and there has been an increase in employment. Various reasons are given including cheaper labour from the EU, the demand for crops, such as asparagus and strawberries, plus a gentle resurgence in organic produce.

The Economist, 2 April 2016, p28

The value of price data

Mobile phones have become a valuable tool for farmers in emerging markets because they can be used to check the prices being offered at local markets. In some parts of the world farmers can now use their phones to access services offering a more comprehensive view of the price they could receive for many different types of crops and at many more local markets than they could previously. Better access to price and market data can reduce the risk of growing perishable goods and allows farmers to plan ahead. This article focuses on a piece of research into price data conducted by the author and his colleagues at London Business School.

London Business School Review, Vol 27(1) 2016, pp12-13 (Ramdas)

Building industry

Public infrastructure investment

The spring 2016 National Infrastructure Pipeline update shows a shift in UK government attitudes to infrastructure projects, with 55.3% expected to be publicly funded, compared with last year when only 34.8% were scheduled to be publicly funded. The change is largely attributed to big investments in roads which include £13.4 billion to be spent over the next five years. This article, supported by infographics, discusses infrastructure projects in terms of their public-private investment contributions, with a focus on roads and railways.

Construction News, 8 April 2016, pp30-31

A new type of cubism?

The Cube Project at the University of Hertfordshire has a vision of people, living in just one room. Its microhome, designed for a single person or couple, is just 18m-squared, energy-neutral and has moving walls which can reconfigure as kitchen, lounge, bathroom and bedroom.

New Scientist, 9 April 2016, p21

Businesses and strategy

From pipelines to platforms

Business strategy has been largely dominated by the five-forces model of competition which tends to be used to describe traditional “pipeline” businesses. Such businesses aim to optimise the activities in their value chains, most of which they own or control. In contrast, “platform” businesses, which bring together consumers and producers (examples are Uber, Alibaba and Airbnb), require an alternative

approach. In platform businesses the main asset is the community and the resources of its members. Competition can appear from unrelated industries or from within the platform. The authors explain the choices that executives must make when building platforms and outline the metrics needed to manage them. They warn that when a platform enters the marketplace of a pure-pipeline business, the platform usually wins. The iPhone is cited as an example.

Harvard Business Review, April 2016, pp54-62 (Van Alstyne et al)

The art of negotiation

This article is taken from the work of Harvard Business School professor, Deepak Malhotra, who argues that many deals are won or lost even before the protagonists have sat down at the negotiating table. He offers four key pieces of advice: make sure you negotiate the actual process of the deal before discussing the terms; make sure you are upfront and transparent about what could go wrong during the lifetime of a contract so that the customer doesn't overreact; consider how the deal might affect every party, even those not sitting at the table; and control the "frame" or "psychological lens" through which the parties are viewing the negotiation.

Velocity, Vol 18(1) 2016, pp8-9

Charities and NGOs

Lessons from the commercial sector

Associations have a valuable role to play but the corporate sector is increasingly impinging on the not-for-profit sector in areas such as conferences, exhibitions and publications. The greatest challenges for associations today are the changing needs of members and greater competition. Associations need to be more competitive so that they can beat off their commercial rivals as well as being more flexible for their members. The author argues that associations will find their best opportunity through a hybrid solution combining the purpose of not-for-profits with the organisational prosperity of corporates. He identifies three simple actions that associations can take to improve their commercial competitiveness.

Association Meetings International, April 2016, pp45,47 (Soker)

Durable consumer goods

It's in the eye of the beholder or contact lens!

Samsung is developing contact lenses with tiny projectors embedded in them which could beam digital images into the wearer's eyes. These could be used to provide information, such as directions or details of a tourist site. They would take the form of a type of augmented reality. According to the patent application, the lenses would contain cameras that

could be activated by blinking. In 2014 Google published patent documents for developing its own version of a camera to fit inside a contact lens.

The Times, 8 April 2016, p21

Economy

World economy

McKinsey's *Economic Conditions Snapshot, March 2016, McKinsey Global Survey* reveals a level of caution on the part of executives as well as a degree of uncertainty. Compared with the previous survey in December, participants were more likely to convey negative than positive views on economic conditions. The survey states that developed markets are experiencing the steepest downturn. There are also concerns about China and how this will have an effect on the world stage.

mckinsey.com, March 2016

The effect of open data on the economy

This article examines the economic impact of open data which is known to drive economic growth. PwC predicts that an Open Data Challenge Series (run by Nesta and the Open Data Institute), which asks teams to develop products or services using open data, will produce a ten times return (£10 for every pound invested) that will be worth £10.8m to the UK economy. McKinsey has calculated that the potential benefits of open data could amount to 4.1% of global GDP across all sectors. Other studies, including those on agriculture and transport, have demonstrated the high potential value of open data. Overall the evidence suggests that open data promotes innovation and has a significant economic impact.

International Trade Forum, Issue 4 2015, pp26-27

Productivity sees fastest fall since downturn

Productivity in Britain has suffered its steepest fall since the financial crisis started in 2008. The economic output of UK workers per hour fell by 1.2% between the third and fourth quarter of last year. Productivity growth is considered to be essential for long-term economic growth but UK workers are less productive than in all other G7 countries except Japan. There are various theories as to why UK productivity is so poor even though the employment rate has risen to a record high of 74.1%.

Financial Times, 8 April 2016, p4; The Times, 8 April 2016, p18

Decline in consumer confidence

A new report from Barclaycard suggests that consumer confidence is declining. This follows years of rising consumer spending thanks to low inflation and the low cost of borrowing. In March consumer spending grew at its lowest rate for more than two years. One in two respondents to the Barclaycard

survey said they were being more cautious than they were even a few weeks ago.

The Times, 12 April 2016, p40

Energy and utilities

Electricity for every step you take

UK company Pavegen has found a way of creating energy from footsteps. Its technology already powers the six LED floodlights surrounding the Morro da Mineira football pitch in Rio da Janeiro. The 200 kinetic tiles buried under the AstroTurf capture the energy generated by the players' movements. Company founder Laurence Kemball-Cook says the tiles are also being used to help retailers understand how people are moving around. Pavegen is about to launch its Mark4 tiles which will generate electricity from every footstep, not just hotspots.

Wired, May 2016, pp20-21

Eco obligations – a mixed bag

Ofgem has revealed which energy companies are meeting their Energy Company Obligation (Eco) targets which require them to deliver energy efficient measures to UK customers. SSE is the only one of the Big Six not to have met its targets although companies have until 31st March 2017 to do so. Eon has nearly doubled its target (191.66%), EDF has achieved 145.81% and Scottish Power 135.37%. Independent suppliers have not fared so well: First Utility, is the furthest behind at 74.32%, with Ovo at 78.32% and Utility Warehouse at 84.29%.

thedrum.com, 6 April 2016

Environment

The ethical consumption gap

A growing awareness of environmental and social ills has led to the rise of an ethical consumer segment which in turn has resulted in a field of research dedicated to ethical consumerism. A particular area of interest to researchers is the apparent failure of ethical consumers to "walk their talk". In other words there is an ethical consumption attitude-behaviour gap. Here the authors examine the ideology of this ethical consumption gap.

Marketing Theory, Vol 16(1) 2016, pp21-38 (Carrington et al)

Robot armed to recycle phone parts

Apple recently announced that it had designed a robot which can take apart old phones and identify anything that can be recycled. Liam, which has 29 arms, starts by taking off the screen before removing the battery, processor and screws. Only one Liam currently exists (in California) but another is planned for Europe.

New Scientist, 2 April 2016, p20

Green electricity company beats Tesla

Elon Musk of Tesla fame and British green power company Ecotricity have been in battle after the two companies made a deal to build a national network of charging points for electric vehicles at service stations. The collaboration ended acrimoniously and Musk has subsequently challenged Ecotricity, over its claim to supply "Britain's greenest electricity". The Advertising Standards Authority has ruled in favour of Ecotricity which it said had demonstrated that, "its electricity and green gas had the least impact on the environment compared to their competitors".

The Times, 7 April 2016, pp36-37; swanturton.com, 7 April 2016

Fashion

Eyewear – new players reveal vision

The eyewear sector, which was once dominated by two major players, Luxottica of Italy for frames and Essilor of France for lenses, is undergoing a transformation. This is because eyewear is affected by fashion, health trends, demographic shifts and the internet. The potential for growth in the industry has attracted players from other sectors, such as watchmaker Nick Hayek who is selling sunglasses to match the Swatch watch. Meanwhile innovative startups are entering the fray. The market is huge – 63% of the 7.3 billion people in the world are thought to require some kind of vision correction but only 1.9 billion have taken action to remedy this.

Financial Times, 9-10 April 2016, p17

Financial services

Mobile banking apps

Mobile banking is important to banks because it helps to attract and retain customers, particularly younger ones. The authors report on a study that uses concepts from behavioural economics and nudging to promote banking applications. The research reveals that mobile banking app design can benefit from five approaches that prioritise intuitive interfaces over non-intuitive designs. It also shows that behavioural economics and nudging can provide valuable insights into new features and refinements.

Journal of Financial Services Marketing, Vol 21(1), pp51-63 (Wijland et al)

New rules aid funding for SMEs

On 1 April the new Small and Medium Sized Business (Credit Information) Regulations 2015 came into force. The rules allow nine major banks to share credit data on SMEs with three credit reference agencies. The data is to be shared equally with all finance providers, with the aim of levelling the playing field and to make it easier for small businesses to secure funding.

smeinsider.com, 4 April 2016

Mastercard – innovation in a heartbeat

Mastercard currently has seven innovation hubs around the world which were created to test and launch new retail technology. The Dublin office focuses on disruptive technology, such as a payments system that allow authentication through the user's heartbeat, and virtual reality-enabled gift cards. MasterCard has identified 12 technology trends which chief innovation officer, Garry Lyons, says will have "a genuine impact on commerce in the next five to ten years".

Retail Week, 8 April 2016, p31

FMCG

Beverages

Pepsi going back to its roots

With the launch of its 1893 range, Pepsi has become the first major soft drinks company to produce craft products which hark back to its heritage. The alcohol industry has been capitalising on the popularity of craft brands for many years. This will be the first time that Pepsi has been marketed as craft although it has produced craft variants in the past. The soft drinks market is currently battling negative perceptions about artificial ingredients and links to obesity. Pepsi hopes that its new product will give consumers a positive feeling towards the more natural ingredients used in it.

Marketing Week, 7 April 2016, p11

Cosmetics and toiletries

Beauty changes channels

US consumers are increasingly choosing to shop for their cosmetics online or at dedicated stores, such as Ulta and Sephora, rather than going to a department store such as Macy's. It is estimated that the 4% growth in beauty sales last year came mainly from speciality stores and online. The change in the way that shoppers buy beauty products has led to the rise of niche product makers which are providing serious competition for the likes of Revlon and Estée Lauder.

Financial Times, 8 April 2016, p21

Food

Keeping your cool as ice cream prices rise

The price of vanilla has risen by 130% to over £150 per kg over the past year. This is due in part to poor harvests in Madagascar, one of the main suppliers of vanilla pods, and increasing demand from developing markets in Asia. The cost of buying a vanilla ice cream is likely to rise substantially this year!

The Times, 5 April 2016, p3

Trufflehunter digs for new opportunities

Trufflehunter started out by selling Italian truffles online after MD Nigel Whitehouse became intrigued by the price of a truffle – a White Winter truffle from Italy fetches £2,000 per kilo! During this time he spotted improvements that could be made in the selling and marketing of truffles. He set up a bottling plant in the UK, dividing the business between sales of fresh truffles (20%) and jarred or bottled products (80%). The business is currently growing at the rate of 50% a year.

The Grocer, 9 April 2016, pp28-29

North Koreans take the biscuit for Choco Pie

Of the few luxuries available in North Korea, the Choco Pie biscuit is one of the most popular. Imported from South Korea, they are considered so desirable that they are traded on the black market. Prices have doubled since the South Koreans have been punishing the North for its recent nuclear tests and North Korea is cracking down on luxury goods. Demand for the Choco Pie is so great that it has led to a smuggling operation via China.

The Times, 9 April 2016, p41

Tobacco

All in the air we breath

Britain has some of the most expensive cigarettes in the world due to tax so it is not surprising that vaping is doing so well; according to Euromonitor, vaping can cost 90% less for a smoker who is on 15 to 20 cigarettes a day. The vaping market in the US is estimated to be worth £800m whereas France and Germany are £290m and £230m respectively. There has also been a rise in the number of tobacconists, from 340 in 2012 to 1552 now.

The Economist, 2 April 2016, p30

Tobacco market hots up with heat sticks

Tobacco companies are due to sell cigarette-type products which they claim are 90% less harmful than traditional cigarettes because they heat rather than burn the tobacco. So-called "heat sticks", branded by Marlboro, are being tested in Italy, Switzerland and Japan. They will probably be marketed in Britain for those who like the taste of tobacco, as an alternative to e-cigarettes. Health experts have concerns that smokers will become confused by the different options available.

Financial Times, 7 April 2016, p16

Graphic warnings won't solve Indian problem

This month India will require all cigarette packaging to be covered in graphic health warnings. The problem for India is that most Indians who smoke do so using shredded tobacco wrapped in a leaf or a 'bidi', a cheaper, unfiltered alternative to cigarettes. Unlike the US and Europe, the number of smokers in India is growing and fewer than 5% of adult

smokers give up.

Bloomberg Businessweek, 4-10 April 2016, p10

Government and public sector

Take part in an EU referendum survey

CIM is conducting market research aimed at understand marketers' concerns regarding the UK EU Referendum on 23 June 2016. It would like to find out how much is known about the effect the referendum will have on you and your business, regardless of whether the UK leaves or stays, and what information would help to support you in preparation for the result. The survey will take approximately five minutes to complete and all answers will be completely anonymous. If you are interested click on the following link. Please note that the survey closes on Friday 15 April.

<https://goo.gl/axtcAI>

Remain campaign launches leaflet campaign

The first batch of UK Government leaflets for the Remain in Europe campaign have been sent out to voters in England this week resulting in a furious response from Brexit campaigners. The leaflets, which will be distributed to every household in the UK, set out the Government's case for remaining in the EU. The direct marketing campaign is costing £9m or 34p per household. More than 200,000 people have signed a petition to try to stop the leaflets going out but PM David Cameron has said that the initiative is "necessary and right".

bbc.co.uk/news, 11 April 2016

Counting heads

The UK census was saved from the scrap heap after an outcry from users. The survey, which is 200 years in the making, is carried out every 10 years and in 2011 it cost £625m. The Office for National Statistics (ONS) is hoping to improve data collection by the use of electronic resources including Twitter, Zoopla and electricity smart meters. However, this has created other issues, as the debate on ethics and privacy rages on.

Financial Times, 4 April 2016, p4

Health and pharmaceuticals

GSK offers royalty-free drugs

UK pharma company GSK has announced that it won't file patents for its drugs in countries that are low income and the least developed. Instead it will offer ten-year licenses to companies so that they can manufacture generic versions. It is also considering placing its experimental anticancer drug patents into a UN-backed "patent pool", enabling them to be made available more cheaply in some countries once they are approved. Knowledge Ecology International, an NGO, is urging other big

pharma companies to do the same

New Scientist, 9 April 2016, p6

PHE campaigns vary in public awareness

Public Health England's (PHE) sugar reduction app has been something of a success, having been downloaded nearly 2m times since its introduction on 1 January. The app, which uses an image of a sugar cube for every 48g of sugar, provides the sugar content for over 85,000 food and drink products. PHE is also encouraging consumers to reduce the proportion of dairy products in their diet. Last month it relaunched its Eatwell Plate as the Eatwell Guide, while also reducing recommended dairy intake from 15% to just 8%. However, recent research has revealed that only 13.2% of consumers are aware of the advice and 57% have never heard of the Eatwell Plate.

The Grocer, 9 April 2016, pp5,10

IT and telecoms

How real is too real?

Virtual reality (VR) has been promised to us for many years but has never really made it, until now. Oculus is launching the Rift just ahead of Vive which has been developed by HTC and Valve. But what experiences will VR offer? Experiential games have been developed so that the controller becomes a gun, or you have to grip to stay on the rock face. The immersion could become total if vision, sound and touch are combined. Games already developed include horror, job simulator, climbing and even doodling. Some games have become so real that people have experienced motion sickness.

New Scientist, 2 April 2016, pp18-19

Google under a cloud

Back in the 1990s Google created many of cloud computing's software and data analysis tools but Amazon was among the first to commercialise them with Amazon Web Services. Last year Google made an estimated \$500m in cloud revenue compared with \$1.1 billion for Microsoft and nearly \$8 billion for Amazon. Under its new "cloud chief", Diane Greene, Google is investing heavily to play catch up. Gartner predicts that the \$20 billion business-cloud market could grow by up to 35% over the coming year.

Bloomberg Businessweek, 4-10 April 2016, pp34-35

Will chatbots take over from apps?

The app economy is maturing and the 20 most successful app developers now have almost half of all revenues on Apple's app store. The fact is that user enthusiasm for apps is on the decline. Instant messaging apps are the exception and over 2.5 billion people have installed at least one of them. 'Chatbots' are text-based services which allow users to complete tasks, such as ordering food or checking

news, by sending short messages. As the new software ecosystem emerges, could bots become the new apps?

The Economist, 9 April 2016, pp62-63

Leisure and tourism

Britons head for Spain and Portugal

UK holiday bookings in Spain and Portugal have risen by a quarter so far this year with both countries expecting record numbers of tourists. This follows the terrorist attacks which have discouraged visitors to Tunisia and Egypt. The Association of British Travel Agents and other travel industry organisations in northern Europe are reporting a trend for bookings to be "funnelled into limited areas". This, combined with improved household incomes in Britain, has allowed the travel industry to maintain its prices.

Financial Times, 11 April 2016, p3

Strictly themes cruises

In an effort to shed its image as a holiday choice for older people, the cruise industry is offering luxury themed trips to attract younger people. Film and TV tie-ups have become big business. Examples include *Strictly Come Dancing* which will feature on P&O's cruise ship Ventura this month. One of *Strictly's* judges and some of the show's professional dancers will be on board. In August Fred Olsen Cruises is offering a *Great British Bake-Off* cruise with 2014 winner Nancy Birtwhistle demonstrating her baking skills. Or why not try the Meow Meow cruise for cat-lovers?

The Observer, 10 April 2016, p23

Materials and mining

Steel for the world

The continuing debate about the UK steel industry has allowed the papers to look at the wider industry picture. The mixed fortunes of Tata and Baosteel are discussed against the background of the Chinese steel market. Almost half the world's steel comes from China and most of the top ten companies are state owned. In another article the mega company called Tata is highlighted showing the plethora of industries it is involved in – from car making to investment management, hotels to coffee exporting.

Financial Times, 2-3 April 2016, p17; Financial Times, 5 April 2016, p17

Queensland approves Australian coal mine

Queensland has issued licences for the creation of a coal mine which will become the largest in Australia. The licences will allow Indian mining company Adani to extract coal as part of a plan to export huge quantities to India. Conservationists are opposing the plan on the grounds that it will threaten the Great Barrier Reef. They are also concerned about the huge amounts of carbon dioxide generated by

the mining and burning of coal.

New Scientist, 9 April 2016, p6

Chinese overcapacity

China's slowing economy together with overcapacity in its steel industry may have made industrialists nervous, but there are other sectors in the country that could also produce a glut or are already doing so. For example, the coal industry could have excess production within two years while Chinese aluminium smelters already produce over half the world's supply. Other areas of concern are oil refining and chemicals.

The Economist, 9 April 2016, p61

Media

Books

UK book exports

Data from the Publishers Association show that the value of UK publishers' book export sales fell by 3% in 2015 year-on-year. The decline was evident in both physical and digital books, although children's book exports suffered the biggest decrease at nearly 20%. The non-fiction/reference category benefited from a 5.9% rise thanks to the colouring book boom. The US saw the largest drop in physical book exports (down almost 18%) followed by Australasia (down 12.6%) while the biggest increases were seen in the "other Americas" (up 10%) and the Middle East and North Africa (up 7.4%). The Publishers Association says the figures show that there is continued overseas demand for British publications.

The Bookseller, 8 April 2016, p8

Film

Aspirations of growth

CJ CGV, a South Korean cinema operator, has made a bid for 38.12% of Mars Entertainment Group, an Istanbul based cinema chain. Mars own 83 Cinemaximum multiplexes in Turkey whilst CJ CGV own 250 film theatres in Korea, China, Vietnam, Indonesia, Myanmar and the US. It is hoping to reach 10,000 screens by 2020.

Financial Times, 5 April 2016, p19

Cinema advertising regulation

Cinema adverts have in the past been regulated by two bodies, the Cinema Advertising Association (CAA) and the British Board of Film Classification (BBFC). But following a government consultation the role will now be fulfilled by the CAA. The BBFC, however, will continue to oversee trailers, public information films, campaigning films, etc.

bbfc.co.uk/media-centre, 31 March 2016

Games

Game developers in the ascendency

There are around 2,000 video game companies in the UK and 95% of them are micro or small businesses. EGX Rezzed, London's biggest gaming event which took place last week, revealed that fans tend to be most attracted to games developed by small outfits rather than the likes of Microsoft and Sony. Games developers have been taking advantage of government support; they are also being helped by the availability of cheap tools and innovations.

Financial Times, 8 April 2016, p4

Magazines

Auto Trader tests out native ads

This month *Auto Trader* is introducing native ads which will appear among its classifieds. The ads will initially be offered to car manufacturers rather than second-hand dealerships. Commercial director for digital, Rakesh Patel, believes that *Auto Trader* is offering something different from other media owners because its "modus operandi is classified" – visitors will probably already be interested in a particular brand because they have chosen to look in the classified ads. He claims that during beta-testing, native ads have been up to 12 times more responsive than standard listings. *Auto Trader* is regarded as a rare example of a 'legacy' print brand that has transformed itself into a digital market leader.

Campaign, 8 April 2016, p23

Music

Music labels want new YouTube terms

The three largest music labels in the world have suffered years of declining sales, exacerbated by digital piracy. Now they are having to contend with YouTube, a service that is free and that is out-performing other music streaming services. Universal Music Group, Sony Music and Warner Music are all due to negotiate new licensing agreements with YouTube, from whom they want better terms. YouTube is protected by the Digital Millennium Copyright Act which allows websites "safe harbour" from prosecution if they are found to be hosting unlicensed content but the law is unlikely to change anytime soon. Meanwhile, YouTube and Spotify both offer enough free music that people can continue to avoid paying for it.

Financial Times, 11 April 2016, p19

Newspapers

Johnstone eyes upmarket audience

Johnston Press chief executive Ashley Highfield, has plans to move his regional newspaper group upmarket. Johnston, publisher of *The Yorkshire Post* and *The Scotsman*, has increased its readership from 2.5m to nearly 3m with the purchase of the *i* in a £24m deal which completed on 10 April. Highfield

aims to "hone this quite targeted, upscale-oriented" audience for advertisers. He also hopes that online publications' problems, such as ad-blocking, ad fraud and profitability, will help traditional news providers who offer a trusted environment and local knowledge for small business advertisers.

Campaign, 8 April 2016, p22

A brave new ad-blocking plan

A new, ad-blocking or "ad-replacing" plan has caused concern among US newspapers, such as *The New York Times* and *The Wall Street Journal*. Brave, a web browser which launched this year, aims to replace publishers' ads with its own; it will pay readers 15% of gross ad revenue to view the ads; website publishers will receive 55% while ad partners and Brave itself will take 15% each. Publishers argue that Brave's business model will infringe copyright.

Financial Times, 8 April 2016, p21

Social media

Facebook's partnership with Dunnhumby

Facebook has partnered with Dunnhumby with the aim of showing how ad exposure on the social network links directly to in-store and on-line sales at an "anonymised household level". The tool, which has so far been tested across ten brands at FMCG companies, will help advertisers to understand their Facebook campaign metrics and to optimise campaigns based on an understanding of whether they are leading to sales. Facebook emphasises that security and privacy are at the forefront of its thinking.

Marketing Week, 7 April 2016, pp12-13

Facebook – not about likeability

This article looks at the rise to power of Facebook and how it has defied three commonly-held beliefs: that social networks have short lifespans; that you can't make money out of them; and that mobile advertising is "a grim business". As its growth continues, Facebook will face two major issues: market dominance (watchdogs are already watching it closely) and privacy, as it collects ever larger amounts of user data. According to the Reputation Institute, Facebook's brand ranks below that of other tech companies because of its perceived lack of trustworthiness. However, likeability is not necessarily a prerequisite for success...

The Economist, 9 April 2016, pp19-22

Advertisers introduced to Pinterest UK

Pinterest has introduced advertising to its UK site with John Lewis, Tesco and Made.com among its first advertisers. The site is attractive to retail and consumer goods companies because it acts as a 'wish list' for many users. On Pinterest, advertisers bid for topics, people and keywords. L'Oréal Paris

used cinematic pins or mini-videos to reach 5m users which boosted purchase intent by 31m. Brands also pay social media influencers or 'Pinfluencers' to help promote their products.

Financial Times, 7 April 2016, p19

Packaging

NFC packaging project

A consortium of brands is to develop 'world class' NFC packaging in the UK. The three-year project, named SCOPE, includes the likes of Unilever and Hasbro and is being led by The Centre for Process Innovation. It aims to position the UK as a world leader in smart products and covers sectors such as fast-moving consumer goods, beverages, games and security. One of the goals is to manufacture NFC products at the cost of less than one pence.

thedrum.com, 5 April 2016

Lyles offers sticky birthday greeting

In what will probably be the first of many initiatives associated with the Queen's 90th birthday on 21 April, Lyle's Golden Syrup is celebrating with the launch of a "Happy Birthday Your Majesty" tin.

The Grocer, 9 April 2016, p31

Retailing

The era of peak stuff

This article examines ways in which retailers can respond to so-called "peak stuff" mentality among consumers, where physical things are eschewed in favour of meals out, entertainment and holidays. Chris Goodall, climate-change expert and author, believes that the UK reached "peak stuff" over ten years ago. His recent analysis of ONS data reveals that British consumers spent 26% of their household purchasing on physical goods in the early part of the last decade compared to 21% in 2014. In contrast, spending on services has risen, albeit only slightly.

Retail Week, 8 April 2016, pp8-9

John Lewis tech hub for real-time testing

John Lewis is to open an IT hub linked to its Birmingham Grand Central store. The technology will be used to create apps that can be tested by store staff to obtain real-time feedback. The tech hub will also work with local universities to create internships and test out new technology.

Retail Week, 8 April 2016, p30

Services

AA invest to attract younger drivers

The AA (Automobile Association) has been undertaking a four-year programme designed to attract younger drivers and to turn around the decline in its membership. This has involved heavy investment on member benefits and IT systems. The AA is encouraging people to report breakdowns from

its smartphone app; the number of such calls has more than doubled since September, which has reduced the number of calls made to its call centres and helped to reduce costs. The AA has just reported a pre-tax profit of £17m, down from £61m the year before.

Financial Times, 6 April 2016, p22

Chariot for Women offers safe transport

Ex-Uber driver Michael Pelletz has created a ride-sharing service just for women. Chariot for Women, which launches in Boston, Massachusetts on 19 April, incorporates safety features which also allow it to transport children. Uber has recently agreed to pay \$10m in the US for exaggerating the thoroughness of its driver-vetting procedure.

thedrum.com, 10 April 2016

Are lawyers having an Uber moment?

Law is one sector that has carried on operating "as if technology had never been invented". Firms still have high-earning partners who rule over pyramid-shaped businesses. The rising cost of legal advice – senior lawyers will earn £1,000 an hour this year – is putting some companies off and many smaller companies are using the internet for legal advice. Companies want change because of the high costs and lack of transparency. Tools are being developed which could seriously transform the legal profession. Ross Intelligence is using IBM's Watson AI system to undertake legal research. There is speculation that law has reached its "Uber moment" but there are certain factors still working in favour of traditional legal practice.

Financial Times, 12 April 2016, p11

Transport and travel

Electric vehicle batteries

Panasonic makes 36% of all batteries used to power electric cars. This compares with an 8% share for LG Chem and 5% for Samsung SDI batteries. Demand for electric vehicles rose by 87% last year to reach 672,000 worldwide. LG and Samsung are hoping that demand from China will help to boost their share of the market. Yet hundreds of Chinese manufacturers are now making electric vehicle (EV) batteries in response to their Government's bid to address pollution issues. Unfortunately for LG and Samsung, China has suspended subsidies for the type of batteries which they make and this could result in a substantial fall in sales.

Bloomberg Businessweek, 4-10 April 2016, pp35-36

New cars sales highest in history

The arrival in March of the '16' registration on Britain's new car number plates led to a record number of new cars being sold. The sale of 518,707 new cars represents growth of 5.5% year-on-year. Half of these went to private buyers and 45% to

business or public sector ownership. In the first quarter of the year a total of 771,000 cars were sold, up by 5.1% on 2015.

The Times, 7 April 2016, p37

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Jack Marfleet	Live Group	CWT Meetings & Events UK and Ireland	Head of Events	Conference & Incentive Travel
Rosa Garriga Mora	myQaa	Kenes Group	Meeting Architect	Association Meetings International
Alex Morrisroe	Concerto Live	Smart Live	Head of Client Services	Conference & Incentive Travel
Suki Rai	Dare	AKQA	Creative Director	Campaign

Promotions

Name	Company	Previous title	New title	Source
Richard Clissold-Vasey	TNS UK	Global Transformation Director and Chief Commercial Director	Chief Operating Officer	research-live.com
Kate Stanners	Saatchi & Saatchi	Chief Creative Officer, London	Worldwide Creative Director	Campaign
Kimi Wright	Waterstones	Bookseller	Assistant Events Coordinator	The Bookseller

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