

Cutting Edge: Our weekly analysis of marketing news

8 June 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

Gender and probability markers

Probability markers, often used in advertising, are words or phrases which are used to indicate the extent to which a claim or argument is true. They can be used to modify the claim without changing the content or meaning. Two studies examine how gender influences the effect of probability markers on consumer attitudes towards the advertised brand and purchase intentions. While women are not particularly sensitive to probability markers, men have higher levels of sensitivity towards them. The studies also look at interactions with product category involvement; buying motivation; and familiarity with the brand advertised.

Journal of Advertising, Vol 35(4) 2016, pp682-705 (Banks et al)

Agencies

Agencies fees continue to fall

The Marketing Agencies Association (MAA) has warned that agency fees have fallen by an average of 10.2% compared with 2002. It has estimated that the daily agency charge-out rate for a creative was £133.33 in 2002 (the equivalent of £194.66 in real terms now) but has actually fallen to £119.58. The MAA believes that the decline in agency fees is "killing the sector".

Campaign, 3 June 2016, p1

PIRC questions WPP payouts

PIRC, the shareholder advisory group, has told investors to reject WPP's remuneration report because of what it describes as Sir Martin Sorrell's "excessive" pay deal. The group has also recommended that shareholders should vote against the re-election of Roberto Quarta as chairman

because he is already chairman of Smith & Nephew, another FTSE 100 company. The Local Authority Pension Fund Forum (LAPFF), which advises 70 public sector pension funds, has also expressed its opposition to Sir Martin's pay, which has risen by 56% over the past five years.

The Daily Telegraph (Business), 2 June 2016, p5; The Times, 7 June 2016, p42

Brands and branding

Brand equity scale

Brand equity is a critical marketing concept which first came into use in the 1980s. Although the importance of conceptualising, measuring and managing brand equity has increased, there is a gap in the literature with regard to a "consumer-perceived" brand equity scale. Here the authors develop a brand equity conceptualisation and scale related to dimensions that consumers perceive. It consists of four dimensions: quality, preference, social influence and sustainability. The intention is to help brand managers to measure brand equity and understand how consumers value brands, which in turn will assist in developing brand strategies.

Journal of Brand Management, Vol 23(3) 2016, pp229-251 (Baalbaki and Guzmán)

Beware of rebranding

US newspaper publisher, Tribune Publishing, has recently announced that it will rebrand to the name "tronc" (Tribune Online Content). The idea is to portray the company as a "cutting-edge digital company" rather than a traditional publisher. The new brand name has been ridiculed on social media and even by other publishers. This article comments on the high rate of failure among corporate rebrands (PwC briefly rebranded as Monday while the UK's Post Office Group became Consignia for a while). Brands are advised not to change their names "for the sake of being hip", although sometimes

rebranding can take place after a merger or struggling brands may want to change their names to distance themselves from negative publicity.

Financial Times, 7 June 2016, p17

Conferences and events

Where event-goers spend their money

A survey by The Events Structure reveals that 40% of people at festivals are prepared to overspend on snacks while 30% are prepared to overspend on alcohol. Some 16% of the 10,000 survey participants also said they would be prepared to overspend on branded merchandise. With regard to the factors influencing attendees to buy at events or festivals: 56.6% said value for money, 25.9% cited unique merchandise, 17.9% promotions and 13.1% social influence. Just 10.8% mentioned branding as a main factor.

eventindustrynews.co.uk, 2 June 2016

Where conferences win out over digital

Serious business events have to be justified by company executives and conference companies need to rise to this challenge. Many established conferences have disappeared over the years, to be replaced by web events and seminars, yet it is hard to beat a well-run, targeted conference. An event has the potential to create significant opportunities, and millions of pounds worth of deals can be struck through face-to-face contact. Event organisers need to have a thorough knowledge of their market and speakers should be thought leaders with real insights. The marketing of events has been evolving, with social media, blogs, apps and video interviews playing a key role in the proceedings.

Conference News, June 2016, p37 (Low)

Consumer behaviour

3D visualisation – consumer behaviour

This study examines the effect of 3D product visualisation on online shopping behaviour, using a virtual shopping interface with product categories in both 2D and 3D. The virtual shopping catalogue was created as a web-based interface aimed at finding out whether the “level of presence” experienced motivated consumers to shop. Participants were also asked to complete an immersive tendency questionnaire to ascertain their levels of immersion before using the shopping interface. The results indicated that there were correlations between individual immersive tendencies and the presence experienced. Recommendations are made for the design of virtual shopping environments and for assessing consumer behaviour.

International Journal of Market Research, Vol 58(3) 2016, pp451-472 (Wodehouse and Abba)

Women – back in the kitchen?

Speaking at the Hay Festival, Maggie Andrews, historian of the Women’s Institute, has said that

women are turning back to a domestic role in the home to escape the workplace and the “horrors of society”. Programmes such as *The Great British Bake Off*, plus the greater involvement of men in household jobs, has made domestic life more attractive. However, market research company ComRes has found that women still do twice as much housework as men; while men probably overestimate the amount they do!

The Times, 1 June 2016, p3

Customer relations

Social selling

Salespeople use social platforms for a variety of reasons, such as finding new leads, engaging in conversations and maintaining good relationships which can lead to up-selling or cross-selling opportunities. In an environment where buyers are more knowledgeable, and sellers have less direct access to them, social media provide a distribution channel for getting the message across. Yet reaching out to the right customers with the right messages is not easy and the buyer can be halfway through the buying process before they even speak to a salesperson. Salespeople need to be “sophisticated and calculated” in their methods if they are to stand out in the buyer’s mind. Here are six steps to social selling success.

CRM Magazine, Vol 20(6) 2016, pp32-35 (Smilansky)

Direct marketing

Kinetic e-mails

Kinetic e-mail is defined by the author as “a mini microsite” that is present in the body of an e-mail which leads to a click-through, interactive experience with its own navigation but without the need to go to the main website. She explains how this can be applied to direct marketing e-mails, which are still one of the most effective ways in which to communicate. She cites B&Q as an example of a company that has created kinetic e-mails which has resulted in 42,000 click-throughs and 30% less time spent in e-mails.

dma.org.uk, 3 June 2016 (Nicolo)

Location marketing

Location marketing means that marketers know where people are; it also represents a merger of the “real” and digital worlds. Expressions associated with location marketing include: tiling, geo-fencing and spatial. But once people have been located, how do you sell to them? The author explains that, although location marketing is still in its experimental stages, creative approaches can be used which go beyond simply sending a coupon directly to someone’s phone.

dmnews.com, 1 June 2016

Law

EU-US data protection agreement signed

Last week the EU-US data protection umbrella agreement was signed by both sides. This was after the US introduced new laws giving EU citizens the right to enforce data protection rights in US courts. The European Parliament still has to consent to the agreement before it becomes official. However, the umbrella agreement does not actually provide a legal right to transfer data from the EU to the US. Instead it will provide a range of privacy protections for data that is exchanged between law enforcement agencies in the two regions.

out-law.com, 3 June 2016

Using technology to prove counterfeits

The Paris Court of Appeal has upheld a trademark infringement brought against retailer Carrefour and others. Converse, a US shoe manufacturer, brought the case following French customs' seizure of thousands of allegedly infringing products. Converse used new technologies to demonstrate that some of the products were counterfeit. It allocates a unique number to each genuine product, allowing counterfeit products to be identified. Converse proved that three of the eleven sample products were not genuine. The Court also found that Carrefour had failed to prove the "doctrine of exhaustion" and had therefore infringed the trademark.

lexology.com, 31 May 2016

Marketing

Creating content that sells

Content can be defined as pretty much any message within any medium which means that people are spending more and more time consuming content. Not only are young people spending more time online, but their attention span is decreasing – from 12 seconds in 2000 to 8.25 seconds in 2015 – so people are consuming more but concentrating less. Brands have responded by offering a lot of bite-sized content. The author suggests two approaches to content marketing that can help brands sell: content that supports shoppers along the purchase journey and content that shortens the purchase journey.

Admap, May 2016, pp23-25 (Ellison)

New products require value recognition

Many "great new" products fail despite the fact that companies have been careful to listen to what their customers say. This is because customers do not recognise the value that the products create. Companies often focus on creating value without considering how customers recognise innovations and evaluate new products. Customers can either collect information or make inferences about products – knowing which route customers will take can help you to decide which innovation customers

will recognise. The author recommends focusing on three factors to ensure that customers recognise your product's value: their motivation to search; their ability to search effectively; and the cues they use to infer value.

MIT Sloan Management Review, Vol 57(3) 2016, pp33-39 (Summer)

Market research

Ethical decision-making

Emerging research methodologies, together with the use of big data, have highlighted the need for market researchers to manage ethical issues, especially when new technologies expose them to increased risk. This study uses a qualitative research approach to investigate the tools used in ethical decision-making among market researchers in New Zealand, with a particular focus on client relationships. Participants were asked to consider their awareness, familiarity and use of professional and organisational codes of ethics.

International Journal of Market Research, Vol 58(3) 2016, pp381-400 (Yallop and Mowatt)

Mobile surveys enter the mainstream

A new US report suggests that mobile surveys are used by 74% of research companies while online communities are used by 64%. This implies that the two research approaches have entered the mainstream. The next most used methodologies are social media analytics (48%), text analytics (45%) and mobile qualitative (44%). The report also examined which types of automation are being used in research and the most in-demand training topics for researchers. The Greenbook Industry Trends (Grit) report covers Q1 to Q2 2016.

research-live.com, 3 June 2016

Public relations

Online reputation and identity messages

Digital media and platforms of communication have allowed organisations to define their identities and measure their reputation messages globally. The understanding of the power and value of identity and reputation messages is an important part of any effective communication strategy. However, there is a gap in the literature with regard to the factors that organisations should consider when managing these messages. The authors propose a model which presents characteristics and attributes that should be considered when managing identity and reputation messages online. They also suggest potential applications of the model.

Corporate Communications: An International Journal, Vol 21(2) 2016, pp195-212 (Huang-Horowitz and Freberg)

Maintaining brand comms during a downturn

The author argues that comms professionals often help to build the reputation of a brand during good times, only to find that their work unravels during an

economic downturn when comms budgets are cut. Yet it is during difficult times that an organisation needs to remain visible and focus on its brand. There are many compelling arguments for maintaining expenditure on brand communication during a downturn and brands that don't do so could be left behind. Car maker Hyundai managed to grow its US sales by 27% during the last recession, demonstrating the important role of brand trust. Although it may be difficult for PR pros to convince executives to increase brand spending, nevertheless there are a wide range of PR strategies that can be used to maintain brand presence and thrive in a difficult environment.

Public Relations Tactics, Vol 23(6) 2016, p13 (Lekushoff)

Sponsorship

Football sponsorship – but at a price

The cost of football kit and sponsorship deals has been rising fast, in line with the larger audiences for the Premier League and other European football tournaments. In 2013 Manchester United switched from Nike to Adidas in a deal worth £75m a year, while Barcelona has raised its annual revenue from kit to over €150m a year in a deal with Nike. In line with rising sponsorship fees come greater expectations – the fee paid by Adidas to Man Utd could fall by 30% if the team doesn't qualify for the Champions League. Such performance clauses reflect how brands are becoming "more demanding of their sponsorships".

Financial Times, 4-5 June 2016, p17

Coca-Cola readies UEFA sponsorship

Coca-Cola is undertaking its biggest-ever sponsorship of the UEFA football tournament by giving away 504 prizes of four tickets. This will be accompanied by a TV ad and digital out-of-home initiatives. The company will also focus on "food pairings" in the form of suggestions for meals that people could eat with its fizzy drinks as it tries to gear its initiatives towards healthier lifestyles.

thedrum.com, 1 June 2016

Sponsored playlists

Spotify is beta-testing brand sponsorship of playlists with Kia becoming the first brand to sponsor its "New Music Friday" playlist. The list includes the "most-talked-about" tunes of the week and offers brands access to millions of listeners. Target and McDonald's have also signed up to test out the playlist sponsorship. Sponsored playlists are currently only available in the UK and US but Spotify is planning to expand into other markets later this year.

brandchannel.com, 1 June 2016

Agriculture, fishing and forestry

Asparagus – green shoots of success

Out of the 20 main vegetables tracked by Government statistics, none is flourishing more than asparagus. Over the past decade production of asparagus has boomed. Farmers like to commence harvesting asparagus on 23 April, St George's Day, and this helps to reinforce its English heritage in the minds of consumers. This marketing ploy is credited with contributing to the crop's success. Asparagus is one of the most labour-intensive crops and low pay among workers has encouraged farms to grow it rather than crops requiring expensive machinery.

The Economist, 4 June 2016, p28

Spanish ham reaches the US

Consumption of cured ham is rising in the US. Acornseekers is a young company based in Texas which is seeking to emulate the ham produced in Spain, jamon Ibérica de bellota, which is considered to be the best in the world. Spain is the world's fourth largest producer and exporter of pork. Acornseekers is already selling pork to around 50 restaurants in the US and aims to raise 5,000 pigs by 2017. The pigs, which are indigenous to Spain and Portugal, feed mainly on acorns.

Bloomberg Businessweek, 30 May-6 June 2016, pp43-44

Tea auctions come to Darjeeling

This month sees the launch of an auction platform by the Tea Board of India. Darjeeling tea, which is grown in a small, designated region and has geographical indicator protection, is the most expensive tea in the world. For several years buyers have been able to purchase lower-value tea from India through auctions, but now they will also be able to bid for the Darjeeling tea.

Financial Times, 3 June 2016, p8

Building industry

Building materials

The *Construction building materials bulletin* for May 2016, from the Department of Business Innovation and Skills, provides a detailed picture of the current prices of building materials including sand and gravel, slate, cement and clinker, bricks and concrete. It also provides the value of overseas trade in selected materials and components for construction use. The data is presented in tabular form.

gov.uk/government/statistics/building-materials-and-components-statistics-may-2016, May 2016

Green infrastructure tackles city environment

It is well-recognised that greenery helps to improve air quality. China has undertaken a tree-planting exercise, the Three-North Shelterbelt, to help

counteract the effects of the northern deserts on cities. In India and New York urban parks are often known as the "lungs of the city". Green infrastructure can also be used to soak up unwanted flood water, to improve air quality, or control high urban temperatures. Sometimes it is hard to persuade developers and investors of the advantages of this, especially in growing economies, so climate change often takes a back seat. In Washington DC it has become compulsory for buildings in some areas to have a green infrastructure. It has introduced a storm-water retention credits trading scheme for some developments.

Financial Times (Special Report - The Future of Cities), 1 June 2016, p4

Businesses and strategy

Wicked problems

Teams which cut across many industries are necessary for radical innovation. This is especially true when trying to solve "wicked problems". Leaders need to understand how to inspire collaboration in an environment where roles are uncertain, goals are shifting and cultures are diverse and can cause conflict. The author has studied a number of cross-industry innovation projects to identify leadership practices that can create successful cross-industry teams. These include promoting an adaptable vision; ensuring psychological safety; enabling knowledge sharing; and encouraging collaborative innovation. This requires unique leadership approaches which include flexibility, open-mindedness, humility and resolve.

Harvard Business Review, Vol 94(6) June 2016, pp52-59 (Edmondson)

Managing disruption

Clayton M. Christensen's theory of disruptive innovation argued that, even when a company does everything right, it can face a competitive threat from unexpected sources. Some academics have questioned the theory, especially the link between disruption and business failure. Here the author argues that disruption can be averted – he describes three approaches for dealing with market entrants: beating them, joining them and waiting them out.

MIT Sloan Management Review, Vol 57(3) 2016, pp83-90 (Gans)

Charities and NGOs

Face-to-face donors in decline

The Public Fundraising Association (PFRA) reports that face-to-face fundraising has fallen to its lowest level since 2009/10. The number of donors recruited in the year to March fell to 711,000, down from 845,000 in the previous year. The decline is attributed to factors such as increased antagonism towards fundraisers due to negative media

coverage.

Third Sector, June 2016, p7

TV attracts charity investment

Charity spend on TV advertising rose by 20% to £123.3m last year while total adspend by charities has increased by a third over the past five years, according to data from Nielsen. In contrast, data from the Broadcasters' Audience Research Board reveals that the number of viewers of charity ads rose by just 3% year-on-year to reach 25.6m last year. The popularity of TV among charities is probably due to the effectiveness of direct-response TV advertising (DRTV). Research suggests that advertising which asks viewers to respond directly, either by phone or online, has the highest engagement rate of all fundraising channels.

Third Sector, June 2016, pp7,62

Durable consumer goods

Dash cams all the road rage

According to Halfords, drivers are starting to fit dash-board cameras to their cars to record what happens in the event of an accident. This also helps to keep their insurance premiums low. The retailer reports that sales of dash cams and in-car equipment are growing at the rate of 40% a year. The trend for cameras has been fuelled by reality TV shows that are filmed from within cars. Meanwhile sat-nav sales are in decline because they are often fitted as standard in new cars.

The Times, 2 June 2016, p41

Business still has spring in its step

Metal springs are found in everything from mattresses to door handles and even nuclear reactors. Glasgow-based Industrial Springs can manufacture springs ranging in size from the thickness of a hair to the thickness of an arm. Unfortunately competition from China has shrunk the business, which was founded in 1964, but demand for springs remains high.

Wired, June 2016, p38

Economy

Digital Economy

Digital economy: statistics and policy is a Government paper on the digital economy, which covers computer programming, telecommunications, manufacturing, publishing and data processing. It states that there were 204,000 digital economy businesses (9% of the UK total) in 2015. The economic contribution of the digital economy in terms of Gross Value Added was £118 billion, representing 7% of the UK total, in 2014. The paper also covers challenges to the digital economy, its regional importance and the *Digital Economy Bill*.

parliament.uk, 2 June 2016

Gender pay gap begins early

Boys are receiving more pocket money than girls, according to Halifax's annual survey of money given to 8 to 15 year olds. It reveals that boys receive £6.93 a week, which is 77p more than girls. It also seems that boys are better at asking for money than girls: this year 44% of boys said their parents should give them more compared with 39% of girls. Lindsey Cook, of consumer website Money Fight Club, says that "girls should get in some practice before they enter the world of work". The latest ONS data reveals that the adult gender pay gap stands at 9.4%.

Financial Times, 3 June 2016, p1; The Times, 3 June 2016, p4

Manufacturing performance

Manufacturing data from Markit reveals that the American Purchasing Managers' Index (PMI) fell to 50.7 in May, its lowest point since 2009 (only figures above 50 denote growth). The Eurozone's PMI has also fallen, suggesting that it hasn't yet recovered. China's index was below 50 for the 15th consecutive month while Britain's reading was 50.1, up from 49.1 in April. The fear of Brexit may be affecting the index.

The Economist, 4 June 2016, p89

Energy and utilities

The battery battle

The race is on to develop next-generation batteries, but breakthroughs in non-traditional batteries have been thwarted by durability, safety and cost concerns. Now experts claim that new batteries could be on the market by 2020 thanks to investments by companies such as Dyson and Bosch. Analyst Franco Gonzalez believes that start-ups in new battery technology should diversify into emerging niche segments as well as traditional ones, such as consumer electronics or cars. His company estimates that advanced and post-lithium-ion batteries will make up 10% of the total battery market by 2026. This article examines four of the alternative technologies under consideration.

Financial Times (Special Report - The Connected Business), 1 June 2016, p2

UK fourth in renewables investment

A new report by REN21 reveals that UK investment in renewables (excluding R&D and hydropower) amounted to \$22.2 billion in 2015, up by 25% on 2014. Britain ranked fourth behind China, the US and Japan. Last year was a record year for renewable installations, with a 9% increase in capacity. Renewables accounted for 60% of all new capacity and also contributed more new capacity than all fossil fuels combined.

utilityweek.co.uk, 1 June 2016

Environment

Carbon sales

Swiss company Climeworks has come up with a way of getting rid of greenhouse gases. Later this year it plans to open its first plant near Zurich which will use technology to extract carbon dioxide from the air. This will then be sold to local greenhouses for growing lettuce, cucumbers and tomatoes. The company hopes eventually to become a self-sustaining business – since CO₂ is taken out of the air, the process can be performed anywhere without incurring transport costs.

New Scientist, 4 June 2016, p6

Ford warns of EU emissions targets

Jim Farley, head of Ford's European business, has warned that cars could become unaffordable for consumers because of the cost of complying with EU environmental targets. The car industry is busy installing ever more expensive technology in its vehicles in order to comply with EU CO₂ emissions limits. The VW emissions scandal last year focused EU regulators' attention on nitrogen oxide emissions.

Financial Times, 3 June 2016, p21

Tackling environmental crime

Environmental crime is growing at the rate of 5-7% annually and is worth up to \$259 billion a year, according to *The Rise of Environmental Crime* report. Forestry, fisheries and mining are among the largest areas of illegal activity. Davyth Stewart, a senior Interpol investigator, believes that, although there are enough international agreements and laws to address environmental crime, there isn't the "capacity and willingness to treat it as a high-priority crime".

Financial Times, 4-5 June 2016, p8

Fashion

Jack Wills ad banned

An ad for Jack Wills has been banned by the Advertising Standards Authority because "the images and text were sufficiently sexualised to be inappropriate for that audience" and "the ad was irresponsible and breached the Code". The images, which appeared in a catalogue sent out in February, were of young men and women drinking, dancing and lounging on a bed together, accompanied by the message "midnight mischief". Jack Wills claimed that the ad targeted 18 to 24 year-old university students rather than younger teens.

telegraph.co.uk, 1 June 2016; The Times, 2 June 2016, p18

The demise of Austin Reed

The 166-year-old tailoring company, Austin Reed, has gone into administration with the closure of 120 outlets. The owner of Edinburgh Woollen Mill, Philip Day, has acquired the Austin Reed and Country

Casuals brands. In its heyday Austin Reed's customers included the likes of Winston Churchill and Elizabeth Taylor, but it has been struggling over the past few years and perceptions of its quality have declined as it has been forced to cut costs. Competition on the high street, from the likes of TM Lewin and Ted Baker, has also contributed to the company's demise.

The Guardian, 1 June 2016, p19; Financial Times, 1 June 2016, p1

Luxury footwear – quick on its feet

Global sales of luxury shoes are worth \$18 billion a year, but the major players have continued to operate in the same way as they've always done. This is according to Ben Fischman, CEO of e-commerce start-up M.Gemi, who plans to disrupt the world of luxury footwear. M.Gemi is busy selling \$500 to \$2,000 shoes at \$128 to \$498 prices and at fast-fashion speed. Styles are launched every week, unlike Jimmy Choo and Prada, which have just four or five collections a year.

Bloomberg Businessweek, 30 May-6 June 2016, pp45-46

Financial services

Polymer notes to enter circulation

The Bank of England has produced the first polymer banknote in Britain. The new £5 note will enter circulation in September bearing the image of Winston Churchill. It will be 15% smaller than its paper counterpart but will also be dirt- and moisture-resistant. The launch event, at Blenheim Palace in Oxfordshire, was accompanied by various tests involving machines that scoured, folded and dipped the notes to prove their resilience. A polymer note bearing the image of Jane Austen will appear in 2017.

The Times, 3 June 2016, p9

Fintech comes to the rescue of bank data

Banks have long relied on large data aggregators and database providers to store and manage their data. This means that banks' ability to use information has become reliant on big service providers. Now new approaches to data are helping banks to use their information more effectively without the need to change their service providers. Santander, for example, is taking part in a development programme for APIs (application programming interfaces) which will allow data to move more easily between internal and external systems. Fintech companies, such as Apache Hadoop and OpenMAMA, are helping banks to free up their data and unlock its value.

The Times (Raconteur - UK Fintech), 7 June 2016, p6

FMCG

Cosmetics and toiletries

Beauty box to improve sampling strategies

Major beauty brands are taking part in a trial to discover whether giving away free samples will incentivise women to sell products to their family and friends. LiB Group, a beauty box company which sends out make up and face creams to subscribers, has teamed up with The Libbie Club, which pioneers "social selling". Subscribers pay £35 for a box of samples; every subsequent box is free provided that the recipient writes reviews and sells at least one product a month to their network. LiB aims to sign up 10,000 women by 2018. The group was originally founded to improve sampling for brands who had little understanding of who was using them.

The Daily Telegraph, 1 June 2016, p8

Food

ASA takes bird's eye view of meal sizes

The Advertising Standards Authority has banned a TV campaign by Birds Eye because it exaggerates the size of its meals. The ad for Stir Your Senses ready meals features a man and woman cooking a pasta meal, although only one pack of food is shown as being used. The ASA concluded that the cooking shots and images of the food in the bowl showed "bulked-up" portions, which raised consumers' expectations of how much food they would get. The company has been told not to exaggerate the size of food portions in future ad campaigns.

theguardian.com, 1 June 2016

Gluten-free Hobnobs hit the shelves

McVitie's is to introduce gluten-free biscuits for the first time for one of its iconic brands. This month will see the launch of Gluten-Free Original Hobnobs and Chocolate Hobnobs. McVitie's said it wanted to reach as wide an audience as possible, including those with special dietary requirements.

The Grocer, 4 June 2016, p34

Britons consuming more fruit and veg

The demand for healthier food, as well as supermarket price cuts, has led to a boom in the sale of fruit and veg. During the 12 weeks to 21 May volume sales rose by 4.1% and value sales by 2.4%. Most of the growth came from sales of fruit (up 5% in value and 4.8% in volume). Some 60% of shoppers are looking for healthier options while 49% of households are taking the five-a-day rule into account, according to Nielsen UK head of retailer and business insight, Mike Watkins.

The Grocer, 4 June 2016, p38

Government and public sector

Government research

The UK Government spends around £2.5 billion a year commissioning expert research, both internally and externally. However, a new report from the charitable trust, *Sense about Science*, has found that only four out of 24 departments can provide a full list of the studies they have funded. It discovered many examples where the publication of research was delayed for political reasons but concluded that one of the main problems is the sheer "chaos" in reporting. The report recommends that research should be published before policy announcements are made so as to allow for debate to take place and that a register of externally-commissioned studies be created. Despite all this, the World Wide Web foundation has ranked Britain as the most transparent government in the world.

The Economist, 4 June 2016, p27

Facebook attracts younger voters

After the Electoral Commission encouraged Facebook to send out an alert last Friday asking users to register for a vote in the EU referendum, 155,000 people under the age of 45 signed up. This could be a boost for the 'Remain' campaign since most voters under the age of 43 tend towards staying in the EU while over-43s tend to back the 'Leave' campaign, according to YouGov. The 'Remain' campaign has put significant investment into targeting younger voters online.

The Times, 7 June 2016, p9

Health and pharmaceuticals

Ecstasy returns to popularity

According to the 2016 *European Drug Report*, ecstasy (or MDMA) is making a comeback among young people but this time around it is likely to be taken in higher doses than previously. The growth of electronic dance music and associated events is helping to introduce ecstasy to a new generation. The EU has identified "creative and sometimes aggressive marketing", including logos such as Superman and UPS. Tablets are also being produced which are targeted at particular events. This article includes statistics on the use of cocaine and other drugs.

The Guardian, 1 June 2016, p7

Big pharma – M&A activity on the up

Mergers and acquisitions are attractive to traditional 'big pharma' groups for three main reasons: it enables the company to grow at a time when the broader economy is growing slowly; financing costs remain low; and some smaller groups are anxious for support from larger competitors. The trend is for 'big pharma' to "aggressively pursue innovation by

buying attractive biotech firms", according to analyst Chris Hite. Most are focusing on smaller companies which are developing innovative drugs but there is speculation that Pfizer is still chasing "megadeals".

Financial Times, 3 June 2016, p18

IT and telecoms

Trust scores to replace passwords

At Google's I/O developer conference, Daniel Kaufman, head of advanced technology projects, announced that Google is to phase out password access to its Android mobile platform. It will be replaced by a "trust" score which will involve a number of identifiers, such as the Wi-Fi and Bluetooth device the user is connected to, their location and biometrics, such as typing speed, voice and face. The phone uses the data to assess how much it trusts that the user is who they say they are. A low score may be acceptable in the case of a gaming app but a higher level of trust will be required for a banking app.

New Scientist, 4 June 2016, p7

Hard to take a bite out of Indian market

The smartphone market in India is growing at the rate of 30% a year, while growth rates in other large markets are down to single digit figures. Apple may not benefit from this growth since its iPhone is selling for 50,000 rupees (\$740) compared with Indian or Chinese brands which cost just 1,000 rupees. This article looks at the problems for Apple of doing business in India.

The Economist, 4 June 2016, p68

Where is the challenge to BT's dominance?

The merger of Three and O2 has been blocked by the EU but UK telecoms companies are still looking at how they can compete with BT. The latter has benefited from the consolidation trend because EU regulators approved its acquisition of EE, enabling it to bundle fixed line and TV with mobile provision. Scale is an important factor in the telecoms sector because infrastructure costs are high. Fast growth through mergers is probably not now an option for other telecoms or media companies, notably Sky, Virgin Media, TalkTalk, Vodafone and O2.

Financial Times, 1 June 2016, p21

Leisure and tourism

Man City – stadium cameras for selfies

Manchester City football club is to trial a new mobile app called Snaptivity that will allow fans to focus stadium cameras on themselves and friends during matches to create an "event triggered extended selfie". This follows an Ideas Britain's #InSport competition which Snaptivity won. The campaign, which is supported by Man City and Creative England, gives entrepreneurs the chance to develop

new sports-related innovations via the Ideas Britain mobile app. This is the latest new technology initiative from Man City which has recently conducted virtual reality trials.

thedrum.com, 1 June 2016

Materials and mining

Zinc prices rise

Zinc has become the best-performing metal this year with the price rising to \$2,000 a tonne, its highest level in ten months. Other commodities, such as copper, iron ore and nickel, have continued to see prices fall. Zinc's success is attributed to mining company Glencore having reduced production by a third last year as well as closing a couple of its large zinc mines. China's production of refined zinc is predicted to fall by 6% this year; a shortage of zinc concentrate in the country, the largest zinc consumer, should boost demand. However, analysts and traders are uncertain as to the amount of metal sitting around in warehouses.

Financial Times, 3 June 2016, p30

South32 mines for cuts

South32, the mining group formed when it broke away from BHP Billiton last year, is to cut yet more jobs and is considering closing its Cerro Matoso ferronickel mine in Colombia, which is one of the biggest in the world. South32 produces manganese, nickel, alumina and coal but has had a difficult year due to falling prices. Overall the company hopes to cut costs by \$300m in 2016.

Financial Times, 3 June 2016, p21

Media

Books

Educational technology

The educational technology or "edtech" sector is taking off while traditional education publishers are failing to innovate fast enough, according to George Burgess, founder of start-up Gojimo, which has developed a free revision app for GCSE and A-Level students. Edtech has benefited from a flurry of venture capital investment and there are around 1,000 edtech start-ups in the UK alone. This article examines the rise of edtech, its potential threat to traditional publishers and profiles six examples.

The Bookseller, 3 June 2016, pp6-8

Self-publishing – writers take back control

Perceptions of self-publishing are changing thanks to a new generation of online editorial services and self-publishing platforms. A number of established authors are moving across to self-publishing in the interests of maximising sales. Self-publishing platforms, such as Reedsy, Pronoun and Leanpub, target specific niches or offer authors terms that

their traditional publishers can't match. Almost half of all e-book purchases on the Kindle store are self-published titles.

Bloomberg Businessweek, 30 May-6 June 2016, pp44-45

Film

Breathing emotions

Scientists, who have been researching the gases found in a cinema's ventilation ducts, claim that it is possible to identify both the film and the individual scenes that the audience is watching. The project, which calculated the emissions of different gases by people, looked at how these gases change according to what people had been doing. It found that the changes in emissions are consistent across different screenings of the same film, which suggests that people respond predictably. The scientists have already been approached by marketing companies to see if the research could help in the evaluation of adverts as a non-invasive way of testing emotions. It could also help with film ratings.

The Times, 2 June 2016, p13

Magazines

Taking time out for food

Time Out, famous for its lifestyle and listings magazine, is to float on the stock exchange with a valuation of up to £225m. The original magazine, which started life at Keele University in 1968, has grown to become a global digital media business. However the company has been struggling to make a profit – Oakley Capital, which owns 76% of the business, has responded by making the print magazine free, developing digital formats and launching a food market in Lisbon. The company is expected to plough more money into food markets in the next few years as it tries to return to profit.

The Guardian, 1 June 2016, p19

Auto mags reach top gear among French

Research in France among internet users who purchased a car over the past year, reveals that 41% were aided in their selection of a vehicle, make or model by an auto magazine, as opposed to just 12% who cited digital ads as having helped them. Auto magazines are also valuable higher up the purchase funnel, with 40% of respondents saying that such magazines had attracted their attention, a higher percentage than for any other medium.

emarketer.com, 3 June 2016

Music

M&S switches off – music to customers' ears

Marks & Spencer will switch off the background music in its stores after customers complained about it. The initiative is thought to be aimed at appeasing the retailer's ageing customer base since older people can find music annoying. Some shops that have decided to turn off the music are doing so

because of the cost. M&S will save thousands a year since it currently pays around £1,600 per 10,000 metres of shop floor. Although music can change consumers' behaviour in some shops, in larger stores the lack of music probably won't have an adverse effect. Separately, Pipedown, a group campaigning for "freedom from piped music", has teamed up with the charity Action on Hearing, to call for pubs and restaurants to stop playing background music.

The Daily Telegraph, 1 June 2016, p11; The Times, 2 June 2016, p1

Newspapers

Circulation and ads fall faster than predicted

Newspaper publishers have reacted to the decline in print circulation and advertising by introducing redundancies, closures, or even new titles. However, the rate of decline in circulation and advertising has been faster than expected. In April print advertising in the UK fell by one fifth and, in January, 11 out of 24 national newspapers suffered double-digit falls in circulation year-on-year. Although big advertisers, such as Tesco and Sky, are moving their ad budgets online, publishers have realised that digital can never make up for the loss of print revenues. Instead of trying to tackle the print decline head on, they are beginning to innovate in ways that they can build on.

thedrum.com, 1 June 2016

Television

Directive could lead to more primetime ads

The European Commission has recently updated its Audiovisual Media Services Directive (See also Cutting Edge 1 June) which sets out rules for broadcasters and on-demand services. One of the key changes is greater flexibility for TV ads. TV channels can currently show 12 minutes of ads an hour between 7am and 11pm; this will change to a maximum of 20% of broadcast time throughout the day so that more ads can be shown during more valuable time slots. The ISBA has expressed concern that this will increase the number of primetime ads which may drive viewers away. This could also have a negative impact on direct-response campaigns that rely on non-peak airtime.

Campaign, 3 June 2016, pp2-3

Video

Asia looks to the long-form

In Asia advertisers are opting for longer-form video ads in an effort to maintain viewers' attention. According to YouTube, last year's ads in the Asia-Pacific region were over four minutes duration on average, nearly two-thirds longer than in the previous year. This reflects the difference in content offered to Asian and Western audiences. Whereas Western audiences are used to native/amateur

creators on YouTube, in Asian markets traditional media are happy to use YouTube as their digital distribution platform with popular TV shows being available on YouTube soon after transmission. YouTube is watching this trend with interest as people in the West spend more time on digital devices.

Financial Times, 3 June 2016, p20

Packaging

Packaging – a question of sport

This is a good time to focus on sport and packaging because of the fast-approaching Rio Olympics, Euro 2016 and Wimbledon. However, the Royal Society of Public Health wants food labelling to provide information on how far you would have to walk in order to burn off the calories. In reality most sponsor brands will be encouraging viewers to consume food and drinks from the comfort of their living rooms. This article examines packaging for sports sponsors including Carlsberg Export Euro 2016, Müller Yogurt & Desserts, Walkers and Stella Artois.

packagingnews.co.uk, 2 June 2016

Retailing

Walmart – defending its position

Walmart is the world's biggest retailer, its largest employer and its biggest company in terms of revenue but can it maintain its dominance? Many Americans have turned to shopping online: last year US e-commerce made up 10.4% of retail sales, up from 9.3% in 2014, largely thanks to Amazon. Walmart plans to devote \$1 billion to e-commerce this year – its online sales grew by just 7% globally in the first quarter of the year while Amazon's North American sales grew by 27%.

The Economist, 4 June 2016, pp63-65

Supermarkets – a mixed bag

Sainsbury's has reported its worst sales for a year in the 12 weeks to 22 May, as it cut prices and abandoned 'buy one get one free' offers and brand-match guarantees. Kantar Worldpanel reports that all the 'big four' grocers lost sales although they have suffered less at the hands of Aldi, Lidl and Waitrose than previously. Waitrose has achieved a record share of the grocery market, at 5.3%, while the Co-Op grew its sales by 3.3% for the second quarter in a row. Lidl and Aldi continued to be the fastest-growing retailers, at 14.2% and 11.4% respectively.

The Times, 2 June 2016, p41

Morrisons focuses on customer service

Morrisons plans to improve its customer service offering by introducing a *Customers don't queue* initiative. Stores will be asked to ensure that one

customer is served while only one other customer is waiting in the queue at any time. Morrisons has not confirmed whether the initiative will be accompanied by advertising. As part of this boost to customer service, the retailer will also introduce mystery shoppers to rate stores on their service.

The Grocer, 4 June 2016, p6

Services

Craigslist – a classified success

Craigslist was dreamt up by Craig Newmark in San Francisco in 1995. It began as a simple e-mail distribution list for friends but has grown to become the world's 30th-largest website covering 70 countries, 50 billion page views and 100m new classified ads a month. It is estimated that the classified ads service took \$5 billion-worth of revenue away from US newspapers between 2000 and 2007. However, there is debate about how much it has really damaged the newspaper industry.

Campaign, 3 June 2016, p16

Glue unlocks delivery opportunities

Glue, a Swedish start-up, has invented a smart lock which can be used instead of a front door key. The app will allow differing levels of access to someone's home for family, friends or even trusted companies. The lock covers the key hole on the inside of the front door and sends a notification to the user when the door is opened. Glue recently conducted a trial to deliver groceries directly to customers' fridges while they were out.

The Daily Telegraph, 3 June 2016, p8

Naked restaurant pops up in London

This week a pop-up restaurant opens in London which claims to offer "ultimate freedom and liberation from impurity". It is also London's first "naked restaurant" – diners, who sit in bamboo cubicles, will be offered a gown which they can either keep on or take off. The restaurant, which seats 42 people, is in an undisclosed location and already has a waiting list of 40,000. Customers taking part in trials have described it as "more of a social experiment than a restaurant".

Financial Times, 7 June 2016, p2

Transport and travel

Advance planning pays for women

Research from Carlson Wagonlit Travel reveals that on average women book flights almost two days earlier than men regardless of their age group. The more frequent the travel the shorter the advance booking time becomes, while gender differences all but disappear when more than 20 journeys are made a year. One explanation for the gender gap is that women may experience greater stress when travelling and therefore become more organised in

order to minimise stress. Advance planning appears to pay off, with women saving around \$17 a trip, or 2% of the ticket price. This could lead to savings of \$1m a year for a multinational company with 21,000 travellers.

Harvard Business Review, Vol 94(6) June 2016, p28

Carmakers and aerospace take off in Morocco

French car maker Renault is hoping to produce 400,000 cars a year from its new assembly plants in Tangier and Casablanca. Morocco's Government has gone out of its way to make it easier for foreign direct investment in the country. This is coupled with a cheap labour supply and heavy expenditure on infrastructure in the country. Car makers, such as Renault, who are relying on sales in new markets to maintain their growth, aim to appeal to local tastes. Aerospace is another growth industry in Morocco, with over 100 companies employing 11,500 people.

The Economist, 4 June 2016, pp67-68

Chinese bus rises above traffic jams

Beijing-based company, Transit Explore Bus, plans to test out an innovative bus which straddles the road, allowing cars to drive underneath it, with the aim of reducing city congestion. It can carry 1,400 passengers in the cabin, which is two metres above the road, while travelling at 60kph.

New Scientist, 4 June 2016, p22

VW still in profit despite scandal

Volkswagen's profits fell by almost 20% in the first quarter of 2016 as the car emissions scandal continued to take its toll on car sales. The company also reported its first annual loss for over 20 year for 2015; this was related to the costs of buying back cars and compensating car owners in the US. Experts believe that VW's continuing ability to make a profit means that customers probably care less about the emissions scandal than was originally anticipated.

The Guardian, 1 June 2016, p19

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Stacy Bereck	Ipsos	GfK	MD of Market Opportunities and Innovation, North America	research-live.com
Belinda Hall	Various agencies	Jack Morton Worldwide	Director of Digital	eventindustrynews.co.uk
Tegan Jones	St John Ambulance	SSAFA	Director of Fundraising	Third Sector
Vicki Kennedy	National Lottery Promotions Unit	Young Epilepsy	Director of Fundraising and External Relations	Third Sector
Imran Khan	British Science Association	Wellcome Trust	Head of Public Engagement	Third Sector
Suzanne Walters	Selfridges	M.i.h. Jeans	Global Head of Marketing and Communications	fashioninsight.co.uk
Ant Wayne	Droga5 Australia	AKQA	Co-Executive Planning Director	Campaign

Promotions

Name	Company	Previous title	New title	Source
Jem Lloyd-Williams	Vizeum	Director for Product and Innovation	Managing Director	Campaign
Chris Miller	JW Filshill	Director of Craft Beer Export Division	Commercial Director (retains previous role)	The Grocer

Sources

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Journal of Advertising**

www.lexology.com

MIT Sloan Management Review*

New Scientist** (1 month embargo)

www.out-law.com

www.packagingnews.co.uk

www.parliament.uk

Public Relations Tactics**

www.research-live.com

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

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www.utilityweek.co.uk

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