

Cutting Edge: Our weekly analysis of marketing news

15 June 2016

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

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Marketing trends and issues

Advertising

Mobile advertising

Last year mobile advertising was worth \$48 billion among the nine largest country markets, with the US spending the most at \$20.7 billion, followed by Germany (\$14.5 billion) and Japan (\$4.3 billion). Most of global mobile adspend is on Android devices (54.9%) with consumer-packaged goods being the most frequently advertised. Click rates and interaction with mobile ads is believed to be low and nearly half of consumers find them “annoying” or “irrelevant”. This article includes graphs showing US mobile statistics, adspend by mobile market, operating system, format, and performance.

Admap, June 2016, pp52-53

Human-oriented CSR

Consumers are increasingly demanding a higher level of corporate social responsibility (CSR). This study focuses on humane-oriented CSR – CSR activities related to social justice and well-being of people – using data from six countries. It reveals that humane orientation is a positive cultural trait for advertising purposes across all countries. The greater the level of perceived human orientation in an ad, the more positive the evaluation of that ad and the more likely respondents were to perceive the advertiser as being socially responsible. The results suggest that international advertisers could employ a standardised ad campaign across multiple markets when using humane-oriented CSR.

International Journal of Advertising, Vol 35(4) 2016, pp730-757 (Diehl et al)

Music artists shift towards advertising

Traditionally music artists have not been keen to use their music in advertising but the decline in record

sales has meant that synchronisation (using music in an ad, film or video game) can be attractive. Last year British artists made up 41% of the synchronisation market. Paloma Faith was a favourite choice for advertisers last year – her music was used by brands such as Calvin Klein and Dixons.

The Times, 10 June 2016, p49

Agencies

Media agency practices taken to task

The Association of National Advertisers (ANA) in the US has published a report in which it claims that “non-transparent business practices” are “pervasive”. It suggests that all the big ad agencies are involved and identifies a number of areas in need of reform, notably accepting rebates which are not being passed back to clients. The ANA has identified the practice whereby media agencies reward ad agencies for buying ad space by giving them cash, fees or other benefits. Big ad companies have denied the existence of rebates and the findings of the report may not result in legal action, but they could lead to an increasingly uneasy relationship between agencies and advertisers.

Campaign, 10 June 2016, p1; The Economist, 11 June 2016, pp67-68; Financial Times, 8 June 2016, p16; Marketing Week, 9 June 2016, pp8-9

Investors question Sorrell’s pay out

Around 34% of WPP shareholders have voted against the company’s remuneration policy, up from 22% last year. The vote was largely aimed at the £70m-pay package for Sir Martin Sorrell, one of the largest ever given to a FTSE 100 chief executive. The vote serves to highlight investor concerns with executive pay but it will not force the company to change its policy.

Financial Times, 9 June 2016, p15



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The advertising revolution

Brands are switching to digital media for their campaigns because they are faster and cheaper than traditional media. *The Guardian*, together with software company Deltek, recently hosted a seminar with leading figures from advertising, media and brands to examine the future of advertising and marketing. The discussion centred on how ad agencies need to evolve as technology increasingly plays a role in advertising.

The Guardian, 13 June 2016, p30

Brands and branding

Brand protection

Product counterfeiting is a growing risk for many companies but little research has been conducted on how to tackle the threat. A study of ten large global companies covers brand-protection initiatives and related efforts. Most companies reported taking multiple measures to assess the extent and impact of counterfeit products. Successful programmes included attribute management, management support, adequate funding, and understanding of counterfeiting problems as determinants of success. Respondents cited constant communication as another key success factor.

Journal of Brand Management, Vol 23(3) 2016, pp345-361 (Wilson et al)

Brand differentiation

Many companies (such as the BBC) impose blanket charges regardless of the extent to which customers use the service. This explains why some of the most popular innovation has been in pricing, as demonstrated by Uber. Pricing innovation can induce socially beneficial consumer behaviour: when Southern Water imposed metering on its customers, it saw a 15% fall in domestic water usage and a drop in energy use. Price innovation can also provide brands with insight into consumer psychology because it is a language that people understand. Pricing is the biggest factor in category disruption but marketers often underestimate its power to differentiate a brand. The author suggests three questions that marketers should be asking themselves.

Campaign, 10 June 2016, p39 (Edwards)

The power of a strong brand

The latest BrandZ *Top 100* rankings shows that the 100 biggest brands in the world are retaining their value, despite the fact that Millennials are "brand-fickle" and like to try out new things. The value of the largest brands grew by 3% this year to \$3.4 trillion – over the past ten years their value has more than doubled. In 2006, when the list was first compiled, the top five brands were leaders in their own markets (Microsoft, GE, Coca-Cola, China Mobile and Marlboro). Now technology companies head the ranking (Google, Apple, Microsoft, AT&T

and Facebook). However, some 54 of the brands in the 2006 list are still there which shows how a strong brand can retain its value over time. This year Google and Apple continue to battle it out, with Google reclaiming pole position.

Financial Times (Special Report: Global Brands), 9 June 2016, pp1,3; Marketing Week, 9 June 2016, pp16-23

Conferences and events

Industry trends

Conference & Incentive Travel's State of the Industry Report 2016 reveals that brands and agencies are expected to deliver bigger, more creative events this year but with smaller or no increase in their budgets, just 35% of event planners are expecting a budget increase. For the eighth consecutive year budgets are cited as the greatest overall challenge, according to 39% of respondents. Yet the UK events industry is still growing, with 63% of respondents saying that they will hold more events this year than last. With regard to agencies, 91% reported that they expect some financial growth in 2016 while 83% expect to increase their headcount.

Conference & Incentive Travel, June 2016, pp22-23

Social media – knowing what is available

The use of social media in helping to draw attention to conferences and meetings is well established but there is often a lack of information for those wishing to do the publicity. Social media have been incorporating some useful features to help businesses and event organisers. For example, Facebook has partnered with Ticketmaster and Eventbrite to allow attendees to register directly on their Facebook pages. The author reviews the event offerings of Facebook, Instagram, Snapchat and Twitter/Periscope.

Association Meetings International, June 2016, pp44-45 (Ball)

Consumer behaviour

UK women greater browsers on smartphones

New research reveals that female internet users in the UK spend more time on their mobile phone (nearly half) than on other devices (35%). In contrast, men spend 48% of their time online on other devices, such as desktop or laptop computers. Only those aged 55 or older spent more than 20% of their online time on tablets. The research also found that smartphone usage declined with age, especially among men. Social media use is the main factor explaining the greater use of smartphones for accessing the internet among women. The research was conducted in April 2016.

emarketer.com, 10 June 2016

Customer relations

Service quality for high customer contact B2B

Employee-customer interaction is especially important in high contact service industries, such as call centres or hospitals. This study seeks to investigate the effect of empowerment on the relationships between service training, internal marketing and service quality. It also looks at how the effects of service training, internal marketing and empowerment on service quality vary in domestic and international operations. A survey of 880 service employees working in high contact B2B service settings suggests that offering service employees the skills and power to do their job is essential in both domestic and international contexts.

Industrial Marketing Management, Vol 55 May 2016, pp131-143 (Pomirleanu et al)

T-Mobile offers pizza and shares

T-Mobile is to offer each of its 12m smartphone account holders \$43 in shares with the option to increase their allotment to 100 shares a year if they recommend the service. The company is also offering free pizza, rental movies and frozen desserts from Wendys for those not wishing to take part in the share option. Chief executive, John Legere, is renowned for his flamboyancy and showy marketing yet the company has been instrumental in changing the US mobile industry by eliminating the traditional phone contract and offering other services.

Financial Times, 8 June 2016, pp14,18

Consumer engagement

The author, a trend forecaster for the International Housewares Association (IHA), says "the best innovations come from a really deep understanding of who the consumer is and what problems they have that you can solve". He offers ten rules for consumer engagement which include knowing your audience, creating desire and selling experiences.

Kitchenware International, May-June 2016, p12 (Mirabile)

Direct marketing

Quality data tops wish list

A new study has revealed that quality, up-to-date contact data has the greatest influence on the response and conversion rates of marketing campaigns. The research, from Royal Mail Data Services, shows quality of data being ranked more highly (75%) than campaign timing (70%), personalisation (70%) and creative execution (62%) when delivering effective marketing. Some 67% of companies said that a UK postal-address is the most valuable piece of data they can collect for marketing purposes and 88% say their websites are the main source for gathering this information.

dataiq.co.uk, 7 June 2016

Law

Sharing economy – EC urges restraint

A French court has fined Uber €800,000 for operating the UberPop service, which uses unlicensed drivers. Meanwhile, in Germany a Frankfurt court has upheld a ban on UberPop. It has already been made illegal in Italy and Spain. UberPop connects customers via an app with non-professional drivers using their own cars. In the UK, Uber has been using licensed drivers, probably due to the strong taxi lobby. However, the European Commission has told governments that they should ban Uber and other "sharing economy" firms only as a last resort and that service providers should have to get licences only when "strictly necessary".

The Guardian, 10 June 2016, p24; The Daily Telegraph (Business), 10 June 2016, p4

CMA rules against online selling ban

The UK's Competition and Markets Authority (CMA) has ruled that Ping, a golf club manufacturer, cannot ban the selling of its products online. The CMA said that Ping had breached UK and EU competition rules. Ping will be forced to drop the ban which means that consumers will be able to hunt around for the best deals online rather than travelling between stores. Experts believe that some retailers could now be forced to remove their bans on online selling which could be damaging to their business.

telegraph.co.uk, 9 June 2016

Digital content vs data consent

Last year a new directive was proposed by the European Commission on contracts for the supply of digital content. However, MEP Marju Lauristin is worried that the original proposals, "could create a perverse incentive for suppliers to not ask for the consumer's consent" to use their personal data. This is because suppliers of digital content often provide it to consumers in exchange for the right to collect and use their personal data, rather than charging consumers for access to the material. The directive is currently under consideration by the European Parliament.

out-law.com, 10 June 2016

Marketing

Celebrity endorsement – an overview

Celebrity endorsements continue to be a popular way of enhancing marketing communications. The authors present a review of celebrity endorsement research which identifies six areas of research on the subject: celebrity prevalence; campaign management; financial effects; celebrity persuasion; non-evaluative meaning transfer; and brand-to-celebrity transfer. They identify key findings, conflicting results and gaps in the research as well as examining the psychological processes underlying

celebrity endorsement effects and suggest an agenda for future research.

International Journal of Advertising, Vol 35(4) 2016, pp642-663 (Bergvist and Zhou)

City marketing

The authors investigate how smell can contribute to urban identity. They demonstrate the current use of smell in city marketing and its challenges; identify ways in which smell could be used in future urban place marketing; and propose how smell might be an effective way of creating more participation within urban place marketing.

Marketing Theory, Vol 16(2) 2016, pp153-170 (Henshaw et al)

Marketing metrics

Marketing has the challenge of demonstrating its business value. This is mainly because of the difficulty of measuring its impact. The authors set out, firstly, to clarify marketing metrics so that managers select the right metrics and use them correctly and, secondly, to help senior managers understand when marketers are 'cherry-picking' the data or using unsuitable metrics. They assess five common marketing metrics: market share, net promoter score, value of a 'like', customer lifetime value and return on investment. The research reveals that popular marketing metrics are often misunderstood or misused which in turn can undermine marketing's reputation for delivering results. Marketers will gain more influence if metrics are applied appropriately.

MIT Sloan Management Review, Spring 2016, pp73-82 (Bendle and Bagga)

Market research

Quantifying qualitative data

One way in which to broaden research methodology is to integrate qualitative and quantitative approaches. A suggested approach is the quantification of qualitative brand data. Not all brand associations are equal – the strength, uniqueness and valence (attractiveness) of brand associations need to be considered. To date there has been no attempt to quantify and integrate these dimensions into a single index. This study offers an approach which considers all three brand association dimensions. It culminates in a quantification of open-ended brand associations called a "weighted valence index" (WVI).

International Journal of Market Research, Vol 58(3) 2016, pp421-450 (Rahman and Areni)

What products can tell you

Companies used to rely heavily on surveys and focus groups for an understanding of customer perceptions; more recently online ratings and social media have provided new ways of assessing customer opinions. Now products that are part of

the Internet of Things can provide levels of information which can improve both products and customer experience. Information from connected devices gives companies three important pieces of information: where the products are being used; how they are being used; and which customers are using them. Companies manufacturing smart, connected devices are likely to have an advantage in the future. For example, they will know when a product isn't working properly rather than waiting for a customer to call.

MIT Sloan Management Review, Spring 2016, pp49-50 (Gandhi et al)

Public relations

Wikipedia may not repair reputations

A new book entitled *Wikipedia as a Marketing Tool: How to reap the marketing benefits of Wikipedia*, by Mike Wood, argues that you should not use Wikipedia to try to repair your client's reputation. Instead you should create content that can "outrank" the negative news. The challenge is to create the right online pages to counterbalance the bad ones. In his book Wood explains how, although using Wikipedia makes sense, you would need to invest a lot of money and work to create a good page. He warns that anyone can edit the page, which includes inserting the bad news!

prdaily.com, 13 June 2016 (Leonhardt)

Sponsorship

Hyundai – aspirations at Euro 2016

The UEFA European Championship has kicked off and all brands have their eye on the ball. Recent research suggests that, of the top ten brands associated with Euro 2016, only four were official sponsors. Hyundai, a sponsor that was not among the top ten, has created what it hopes will be an unforgettable experience in the form of a 1,000-capacity FanDome in London's King's Cross. It will show 45 games and what is described as a "world-first, live, reactive, 360-degree audio-visual experience". The aim is to make the brand stand out since it doesn't enjoy the awareness levels of some other car makers.

Campaign, 10 June 2016, p15

Nike vs Adidas

Euro 2016 has started as has competition between two of the biggest sports brands, Nike and Adidas. A report from sports marketing agency Repucom has analysed how the two sponsors are faring. Whereas Adidas is supplying kits for nine of the 24 teams in the tournament, Nike is sponsoring just six teams. However, the brand battle is all about social media presence and Nike is well positioned on Twitter, with its 4.6m followers compared with Adidas's 2.9m. Nike also has over 42.2m fans on Facebook while Adidas has half that at 21.8m.

thedrum.com, 10 June 2016

Agriculture, fishing and forestry

Farming of the future

Seven articles examine the future of agriculture; they cover: smart farming; bacteria and fungi; crops of the future; fish farming; and the use of technology to improve agriculture in both rich and poor economies. A scientist at MIT is building a "catalogue of climates" allowing indoor urban farms to be programmed to imitate certain climates so that crops can be grown for local consumption, reducing the need to transport food over large distances.

The Economist (Technology Quarterly: Factory Fresh), 11 June 2016, (afterp46) pp1-12

Land purchases the size of Finland

Reuters reports that global investors have purchased agricultural lands the size of Finland at a cost of over \$90 billion. Rights groups have criticised the deals, arguing that they will displace small farmers. Globally there are 491 large-scale farmland deals across 78 countries, according to research by Barcelona-based campaign group GRAIN. It argues that this "land grabbing" will hurt developing countries, but supporters say the schemes will help to relieve poverty and enhance farm productivity.

reuters.com, 13 June 2016

Businesses and strategy

Inheriting teams

Many leaders aren't able to build their teams from scratch because they are put in charge of a ready-made team. They need advice on the best way to take over and how to improve performance. The author, an expert in transitions, suggests a three-step model: start by assessing the people you have and the dynamics within the group; reshape the team's membership, sense of purpose, operating model and behaviours according to the business challenges; lastly speed up team development by setting them up for some early successes to boost confidence and reinforce your operating model.

Harvard Business Review, June 2016, pp60-67 (Watkins)

Charities and NGOs

Sports stars' charities

Many sports stars try to prolong their sporting legacies by supporting recognised charities while others found their own charitable organisations bearing their name. Building a lasting legacy can be a problem for sports star charities as *Third Sector* discovered when it analysed details of 20 such foundations. It reveals that charities bearing sports stars' names are often quite short-lived, reflecting the relatively short careers of their founders. However, there are successful examples, such as the Dame Kelly Holmes Trust. A case study of The Dallaglio Foundation, named after England rugby

captain Lawrence Dallaglio, is included.

Third Sector, June 2016, pp34-37 (Ricketts)

University fundraising

University philanthropy is enjoying something of a renaissance and fundraising income is on the increase: the median income from donations has risen from £311,000 in 2004-5 to £1,283,000 in 2014-15. British universities raise more than European ones but lag far behind American establishments in this respect. Last year the University of Pennsylvania raised £357m vs University College London's £42m. Universities are learning from other charities that they need to appeal on the basis of the impact of their work, such as their contribution to medical research.

The Economist, 11 June 2016, pp30-32

Economy

Global wealth

A study from The Boston Consulting Group (BCG) reveals that the UK has more "dollar millionaire" households than France and Germany. The US, China and Japan are the only countries to have more millionaires than Britain. Last year the share of the world's wealth by millionaires grew to 52%, up from 47% the year before. Global private financial wealth rose to \$168 trillion in 2015, with the Asia-Pacific region, notably China and India, experiencing the fastest rise (17%) in millionaire households. Asia-Pacific is expected to overtake North America in global wealth rankings soon after 2020.

The Times, 8 June 2016, p2; The Guardian, 8 June 2016, p26

Energy and utilities

Energy switching – the ten commitments

Trade organisation, Energy UK, says that more than 350,000 consumers switched energy supplier in May, bringing the total number of switches to 2m so far this year. Some 27% of switches for May represented a shift to small and mid-tier suppliers while just 12% were from small and mid-tier to large suppliers. Energy UK has also announced the Energy Switch Guarantee, a set of ten commitments developed by energy suppliers. They aim to clarify how customers can switch energy suppliers in a "simple, reliable and hassle-free way".

utilityweek.co.uk, 7 June 2016

Environment

Vertical gardens

A four-metre high vertical garden in Oslo inhales pollution and exhales fresh air which, according to its creator, Green City Solutions, performs the work of 275 trees. The company's CityTrees have already been installed in German and Norwegian cities but it plans to expand to Hong Kong in the near future.

Each garden holds 1,682 pots of moss which can extract pollutants from the air. The CityTree units cost €22,000 each but money could be recouped through advertising – the units contain NFC and iBeacon technology and can also be used to display logos or QR codes.

Wired, July-August 2016, p24

The Green Deal – matters of compliance

Here Andrea Leadsom, of the UK's Department for Energy and Climate Change, responds to a question regarding companies which pretend to be authorised Green Deal dealers. She advises that non-authorised organisations that are in breach of the code of practice will be contacted by the Green Deal Oversight and Registration Body (GD ORB) and, if necessary, referred to the Advertising Standards Authority and Trading Standards Service. Further action might involve websites removing the organisation's paid-for search ads if they link directly to a page that hosts non-compliant marketing.

theyworkforyou.com, 8 June 2016

Fashion

Long Tall Sally – appeals to big niche

Most discussions surrounding diverse body shapes tend to focus on plus-size women. However, tall women probably find it even harder to find clothing to fit them. UK retailer Long Tall Sally sells garments to taller women – 75% of its sales are to those over 5'11". Although the company is serving a small niche, it has global reach and nearly 65% of sales come from people outside the UK. It is also expanding the number of physical stores around the world. However, the company's name is regarded as a marketing hurdle – whereas "long" and "tall" make it easy to search online, women probably don't want to draw attention to the fact that they have to shop in a special type of store!

Bloomberg Businessweek, 6-12 June 2016, pp59-61

Financial services

Price comparison – compare consolidation

Price-comparison sites operate in a fast-growing but extremely competitive market. Since there is no company dominating the market, it requires huge marketing expenditure to stand out: Moneysupermarket spent 32% of its sales on marketing last year compared with Rightmove's 6%. Now insurance group esure is looking to demerge GoCompare, one of the four big price-comparison sites. There is speculation that the market is ripe for consolidation: Zoopla, a property website, has already bought uSwitch, a utilities comparison site.

Financial Times, 8 June 2016, p14

TSB shifts towards digital

TSB is to close another 25 branches while investing

heavily in digital services. This is part of a trend for larger banks to move towards smaller numbers of upgraded branches which are backed up by digital services. The British Bankers' Association reports that the number of branches fell from 10,084 in 2010 to 9,216 by the end of 2014. Meanwhile nearly twice as many logins took place on mobile banking apps (895m) last year as visits to physical branches (427m), according to CACI.

Financial Times, 8 June 2016, p20

FMCG

Beverages

French cut down on daily booze

Whereas the French used to drink a bottle of wine a day, now only 8% of French people drink alcohol every day, down from 15% five years ago, according to a study by drinks manufacturers' association, Avec Modération. The association's MD, Alexis Capitant, blames the trend on the French Government's health campaigns which he says "treated alcohol like an addictive drug". Nevertheless the French still drink 11.5 litres of alcohol a year on average per person compared with the UK's 9.7 litres.

The Times, 8 June 2016, p19

Bottled water to top carbonated drinks in US

Next year bottled water is expected to overtake carbonated beverages as the most consumed drink in America. From 2000 to 2015 bottled water consumption grew by 120% while that of carbonated drinks fell by 16%, according to a report from Beverage Marketing. Bottled water sales have been boosted by consumer health concerns. Pepsi and Coca-Cola have both established their positions in the bottled water market, yet margins and consumer loyalty for carbonated drinks remain much higher than for bottled water.

brandchannel.com, 8 June 2016

Craft beer caught on the hop

The Czech Republic is the second-largest producer and exporter of hops but hot weather and increased demand for use in craft beers led to a 32% hike in prices at the end of 2015, while production was down by 23% and exports by 10% year-on-year. Fortunately for the beer industry the price of hops makes up only a small proportion of the cost of making and distributing beer.

The Grocer, 11 June 2016, p16

Cosmetics and toiletries

Fragrance "wardrobing"

A bottle of perfume can last years and, although brands appreciate the loyalty, they would prefer consumers to make more frequent purchases. Traditionally this problem has been solved through

“pillar” perfumes: reworked formulae that extend the brand, such as Calvin Klein’s Eternity Summer or Eternity Now. Now perfumers have come up with the idea of “wardrobing”, in which customers can mix colognes to achieve the desired effect, a bit like mixing and matching items in a wardrobe. Bottega Veneta has just released six scents called Parco Palladiano, which are simply labelled with roman numerals. Other perfumers are on the same scent!

Bloomberg Businessweek, 6-12 June 2016, p65

Food

War on waste

According to Wrap, 223,000 tonnes of edible food is sent to be used for animal feed or compost rather than to feed hungry people. The EU Waste Framework Directive, which is incorporated in UK law, sets out five steps for dealing with waste according to its environmental impact. At the top is prevention followed by redistribution, yet the UK has ended up with a system that favours renewable energy and animal feed over hungry people. Why is this and what can be done about it? This article explores the issues.

The Grocer, 11 June 2016, pp24-28

New food company eyes up Stock Exchange

Turkish company, Yildiz Holding, acquired United Biscuits in November 2014. Now it has created a new company, London-based Pladis, which incorporates United Biscuits, Ulker, Godiva Chocolatier and DeMet’s Candy with combined revenues of £3.6 billion. It would like to see the company in the FTSE 100 and may float as early as 2020. Pladis is also planning a move into the UK chocolate market with the Godiva Belgian chocolate brand.

The Grocer, 11 June 2016, p8

Household

South Koreans go green

The South Korean obsession with cleanliness has led to all household products, from baby soap to washing machines, acting as sterilisers. Professor Lee Duck-hwan of Sogang University refers to this as “phobia marketing”. But now sales of disinfectants sold by Oxy and three other local companies, which contain poisonous chemicals, have been suspended by the Government. This scandal is changing the way that South Koreans shop – instead of air fresheners and bleaches they are turning to ‘green’ alternatives. Such consumers, are being referred to as the “no-chemi clan”. Duck-hwan believes that the best way forward would be to educate consumers on how to use chemical products safely.

The Economist, 11 June 2016, p68

Tobacco

Ugliest colour chosen for packs

The green-brown colour, Pantone 448C, has been voted the ugliest colour in the world, according to a poll organised by ad agency GfK. The colour is associated with “dirty”, “death” and “tar” which is presumably why it was considered suitable for the colour of cigarette packaging.

The Guardian (G2), 9 June 2016, p3

Essentra hit by tobacco tax rises

Essentra, which makes filters for cigarettes as well as packaging for a wide range of industries, has warned that it is unlikely to achieve its full-year targets. This is largely because of new tobacco taxes in China and India: in May China said it would more than double the consumption tax on cigarettes and in April India increased cigarette duty for the third time in three years.

The Daily Telegraph (Business), 10 June 2016, p5

Government and public sector

The power of social networks in endorsement

In 2007 Ben Rattray set up Change.org, a website enabling people to start their own petitions. Today it has 145m subscribers. Although successful petitions can change politicians’ minds, in general the system itself tends to remain unaltered. Now Rattray is on a mission to change politics itself with the launch of a mobile app called Change Politics. It is a social network which gives advice on how to vote and where people can use endorsements through the connections they trust the most. Bill Gates, himself an investor in Change.org, is likely to be a key endorser. Voters’ apps, such as PolitiFact and Voter, are fairly commonplace but Rattray argues that Change Politics is more powerful because of its social network aspects.

Wired, July-August 2016, pp27-28

London Mayor to ban “body shaming” ads

Mayor of London, Sadiq Khan, wants to stop ads which promote an “unhealthy” or “unrealistic” body image from appearing on London’s Tube and buses from July this year. The Mayor’s office has asked Transport for London (TfL) to partner with advertising companies, such as Exterior Media and JCDecaux, to ensure that advertisers don’t break the rules. The move to ban “body shaming” ads follows controversy over the 2015 *Beach Body Ready* campaign from Protein World. The ASA has plans to review the way in which it regulates ads which objectify or sexualise women.

thedrum.com, 13 June 2016

Eyes down for traffic lights

Sydney has become the latest city to install traffic

lights in the pavement because it is concerned that pedestrians looking down at their phones will step out in front of the traffic without bothering to look up at the lights. In April Cologne and Augsburg also installed pavement lights. Could this lead to other types of pavement infrastructure?

New Scientist, 11 June 2016, p24

Health and pharmaceuticals

Watson on health

This article looks at how cognitive computing in the form of IBM's Watson is influencing the field of medicine. Memorial Sloan Kettering, a leader in cancer research, is where Watson is currently being "trained" but since it is cloud-based, it can be used anywhere. A cognitive approach to health can take place 24 hours a day as long as the data and the ability to interpret it is available. This article looks at some Watson-related health applications.

Wired, July-August 2016, pp94-95

IT and telecoms

Apple to sell ads at top of searches

Apple is to introduce a single paid ad at the top of search results in its US App Store. The ads will be selected in an auction process like Google's AdWords. Currently developers' ad budgets are spent on social media and online ads but this initiative is intended to allow them to make their marketing more effective by placing it where people actually search and download apps. Developers will only pay if the ad is clicked on. Some app developers will be concerned that this will only benefit big companies that can afford the ads.

The Daily Telegraph (Business), 9 June 2016, p8

Homes – not yet smart

For a number of years the Internet of Things has been hyped as the next big thing but, so far, consumers have proved largely resistant to introducing 'smart' gadgets into their homes. In 2014 Google started investing heavily when it bought smart thermostat-maker Nest and home-security camera-maker Dropcam. Nest has sold only 2.5m thermostats over the past few years – its problems reflect the fact that only 6% of Americans have a smart home device. Forrester Research does not predict huge growth in the market for reasons that include cost and the fact that smart appliances are non-essential purchases.

The Economist, 11 June 2016, pp65-66

VR opportunities

The virtual reality industry is predicted to be worth \$1 billion by the end of this year and marketers are looking at ways of using it. According to the latest Ipsos MORI survey, there is an increasing awareness of VR: 59% of men say they have a good

understanding of it compared with 46% of women, but it is younger adults – 16% of the 16 to 24 age group – who are the most enthusiastic about VR technology. According to 60% of respondents, gamers are the main target audience for VR. This article looks at the opportunities for marketers.

Marketing Week, 9 June 2016, pp24-25

Tesco rewards users for accepting ads

Tesco is offering customers, who pay their phone bill on a monthly basis, a £3 reduction if they allow ads on their phones. Customers will need to download an Android app, which will display ads and offers from companies such as British Airways and McDonald's. This is one way in which telecoms groups, which are struggling to get a slice of mobile ad-spend, can get around the problem of ad-blocking software.

Financial Times, 9 June 2016, p21

Leisure and tourism

Theme parks in China

Mainland China has around 300 theme parks and the industry is becoming increasingly crowded as more parks open. It is predicted that the number of visitors will grow from 120m last year to 220m by 2020. On 16 June Walt Disney will launch its Shanghai Disney Resort and in 2017 DreamWorks will open its Shanghai DreamCenter. Industry consultant John Gerner believes that the key to theme park success is brand popularity. In the short-term local operators may be able to compete on value because Disneyland is expensive and people will only go there once every few years – but Disney benefits from a strong brand.

Bloomberg Businessweek, 6-12 June 2016, pp15-16

Materials and mining

Niche market strategies

Producers of commodity-based products, such as steel or paper, can counter the challenge of increased global competition by adopting a niche market strategy. Yet this strategy is often considered to be defensive. The authors suggest that niche marketing can also be employed as a proactive or aggressive strategy, which allows companies to outperform competitors with regard to profitability and growth. The use of a proactive niche market strategy is investigated through three case studies of Swedish steel companies. They identify a combination of five key activities that are used in a proactive niche market strategy.

Industrial Marketing Management, Vol 55 May 2016, pp119-130 (Ottosson and Kindström)

Media

Britain to overtake Germany's media market

Britain will overtake Germany as the biggest European media and entertainment (E&M) market next year, according to a new report from PwC. Britain's market is set to be worth £62.8 billion compared with Germany's £58.6 billion. The prediction is for Britain to maintain its lead in radio, advertising, book and magazine publishing and cinema through to 2020. However, the growth is largely attributed to the rise of internet advertising in which Britain is already the largest market in Europe. This market is set to grow by 10.5% each year through to 2020.

The Times, 8 June 2016, p36

Film

Chinese cinema continues to grow

China has been busy investing in US film expertise as the growing middle classes in China are increasingly looking for film entertainment. The film market is booming despite the slowing economy and multiplex cinemas continue to be built. Hollywood groups have been open to investment because it helps them to overcome the quota system which limits the number of films that can be shown on the Chinese mainland. The Chinese cinema market is expected to overtake that of America to become the largest in the world by 2017.

Financial Times, 9 June 2016, p17

Internet

Online ad fraud

The World Federation of Advertisers (WFA) has estimated that advertisers lost \$45 billion to fraud in the online advertising marketplace last year, a figure which it predicts could reach \$140 billion by 2025. The WFA has suggested that its members take a number of measures to reduce their exposure to ad fraud. These are divided into four categories: people and technology; education and communication; standards; and governance.

Campaign, 10 June 2016, p5

Yahoo to sell patents

Yahoo is to sell more than 3,000 patents and patent applications, which it describes as a "unique opportunity" for internet companies to acquire "some of the most pioneering and foundational patents related to web search and advertising". Yahoo, an early web pioneer, has been struggling in today's internet environment, despite efforts by CEO Marissa Meyer to turn it around.

Financial Times, 9 June 2016, p17

Music

Sainsbury's – a record seller

Supermarket Sainsbury's, which began selling vinyl records in March, has become the biggest seller of records in the country. Fleetwood Mac's *Rumours* album is currently at the top of the bestseller list. Chief executive Mike Coupe believes that vinyl is the "next big thing".

The Times, 9 June 2016, p40

Festivals – turning off the music

Despite charging around £200 for a ticket, many music festivals are becoming unviable and as many as 100 of this year's festivals could disappear by 2017, according to research by ParcelHero. Even Glastonbury's pre-tax profits have fallen from £764,000 in 2013 to £86,000 in 2014. Factors contributing to festivals' demise are the high cost of security and demands on infrastructure.

The Guardian, 13 June 2016, p21

Social media

Microsoft buys LinkedIn

Microsoft has just announced that it is to acquire the B2B social network, LinkedIn, for \$26.2 billion. This gives Microsoft the biggest global professional network for jobseekers and recruiters. *Dmnews* gives six reasons why the acquisition is important for marketers, not least being the opportunity to access LinkedIn's network of over 430m professional profiles which can be linked with data in Microsoft Dynamics CRM.

dmnews.com, 13 June 2016 (O'Brien); brandchannel.com, 13 June 2016

Consumers – growing scepticism

Research undertaken by YouGov for CIM reveals that consumers are losing faith in information published by brands on social media: 25% of respondents said they had seen a fake online review; 21% claimed to have seen a brand incentivise customers to make positive comments on social media without making this clear; and 16% said they had seen brands pay someone for a promotion without declaring it. The percentage making these claims had risen compared with the previous year. This follows media coverage of certain high-profile brands that had failed to declare that a vlogger had been paid to promote their products.

Marketing Week, 9 June 2016, p7

Television

Digital to overtake TV ad spend next year

PwC has predicted that television will lose its lead in the US ad market by next year. This is because of the growth in mobile video which will drive digital ad revenues up to \$75.3 billion in 2017 compared to TV's \$70.4 billion. PwC believes that we are "in the

middle of a shift from television to digital” and that this is “challenging the traditional value of attention and the ability to monetise advertising dollars”.

Financial Times, 9 June 2016, p18

Video

The rise of the older vlogger

An older generation of British beauty vloggers has come to the fore. They include Tricia Cusden, a 68 year-old retired consultant who launched “make-up for older women” tutorials three years ago and now has 2m YouTube views. Male vloggers have also found an audience, such as 74-year-old Tim Rowlett, a toy collector, who has 370,000 subscribers to his YouTube channel. It is estimated that around 76% of 55 to 75-year-olds go online at least once a day.

The Times, 8 June 2016, p3

Packaging

Hologram promotes gin to bartenders

With the current popularity of gin, Bombay Sapphire is trying to differentiate itself with some innovative packaging. It is targeting so-called “gatekeepers” (bartenders) with a limited edition bottle: when a smartphone is inserted into the surrounding packaging, the “spirit” of the gin appears in the form of a holographic woman in flowing clothes, who describes the making of the gin and its qualities.

thedrum.com, 10 June 2016

Retailing

AmazonFresh comes to London

Amazon is entering the UK online grocery market with the launch of AmazonFresh in 69 London postcodes. It will compete head-to-head against Britain’s supermarkets. The service will offer 130,000 products to be supplied by large food manufacturers such as Kellogg’s, Coca-Cola and Warburtons. UK supermarket Morrisons could be a beneficiary as it will also be selling via AmazonFresh. Amazon believes that its low prices, selection, fast delivery and customer experience will be factors for long-term success. Some analysts believe that it could take some years for real changes to take place in the grocery market.

The Times, 9 June 2016, p10; Financial Times, 8 June 2016, p21; The Sunday Telegraph, 12 June 2016, p5

Services

Auto Trader accelerates following listing

Revenues at Auto Trader have risen by 10% during its first year as a FTSE 250 listed company while pre-tax profits have climbed from £11m to £155m. The number of advert views on Auto Trader rose by 7.5% to reach 243m during the period. This follows the launch of “discovery search”, which enables people to search for cars even if they don’t know the

make or model they want. They could, for example, search for the number of car seats they need.

The Daily Telegraph (Business), 10 June 2016, p3

The race for one-hour delivery

Online delivery services are hotting up. Sainsbury’s is experimenting with a one-hour delivery service in Wandsworth, London. The groceries will be delivered to customers’ doors by bicycle at the cost of £4.99. The Chop Chop app, which can be downloaded from the Apple App Store, will notify customers if items are unavailable and suggest alternatives. Meanwhile London’s Whole Foods Market, in partnership with delivery start-up Quiqup, is trialling the delivery of groceries and other items to people’s doors within as little as an hour. Quiqup allows retailers to offer online services without having to invest in the infrastructure themselves, a bit like Deliveroo and Just Eat.

The Grocer, 11 June 2016, pp10,14

Transport and travel

Commuting goes sky high

The Bolivian city of El Alto operates a gondola system which allows passengers to commute to work. It was built by Austrian company, Doppelmayr Seilbahnen, which makes chairlifts, aerial trams and gondolas for ski areas. The company has already built gondola lines in Colombia, Taiwan and Russia. Urban areas provide an avenue of growth for the company – their traditional markets, such as the Alps and the Rockies, are reaching saturation point. Another two dozen cities around the world are considering building aerial trams as a form of public transport.

Bloomberg Businessweek, 6-12 June 2016, pp33-34

South America – air travel

South American airlines, excluding Mexico’s mainly profitable carriers, have been flying at a huge loss. This is unusual at a time when there are increasing numbers of passengers and cheap fuel. Yet South America’s air fares are high and there are few low-cost carriers, mainly because of the lack of infrastructure and the support for incumbent, state-run carriers by governments. The situation is unlikely to change unless politicians in the region start addressing aviation’s problems...

The Economist, 11 June 2016, p69

Electric bikes

BH Bikes, based in Vitoria in Spain, introduced its first electric bike in 2008; now it has more than 60 models and expects sales to rise by 20% this year. The global market for electric bikes is fragmented and the biggest market is Asia (with a projected 32.8m sales this year) and Western Europe (1.6m) compared with North America (just 152,000). E-bikes have even been banned in some American

cities due to safety concerns but bike makers are targeting the US anyway, in the hope that the market will take off.

Bloomberg Businessweek, 6-12 June 2016, p36

Buzz phrases

Internationalists

Internationalists are those who spend at least six months living, working or studying abroad and they make up a quarter of Europe's wealthiest individuals. The *Affluent Survey 2016* by Ipsos reveals that more than 13.6m of the 52.2m most affluent Europeans currently live abroad or are internationalists. Internationalists have personal income that is at least 20% more than the average affluent. They are more likely to own luxury products and 46% of them say they like challenge, novelty and change.

research-live.com, 10 June 2016

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Zaid Al-Zaidy	McCann London	Above & Beyond	Chief Executive	Campaign
Jonathan Burley	CHI & Partners	Rainey Campbell Roalfe/Y&R	Chief Creative Officer	Campaign
Joanna De Koning	McDonald's	Just Eat	Head of Corporate Comms	PR Week
Russ Lidstone	Havas Worldwide	WRG	CEO	Conference & Incentive Travel
Mark Masterson	Momentum Worldwide	Jack Morton Worldwide	Executive Creative Director	Conference & Incentive Travel
Alexandra Phillips	TUI	Thomas Cook	Group Head of Internal Comms	PR Week
Jessica Pugh	Benefit Cosmetics	Bodyism	Head of Marketing and PR	fashioninsight.co.uk
Loiuse Shield	RSA	Santander UK	Director of Corporate Comms	PR Week
Robin Tozer	Sky	Thomas Cook	Group Head of Corporate Comms	PR Week
Lesley Tyler	Capita Travel and Events	Reed & Mackay	Director of Events and Group Travel	Conference & Incentive Travel

Cutting Edge: Our weekly analysis of marketing news

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The Financial Times ~

The Grocer

The Guardian

Industrial Marketing Management

International Journal of Advertising**

International Journal of Market Research**

The Journal of Brand Management*

Kitchenware International

Marketing Theory

Marketing Week **

MIT Sloan Management Review*

New Scientist** (1 month embargo)

www.out-law.com

www.prdaily.com

www.research-live.com

www.reuters.com

www.theyworkforyou.com

Third Sector (selected articles available)

The Times

www.utilityweek.co.uk

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