

Cutting Edge: Our weekly analysis of marketing news

22 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

Creativity in B2B

Creativity is well recognised as one of the most important concepts in the design and development of effective advertising. B2B advertising research tends to focus on factual, functional messages yet there is a growing body of evidence suggesting that consumer marketing concepts apply to business buyers. This research looks at the effect of advertising creativity on the organisational buying process. Results from an online survey indicate that creative ads lead to stronger shifts in attitudes toward the ad, the brand and behavioural intentions.

Industrial Marketing Management, Vol 55, May 2016, pp169-177 (Baack et al)

Two-sided ad messages

A two-sided message provides both positive and negative information. This study looks into the immediate and delayed effects of advertising messages that convey both positive and negative sides. To date research shows that the effects of two-sided messages are ambiguous: although the source of a two-sided message is perceived to be more credible than that of a one-sided message, attitudes towards two-sided messages tend to be less favourable. This study explains the negative effects of 'message sidedness', which have been identified in previous research, and shows that a two-sided message is not necessarily inferior to a one-sided message despite the negative short-term affects.

International Journal of Advertising, Vol 35(4) 2016, pp664-681 (Küster and Eisend)

Agencies

Investors want succession planning at WPP

The pressure continues for WPP in the wake of the controversy over Sir Martin Sorrell's remuneration package. Now the company's shareholders are calling on chairman, Roberto Quarta, to provide clarity over the succession strategy for Sorrell, even though he has no plans to leave just yet. Quarta, who has been nicknamed 'Bob the knife' and 'Give no Quarta' because of his uncompromising approach to running previous companies, spent over an hour answering questions at the company's recent AGM. He says that "there is no set timeframe for CEO succession".

Campaign, 17 June 2016, p6

Agency to guarantee RoI

Market research specialist BrainJuicer has launched a new agency called System1, which it says will be the first to guarantee a return on investment. The agency claims to be the first to quantitatively pre-test all creative work before presenting it to clients. According to the agency's chief executive, Rod Connors, the "new approach means we can guarantee a minimum performance level across every campaign idea that we develop".

Campaign, 17 June 2016, p5

Agency head aims for authenticity

Tamara Ingram, the new chief executive of J. Walter Thompson, wants the advertising industry to look beyond university graduates and elite educational establishments and instead recruit people on their own merit. Otherwise advertising may risk losing its connection with consumers – "You don't need a university degree, you don't need the education...you need the talent", she says.

Financial Times, 20 June 2016, p1



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Brands and branding

Brand sabotage

These days technology enables consumers to damage a brand with a relatively small amount of effort. To address this the authors develop the concept of consumer brand sabotage (CBS). A conceptual framework differentiates between CBS, which is defined as a 'deliberate form of hostile, aggressive behaviour on the part of a consumer, designed to harm a brand', and other forms of negative consumer behaviour, such as customer retaliation and negative word-of-mouth. The framework uses insights, theories and interviews with saboteurs to develop a better understanding of CBS.

Journal of Marketing, Vol 80(3) 2016, pp25-41 (Kahr et al)

Brand discovery – offline is still king

Today's digital consumers have many different ways of finding out about new brands and products. Yet research from GlobalWebIndex reveals, that despite the sheer choice of new channels, it is the traditional channels that remain the most powerful. Advertising on TV has emerged at the top of a list of brand discovery sources, according to 40% of adult respondents. This reflects the fact that linear TV is still at the core of media consumption, particularly in the UK and US. The research also revealed a wider trend in which consumers tend to attach more importance to offline than online sources. For example, the most effective word-of-mouth still derives from friends and family rather than online channels regardless of age, gender and income group. This presents a significant challenge for online and mobile advertising.

Admap, June 2016, pp43-45 (Mander)

Conferences and events

Agency rebranding

There has been a surge of rebranding activity among event agencies – Concerto Live has recently become Clive and Live Union has changed to INVNT. Rebrands can be expensive, even if it is just a change of logo or updated website. Costs can range from a few thousand pounds for a simple rebrand to five-figure sums, which are not uncommon among larger agencies. The recent spate of rebrands reflects the maturity of the events industry as they increasingly find that their branding no longer reflects their services. On the up side agencies are clearly feeling confident enough to invest heavily in their brands.

Conference & Incentive Travel, June 2016, p21

Event management

This article examines the 'art of event management' which aims to deliver a 'unique and inspirational experience' for attendees. It also points out that the contribution of the event management sector to the

UK economy is often overlooked: latest estimates put the figure at £39 billion for direct visitor spend, while conferences, meetings, incentive travel and exhibitions contribute over £21 billion. The sector supports 25,000 businesses and an estimated 8,000 students a year complete degree courses in the subject.

London Business Matters, No. 126, June 2016, pp44-46

Consumer behaviour

Gender and media consumption

Here the authors explain how they undertook a project examining the issue of gender and media in the UK. In particular they looked at how the audience feels about the amount of coverage of men and women and their opinions on the quality and character portrayal on TV, radio and online. They describe how they used the Bem Sex Role Inventory to investigate whether the position of the audience, in relation to a masculinity/femininity spectrum, explains their consumption and appreciation of the TV they watch.

International Journal of Market Research, Vol 58(3) 2016, pp355-379 (Bunker and Bryson)

Customer relations

Customer-supplier collaborations

This study shows that customer-supplier collaborations among B2B professional service firms (PSFs) have both 'bright' and 'dark' sides. Their ability to help a PSF with its service performance depends very much on the levels of environmental competition and turbulence. The authors show that increasing levels of competitive intensity and environmental turbulence can reduce the ability of customer and supplier collaborations to drive service performance. When the level of competitive intensity rises, the benefits of collaboration become more positive, yet the dark side of customer-supplier collaborations becomes more obvious which in turn negatively affects service performance. When the level of environmental turbulence increases, the dark side of collaborations is more critical and the benefits for promoting service performance are lost.

Industrial Marketing Management, Vol 55, May 2016, pp50-58 (Heirati et al)

Direct marketing

IC wants to target cold-calling directors...

Christopher Graham, the departing UK Information Commissioner, claims that he did not have the powers to pursue the directors of cold-calling companies. The ICO has the authority to fine companies that make nuisance calls but the company directors have remained free from prosecution, which allows them to simply start up another company. An investigation by *The Telegraph* claimed that 15 out of 20 companies fined by the ICO had declared themselves bankrupt or gone out of business to avoid the penalty. Canadian

Elizabeth Denham is due to take over as Information Commissioner at the end of June.

telegraph.co.uk, 18 June 2016

...while ICO teams up to share

The Information Commissioner's Office is one of 11 enforcement authorities around the world that have signed a memorandum of understanding (MoU) committing to share intelligence about unwanted calls and messages. Other signatories include the US, Canada, the Netherlands, Korea, New Zealand and South Africa. There is also a reminder that the ICO provides direct marketing guidance to help companies keep within the law when sending advertising by electronic means:

<https://ico.org.uk/media/for-organisations/documents/1555/direct-marketing-guidance.pdf>

ico.org.uk, 14 June 2016

Law

Effect of Brexit on advertising

CAP's response to the possibility of a UK exit from the EU is to stress its impartiality. However, it states that: "While we cannot offer definitive views on the impact of a vote to leave, we consider that it would be unlikely to cause immediate substantive harm to the advertising self- and co-regulatory systems or require marketers to change their approach to compliance with the Codes in the short-term".

cap.org.uk, 16 June 2016

Disney reflects on looking glass trademark

Disney is always quick to defend its own trademarks but now it stands accused of infringing someone else's. The trademark, 'Alice Through the Looking Glass', is registered in Britain and owned by bookshop owner Jake Fior. Disney had previously approached Mr Fior, offering him £10,000 for being allowed to use the name for its film and offering him a 'marketing opportunity', which he turned down. In the US Disney has tried applying for 11 trademarks for 'Disney Alice Through the Looking Glass' but, as yet, has not received approval. Disney claims that its use of the name "does not offend or infringe any third party rights".

The Times, 17 June 2016, pp26-27

Marketing

Social marketing

Social marketing was developed as a strategic approach to social change based on Kotler and Zaltman's model of marketing management (1971). But over the past decade social marketing has gradually shifted away from traditional marketing approaches towards a service mindset which is more in line with the issues it addresses and the processes required to create change. The movement has started to take in ideas from service-dominant logic (SDL) and the idea of value co-creation, which

incorporates the role of stakeholders. Here the authors review developments in social marketing and look at how SDL's concepts and theories can help in the understanding of complex issues and develop new ways of managing change.

Marketing Theory, Vol 16(2) 2016, pp194-218 (Luca et al)

Influencer marketing

Influencer marketing is changing as brands find new ways to collaborate with vloggers and bloggers. Marketers are also looking at ways of reaching consumers through private social channels including messaging apps and dark social (see also under Social media). For some companies, such as popcorn brand Propercorn, discovering small influencers with an engaged following that is loyal to the brand, is more important than working with influencers who have thousands of followers. This article looks at the role of influencers, with reference to Diageo, Glossybox, Iceland, Marriott and Space NK.

Marketing Week, 16 June 2016, pp18

B2B needs to support sales

Many B2B marketing and sales teams agree that their marketing could be improved. A new eMarketer report, *B2B Sales Enablement: Driving Strategic Efficiencies Along the Path to Purchase*, suggests that some issues stem from departments failing to share information. Marketing tends to have 'one-to-many' engagements with buyers while sales focuses on a 'one-to-few' format. It is generally agreed that sales owns purchasing while the role of marketing in a B2B company is to improve sales productivity at a lower cost than the sales teams can achieve.

emarketer.com, 15 June 2016

Market research

Evaluation of research methods

The way in which people judge and make decisions is partly controlled by unconscious mechanisms which are likely to affect judgements, including those associated with scientific theories and evaluation of research. Three interlinked sources of bias are identified: a preference for certain forms of order; heuristic mechanisms which work to raise certainty and enhance support for accepted theory; and when people mentally separate research and its application. The author reviews limitations in the design of controlled experiments in consumer behaviour. The survey method and its weaknesses are also considered.

Marketing Theory, Vol 16(2) 2016, pp219-231 (East)

Copy testing

Copy testing, which has been around since the 1930s, is the evaluation of creative work before it is aired, to give an indication of how effective it is likely to be. It can also help brands to improve their

messaging before launch and to ensure that the best media are used for the ads. In order to get the most out of copy testing, marketers need to know which level of testing to use and when. The author describes how best to use copy testing, how to determine the right type of testing and how to achieve best practice.

Admap, June 2016, pp10-13 (Poole)

Public relations

PR – young, female and white

This article summarises the findings of the PRCA's *2016 Census* of the PR and comms industry. One of the main findings is that the sector continues to lack diversity: around 83,000 people work in the UK industry, with 66% of these female and 34% male workers, a ratio that has remained largely unchanged since 2011. In terms of diversity, 'white British' is the category chosen by 83% of respondents to describe themselves, while only 2% describe themselves as 'Asian' and 2% 'black'. The survey also reveals differences in levels of pay and average age across the UK. The data is presented in bar charts showing average salaries, falls in salary, regional disparities and areas of work focus.

PR Week, June 2016, pp44-47

Creating a good headline

Attracting attention to marketing content on the internet requires a good headline. The importance of an eye-catching headline cannot be under-estimated so how do you create one? The author offers some advice, such as fitting the headline to the nature of the media and attracting attention by using words or phrases that mean the opposite of each other. A range of headline styles designed to spark interest is also suggested.

London Business Matters, No. 126, June 2016, p30

Sponsorship

Alternative sporting opportunities

Large sporting events, such as Euro 2016, are under way, but some major sports – notably football, tennis and athletics – have attracted controversy due to doping and corruption allegations. Many young sports fans are turning to newer, alternative sports which give them better digital engagement. Brands are advised to take note because they could be missing out on major opportunities if they ignore these emerging sports. Some brands are already developing alternative sponsorship strategies in newer sports. This article focuses on Formula E, UFC (Ultimate Fighting championship) and eSports.

Marketing Week, 16 June 2016, pp20-23

IOC marketer defends Coke and McDonald's

Melinda May, head of marketing for the International Olympics Committee (IOC), says that it will support sponsors such as Coke and McDonalds,

who have been criticised for their links with obesity. Jamie Oliver said of the London Games that no one could be "proud" of it from a healthy eating perspective. Ms May disagrees – she argues that the big sponsors have been instrumental in getting young people to become more active. Coke has been an Olympics sponsor for nearly 90 years and McDonald's a partner since the mid-1970s.

thedrum.com, 20 June 2016

NatWest turns to cricket

Royal Bank of Scotland is looking to sponsor the England and Wales Cricket Board as a way of promoting the NatWest brand in England and Wales. If the sponsorship goes ahead, the NatWest logo could replace the Waitrose logo on cricketers' shirts.

The Guardian, 18 June 2016, p30

Agriculture, fishing and forestry

Peanuts hit by weather

Bad weather in Argentina and South Africa, two of the largest peanut-growing regions, has led to a supply problem and prices rising by 10% to 20%. Increasing demand for peanut and groundnut oil in China is attributed to their health benefits – Chinese exports of peanuts have nearly halved over the past decade while imports have risen by almost 50%. India, which also supplies China with peanuts, has also had bad harvests due to monsoon weather.

Financial Times, 17 June 2016, p28

Digital farming takes off in US

There has been a growing trend for digitally-assisted farming: food and agriculture start-ups received \$4.6 billion in investment last year, up from \$2.3 billion in 2014. Monsanto, a leading provider of analytics used by growers, started investing in digital agriculture in 2013 when it acquired Climate Corp.; it has an algorithm that can predict how weather affects the output of crops. Monsanto is now in a position to make recommendations to farmers about what to plant and where. Adoption of digital agriculture has been fastest in the central part of the US, where industrial farms aim for maximum efficiency.

Bloomberg Businessweek, 13-26 June 2016, pp29-30

Building industry

Constructive emissions

The Walkie-Talkie building in London has been blamed for windows that direct fierce sunlight onto cars in the street, in some cases melting them, and for creating wind tunnels. However, the tower was also designed with a £4m fuel cell system which supplies clean electricity and heating to the building. The tower is owned by Land Securities, which is the largest listed commercial property group in the UK

to have targets for cutting emissions in line with the Paris climate change agreement. Buildings account for a large proportion of global emissions.

Financial Times, 17 June 2016, p4

Architects adopt video game engines

Game engines, the platforms on which games are built, have become so good at replicating reality that they are attracting non-video gaming companies. One example is London-based PLP Architecture, which is experimenting with two game engines. Architects have for some time offered customers virtual tours of unbuilt buildings but these have often been little more than animations. Game engines let people walk around at will inside the buildings using a video game controller. This makes clients more excited about the proposed edifice than they would previously have been. Architects are not the only non-gamers to have shown an interest in game engines.

The Economist, 18 June 2016, pp81-82

Businesses and strategy

Product recall – remedy costs vs. harm

When product recalls take place, the company has to take corrective action or provide compensation to consumers for the defective products. These actions directly affect both the consumer and the effectiveness of the recall. This article looks at factors affecting remedy choices using a theoretical framework which covers the trade-off between the cost of remedy and consumer harm. The study, which looks at recalls issued by the US Product Safety Commission, discovers that companies tend to avoid a full remedy when that remedy cost is high, but are more likely to go for a full remedy if the product hazards are more severe. The authors also find that CEO's personal interests can interfere with remedy decisions.

Journal of Marketing, Vol 80(3) 2016, pp79-95 (Liu and Luo)

Innovation in emerging markets

For years multinational companies have been moving their R&D activities to emerging markets such as India and China. Initially overseas R&D was simply an extension of the R&D operation in the home market but the dynamics are changing: now many R&D centres in emerging markets have advanced technical capabilities and their employees are demanding higher value-added work and responsibility for a complete product or technology. Emerging market R&D subsidiaries are positioned to play a major role in the innovation strategies of multinational companies. The authors offer a framework that can be used by managers in multinationals to support key decisions on innovation in emerging markets. It is based on the ASR 901 aggregation services routers that were developed by Cisco's India R&D centre. The authors

identify three factors that managers in emerging market R&D centres should consider before embarking on innovation for local markets.

MIT Sloan Management Review, Spring Management Review, pp55-62 (Jha et al)

Tackling the high-intensity workplace

People are under pressure to be 'ideal workers' who are committed to their jobs and constantly on call. Following a study, the authors conclude that such dedication to work can be harmful. They identify three types of strategies for dealing with demanding workplaces and the risks associated with them: accepting (prioritising the job above everything else); passing (pretending to be an ideal worker while enjoying life beyond the office); and revealing (openly taking part in non-work commitments). They recommend that managers themselves act as role models by leading 'multifaceted' lives; by rewarding employees for the quality and results of their work rather than the time spent on it; by enforcing reasonable work hours; and by protecting employees' personal lives.

Harvard Business Review, June 2016, pp84-90 (Reid and Ramarajan)

Entrepreneurs more likely to recruit

A recent survey from EY reveals that 59% of entrepreneurs across the world are planning to recruit more employees this year compared to just 28% of more established companies. It also indicates that entrepreneurs who created a new product or service this year were 95% more likely to increase their workforce over the next year than less innovative enterprises. ABE, the global non-profit organisation and awarding body, has warned that the success of an entrepreneurial company rests on the development of the correct skills and knowledge of its chosen market right from the onset.

businessmag.co.uk, 15 June 2016

Charities and NGOs

Councils tackle nuisance fundraising

Some councils have been using Public Space Protection Orders to tackle what they consider to be 'aggressive' face-to-face fundraising. Although the orders do not prevent face-to-face fundraising, they aim to prevent activity perceived to be aggressive. The Public Fundraising Association (PFRA) has accused the councils in question of using a 'sledgehammer to crack a nut'. However Newport City Council has argued that members of the public have complained about the 'persistent nuisance' of direct debit fundraisers in the city centre.

thirdsector.co.uk, 17 June 2016

A blip in UNHCR's campaign

UN refugee agency UNHCR is using an augmented reality (AR) app for its latest campaign. World Refugee Day, which took place on 20 June, aims to raise awareness of the plight of refugees around the world. UNHCR's partnership with Blippar, the AR and AI company, allows users to show their support for the charity by 'blipping' their hands which will result in an instant show of support on the charity's #WithRefugees petition.

charitydigitalnews.co.uk, 21 June 2016

Durable consumer goods

Trunki-maker – a hard case to crack

This year the UK High Court dismissed an appeal by Trunki, maker of the children's ride-on suitcase, that rival Kiddee Case had copied its design. The outcome of the case led to much concern and debate among designers and intellectual property experts alike. Now Trunki-maker, Rob Law, has made a come-back by launching a new product, the Jurni, which is a ride-on suitcase for older kids. The case has a hard shell and is capable of holding 30 stone in weight. However, the Trunki continues to be a 'hero brand' – Mr Law believes that 30% of UK shoppers have heard of it despite very little in the way of marketing.

The Daily Telegraph Business, 21 June 2016, p8

Economy

Global GDP

It is estimated that the global economy grew by 2.7% in the first quarter of the year, compared with the same period a year ago. The growth rate rose mainly because of improved performance by the BRIC economies whose contribution to world GDP increased from 1.4% to 1.6%. *The Economist* warns that the world economy could be dampened if Britain votes to leave the EU because over the last five years Britain has made the greatest contribution to EU GDP growth!

The Economist, 18 June 2016, p93

Energy and utilities

Energy companies need to be more creative

Fridrik Larsen, the energy branding expert, says that new energy suppliers should be creative in their branding so that they can stand out from the 'Big Six' suppliers and attract customers. He identifies existing brand positioning as: "the service brand, the low cost brand, the green brand and the local brand" but says there is "an opening in the market for some abstract terms like fun, exciting etc." He believes that great brands own a set of feelings in consumers' minds but that energy companies have so far failed to achieve this.

utilityweek.co.uk, 16 June 2016

Environment

Flushing out wet wipes

Wet wipes are creating a major environmental problem by being flushed down the toilet which is leading to blocked sewers and contaminated beaches. Now the Marine Conservation Society (MCS) has linked up with the water industry to ask manufacturers and retailers to clarify the fact that wet wipes should be binned rather than flushed. Andrex, Tesco and Sainsbury's have all been labelling their products as 'flushable'. Water UK says that toilets are designed only for the 'three Ps' – poo, pee and paper!

The Times, 16 June 2016, p3; water.org.uk, 16 June 2016

Green air travel with electric planes

Nasa has a ten-year plan to bring electric-powered aircraft to the skies, which it says will usher in an era of cleaner, greener and quieter air travel. The organisation has unveiled the X-57, an electric four-seater aircraft, which it hopes will revolutionise air travel in the same way that Tesla has revolutionised cars. Airlines currently use 80 billion gallons of fuel a year.

The Times, 20 June 2016, p20

Upcycling coffee cups

Around 7m paper coffee cups are used in Britain every day (2.5 billion a year). Now scientists at Imperial College and recycling consultancy, Nextek, have developed a resin from coffee cups and thin plastic disposable cups, which can be moulded into any shape. Ashortwalk, a company that designs products made from recyclable materials, is using the resin to make trays and coasters but has plans to create tables and chairs out of it.

The Times, 18 June 2016, p14

Fashion

Ted Baker undeterred by China slowdown

Ted Baker, the British designer clothing brand, expects to achieve 1% to 2% growth in the 19 weeks to 11 June, despite a slowdown in China, the US and the luxury sector in general. Ted Baker's Chinese business accounts for just 2% of sales while three-quarters of sales come from the UK. The company controls its costs by using word-of-mouth rather than advertising. This article includes a SWOT analysis of the business.

The Daily Telegraph, 13 June 2016, p2

Realising brand value

The fashion business can find itself in financial 'distress', either through changing consumer behaviour, the economic situation or scarcity of resources. A successful brand is vital in the fashion industry and can be used to create value in times of

financial distress. Brand value can be hidden in many places, such as a customer database, an inactive domain name, a trademark registration or an archive of design material. This article looks at how to extract brand value in times of financial duress.

lexology.com, 13 June 2016

Financial services

Branding magic and consumer trust

The authors seek to investigate the effect of brand image on consumer trust in the financial services sector. Although trust helps to 'bind' consumers to brands, a strong brand image can help to reduce consumers' perceptions of risk and help to promote trust. Brands often work like magic in fostering consumers' trusting intention; those who build successful brands use the techniques of the magician who performs three parts of a magic trick: Pledge, Turn and Prestige. The study uses the analogy of a magic trick to discover the key role of financial services branding in fostering consumer trust.

Journal of Financial Services Marketing, Vol 21(2) 2016, pp113-126 (Moin et al)

FCA on innovation

This paper summarises a speech on innovation delivered by Christopher Woolard, the Financial Conduct Authority's (FCA) director of strategy and competition, at the recent Global Digital Banking Conference. Key points include the fact that: the FCA's interest in innovation is primarily linked to its duty to promote competition in the interests of consumers; since it launched project innovate, the FCA has offered support to 250 firms who have 'genuinely innovative' ideas that are likely to benefit consumers; and more consumers than ever before need access to financial services that can "serve their changing needs throughout their lifetime".

fca.org.uk, 17 June 2016

FMCG

Beverages

Young regard full-fat milk as healthy

A new poll by Harris Interactive reflects changing attitudes to fat consumption. It shows that 18% of 25 to 34-year-olds believe that whole milk is the healthiest type of milk or milk alternative. It comes second only to semi-skimmed milk which 24% of this age group consider to be the healthiest. However, only 11% of over-55s think that whole milk is the healthiest option compared with 32% who cite semi-skimmed and 30% skimmed. The research also indicates that Morrisons' new Milk for Farmers brand and Tesco's work with its Sustainable Dairy Group has resonated with consumers.

The Grocer, 18 June 2016, p50

Diageo relies on innovation in the lab

Diageo, owner of some of the world's most famous drinks brands, increasingly relies on the products created at its laboratory in Bishop's Cleeve as a way of countering slowing sales in major markets. Sian Anderson, who oversees the company's innovation, research and development arm, says "there's this recognition at Diageo that innovation is the key growth driver". The company's innovation portfolio boosted global sales by £1.5 billion last year.

The Daily Telegraph, 20 June 2016, p8

Cosmetics and toiletries

Using vloggers to avoid ad-blocking

L'Oréal has started working with a number of online 'influencers', including YouTube star EnjoyPhoenix, who has 2.4m subscribers. This is one way in which the company can get around ad-blocking software. By getting vloggers to talk about the company's products, it can avoid having to use banners and videos ads, which can be blocked. It has also made deals with vloggers on Instagram, Pinterest and other sites. Chief digital officer, Lubomira Rochet, talks about the problem of "classical advertising fatigue".

Financial Times, 21 June 2016, p15

Revlon blends cosmetics with Elizabeth Arden

Revlon, the US cosmetics company, is to acquire Elizabeth Arden in a \$870m-deal that will result in a company with annual sales of \$3 billion. Elizabeth Arden is known for its luxury skincare products while Revlon is better known for mass market hair colour and colour cosmetics. The companies' main competitors will be L'Oréal and Estée Lauder.

The Guardian, 18 June 2016, p31

Food

Tesco to redistribute food waste

Last year Tesco generated 59,400 tonnes of food waste, the equivalent of 119m meals and a 4% increase on the previous year. In March the retailer, which is the only company to publish its food waste data, launched a range of 'wonky vegetables' and ended all BOGOF (Buy one get one free) offers on fruit and veg. It has also committed to redistributing its useable food waste to charities by the end of next year. This year the big four UK supermarkets have signed a voluntary agreement to cut food waste by a fifth within the next decade.

The Guardian, 16 June 2016, p28; The Times, 16 June 2016, p19

Reduced fat chocolate that tastes good

Scientists at the University of Philadelphia claim to have reduced the fat content of the chocolate used in Mars bars by 10% using a technique called electrorheology. Previous attempts to reduce the fat content of chocolate, which is around 40% by

volume, have been unsuccessful. The researchers say that the treated chocolate has a "wonderful" taste, is healthier and can have a slightly stronger cocoa flavour than the original.

The Daily Telegraph, 21 June 2016, p13

Emerging-market food brands

A group of emerging-market food companies is busy diversifying into developed markets by acquiring upmarket brands. These companies have a competitive advantage because of their low cost of production at home as well as an extensive distribution network. Now they are busy buying up overseas brands: Mexico's Grupo Bimbo has acquired 40 brands over the past ten years and Brasil Foods (BRF) has bought 13 businesses in two years.

Financial Times Tomorrow's Global Business, Part 2: Emerging Economies, 21 June 2016, p3

Government and public sector

Remain teams up with M&C Saatchi

With the EU referendum just days away, the official 'Remain' campaign has focused most of its campaign spending on the last two weeks leading up to the vote because of the £7m limit on spending. Last Monday the first ad by M&C Saatchi appeared showing Nigel Farage and Boris Johnson sawing off the branch of a tree they are sitting on. In contrast, the 'Vote Leave' campaign has not worked with any of the major London agencies. Benedict Pringle, founder of politicaladvertising.co.uk believes that Stronger In "is winning the air war" while Vote Leave has "lacked clarity".

Campaign, 17 June 2016, p5

EU referendum – what do marketers think?

CIM asked marketing professionals what they thought might happen as a result of the EU referendum and what changes they might have to make according to the outcome of the vote. The research revealed that 62% of marketers don't know enough about how the EU referendum result could impact the business they work for. CIM has compiled a factsheet aimed at helping marketers to cope with changing legislation, including the impact of the proposed Digital Single Market, how new European law will affect marketing and the implications for trade with Europe and the US.

<https://exchange.cim.co.uk/blog/preparing-for-the-eu-referendum-result/>

EU views

This week some countries across Europe have been launching campaigns to try to persuade Britain to stay in the EU. Viktor Orban, Hungary's PM, was the first to spend public funds on supporting the Remain

vote, by publishing a full page ad in the *Daily Mail*. *Der Spiegel*, the German news magazine, has published a bi-lingual edition with the message 'Please don't go' while Sweden's financial daily, *Abba*, carries the words: 'take a chance on EU'!

Financial Times, 21 June 2016, p2

Negative advertising – who will fare worse?

Hillary Clinton has unfavourable ratings even though she did not have to face any negative advertising from her Democratic opponent, Bernie Sanders, who doesn't believe in 'attack ads'. For her part Clinton has kept away from negative advertising because she will want to win over Sanders' supporters. This contrasts with the 2008 election when Obama spent \$58m on primary ads vs. Clinton's \$33m. This time around Clinton will have to bear the brunt of Donald Trump's advertising. On the other hand, Trump could just be more vulnerable in the advertising stakes...

Bloomberg Businessweek, 13-26 June 2016, pp35-36

Health and pharmaceuticals

Future health prospects

In April the third annual *Wired* health event took place in London, which hosted a total of 38 speakers. A few of the topics picked out for the purposes of this article include: personalised diets, custom-made cells to tackle leukaemia, VR training to reduce waiting lists and the idea that patients of the future will be treated by AI doctors.

Wired, July-August 2016, pp61-68

IT and telecoms

Enterprise software – more enterprising?

Enterprise software is about to undergo something of a revolution as data and artificial intelligence are applied to hitherto 'dumb' applications. This could help companies to manage basic functions including sales and human resources. Microsoft's purchase of LinkedIn represents the largest acquisition to date of an 'algorithmic' company. By having the profiles of 400m professionals, Microsoft should be able to find new ways of helping businesses function better. Salesforce already has a large database of sales leads and is busy acquiring AI companies as it finds ways of getting better insights into business data.

Financial Times, 16 June 2016, p19

IBM serves innovative technology on court

IBM has been working with Wimbledon tennis for 26 years and each year there are new technological developments. This year there will be a 'Cognitive Command Center' which will take in feeds from social media channels to identify relevant and emerging topics of conversation relating to Wimbledon. During the tournament IBM collects around 3.2m datapoints from the 19 courts, which

allows it to share real-time content with tennis fans around the world on their mobile devices. IBM also works with the Australian, French and US open tournaments.

brandchannel.com, 15 June 2016

Leisure and tourism

Global art sales

According to the latest European Fine Art Foundation (TEFAF) report, global art market sales reached \$63.8 billion last year, down by 7% compared with 2014. The US was the biggest market, with 43% share, while European old masters made up just 4% of the market. The annual TEFAF art fair, held in Maastricht in March, is known for its old masters. In contrast, the Art Basel fair group focuses on modern and contemporary art.

Financial Times, 16 June 2016, p10

Breaking out for immersive experiences

'Breaking out' is a new trend that is happening across the UK. One example of this 'escape-the-room' movement is The Crystal Maze, a crowdfunded adaptation of the 1990s TV series. Escape Hunt, which is one of the largest escape-the-room startups, will soon be present in 60 cities around the world. Its low cost, crowdfunded format and viral marketing through TripAdvisor, have helped to boost the business as has a growing demand for immersive experiences. The advertising industry has cottoned on to this by creating similar experiences for brands.

Wired, July-August 2016, p112

Disney opens theme park in China

Last week Disney opened its \$5.5 billion theme park in Shanghai, which represents its biggest overseas investment. Disney regards the park as a way into the world's largest market but it will face competition from local operators, such as Dalian Wanda and Chimelong. It has also been criticised for its steep prices. Disney films have done well in China but may not be enough to build the Disney brand whereas the theme park could do so. The second *FT* article provides topline data on Asia's most popular theme parks. (See also Cutting Edge 15 June)

Financial Times 17 June 2016, pp15,17

Media

Books

The independent sector smaller but thriving

Independent Booksellers' Week is taking place this week and around 400 'indies' will participate in the event which is into its 10th year. Author Patrick Gale believes that "Enthusiastic hand-selling, reflective of a bookseller's informed tastes, trumps online algorithms every time". Last year 23 independent

book stores opened in the UK but 46 closed, bringing the total to 894. The number of indies in the UK has nearly halved since 2005.

The Bookseller, 17 June 2016, p21

Film

Sequels – a hard act to follow

Have cinema-goers become tired of sequels? So far this year 16 film sequels have been on average 18% less profitable than the original films on their opening weekends which has led to a 22% fall at the box office. *Alice Through the Looking Glass* earned 78% less than the original film and many sequels tend to attract indifferent reviews. Nevertheless the sequel continues to be a formula for success and there yet more are planned for this summer.

The Times, 16 June 2016, p17

Internet

Baidu to reduce number of sponsored ads

Chinese internet search engine Baidu has been hit by new advertising regulations which the company says will affect its business badly in the short term. Last month Baidu was ordered to remove the number of sponsored ads per page and to scrutinise its advertisers better following an incident in which a student with cancer died after paying for treatment that he had seen advertised on Baidu. Baidu will be forced to evaluate advertisers and attach risk warnings to paid search results. In addition, ads must only take up 30% of results displayed on a page.

Financial Times, 15 June 2016, p20

Buying influence

Sydney-based catering company Social Bites received a customer service award even though the company didn't actually exist. Its founder, entrepreneur Marc Cowper, had set up the bogus operation in January to demonstrate that a reputation can be bought through influential marketing in which advertisers pay influencers on social media to promote their products. The company gained a Twitter following of 24,000 and the experiment cost a total of just A\$154. In the UK the Competition and Markets Authority (CMA) has been investigating how companies are breaking the law by creating flattering reviews or offering money and other rewards to social media influencers. The CMA estimates that up to £23 billion a year of UK consumer spending can be influenced by online reviews.

Financial Times, 17 June 2016, p12

Newspapers

Social media overtakes TV among young

Reuters' *Digital News Report 2016* is based on a survey of 50,000 online news readers across 26

countries. It reveals that publishers are facing disruption to their business models through the rise of social platforms, the use of mobile and consumer rejection of online advertising. Some 51% of respondents said they use social media as a source of news while Facebook is by far the most important network for news. The survey found that 28% of 18 to 24 year-olds use social media as their main source of news, overtaking TV (24%) for the first time. It also found that problems are getting worse for publishers in terms of ad-blocking and the reluctance of consumers to pay for general news online, particularly in the English-speaking world. There are also concerns over the use of personalised news and algorithms, which has led to concerns that people are missing out on important information.

digitalnewsreport.org, 15 June 2016

New national title despite slide in print

This week saw the launch of a new UK print title, *24: The North's National*, which aims to give a northern slant to the news. Costing just 40p, it will be available in Cumbria, Northumberland and parts of Scotland and Lancashire while avoiding the big cities where competition is strong. *24's* publisher, CN Group, along with other newspaper publishers, has suffered a decline in circulation and advertising due to online competition. The publication comes after the failure this year of *New Day*, a newspaper which lasted just 50 days after being launched by Trinity Mirror.

Financial Times, 21 June 2016, p20

Radio

Radio – how to extend its marketing reach

Radio reaches millions of viewers yet lacks the creativity and excitement to attract some advertisers and media agencies. Although the Government, British Gas and Asda are among those who allocate substantial sums to radio, many big advertisers spend far less on it than on other media channels. Radiocentre, the trade body for commercial radio, wants to change radio's image and has launched a campaign to try to change the perceptions of senior marketers. This article examines radio's strengths and weaknesses and what it needs to do to attract marketing budgets.

Marketing Week, 16 June 2016, pp32-33

Social media

Keeping social honest

CIM recently revisited its *Keep Social Honest* research and carrying out a further survey which examined the path to positive engagement between consumers and brands online. It found that two of the main barriers were transparency and trust. The key findings from the research are set out on CIM's website using an infographic. The topic is explored in more detail by Chris Daly, CIM's chief executive and there is also a video entitled *Top 5 Tips To Keep*

Social Honest. (See also Cutting Edge 15 June under Social media).

<https://exchange.cim.co.uk/infographic/brand-transparency-on-social-media/>

<https://exchange.cim.co.uk/editorial/keep-social-honest-research/>

<https://exchange.cim.co.uk/video/top-5-tips-to-keep-social-honest/>

Most of mobile sharing is dark social

New research suggests that dark social channels, such as messenger apps, SMS and email, generate 77% of shared content via mobile phones. The study by RadiumOne found that 80% of clicks relating to shared content derive from dark social sources. This means that a large proportion of referral traffic is not being measured accurately. Some brands, such as O2, are beginning to see the value of tracking dark social.

Marketing Week, 16 June 2016, p7

Algorithm finds unlabelled ads on social media

It can be hard to identify an ad on social media although Twitter labels tweets that have been promoted by sponsors. However, hashtags can be promoted through other channels such as websites or TV. A team at the University of Southern California has trained an algorithm to recognise a promoted meme that has been labelled on Twitter so that it can detect unlabelled promoted campaigns.

New Scientist, 18 June 2016, p23

Television

Advertisers take break from TV

Last year UK TV ad spend rose by over 7% to £5.3 billion and ITV is expecting another strong year thanks to high-profile sporting fixtures. Yet, so far, 2016's TV ad spend has been flat and might even fall for the first time since the financial downturn, according to analysts. The so-called 'Brexit effect' is one explanation although the state of the UK economy is also worrying advertisers and retailers have cut back on their advertising due to reduced confidence.

Financial Times, 15 June 2016, p20

Packaging

Eco-packaging

The future of food packaging is influenced by environmental requirements, by the need to innovate and the desire to keep costs down. The most commonly used recyclable materials are: aluminium, glass, paper or cardboard, but now that environmental concerns affect the entire supply chain, it is not enough simply to be recyclable. Saltwater Brewery in Florida, which produces six-pack rings made out of barley and wheat, rather than plastic, and OoHo!, a seaweed alternative to plastic bottles, are showing the way in sustainable

packaging.

The Times Raconteur, Supply Chain Strategies, 16 June 2016, p13

Personalised packaging and digital printing

Customers will pay more for a product that has customised packaging and consumer goods companies are experimenting with personalised labelling using digital printers. Some brands want to emulate Coca-Cola's 'Share A Coke' campaign which placed people's names on bottles and cans. Last December customised jars of Nutella selling at A\$12.95 became the top-selling item at Christmas for Myer, a Melbourne store. However, personalised marketing campaigns are mainly for short-term success rather than long-term growth. This is why some brands are using digital printing to move from personalisation to randomisation, as in the case of Heinz tomato soup cans selling at £2 to £3 and bearing the message 'Get Well Soon'.

Financial Times, 15 June 2016, p17

Ready-made chill box

Heineken has created packaging that provides a ready-made chill box for its Sol lager. The Sol Cool Box, which contains 18 bottles, can be filled with ice to chill the bottles.

The Grocer, 18 June 2016, p49

Retailing

Sainsbury's reconsiders agencies

Sainsbury's has recently been talking to agencies about its ad account although its relationship with its current agency, AMV, is considered to one of the strongest in the industry. Yet there is a feeling that Sainsbury's, which is caught between discounters Lidl and Aldi on the one hand and Waitrose on the other, needs to do something decisive. Currently the supermarket is waiting for approval from the Competition & Markets Authority for its acquisition of Argos which will give it a delivery and collection service. This article includes a brief piece on how agencies can retain a long-term client.

Campaign, 17 June 2016, pp2-3

Britain's appetite for online delivery to grow

Britain's food and grocery sector is forecast to grow by 10% by 2021 to reach £197m, according to food research organisation IGD. Online grocery sales will be the fastest-growing part of the sector, followed by the discounters. The IGD believes that the demand for weekly deliveries will be such that the online market could grow by 68% over the next five years. Meanwhile the lot of the large supermarkets could also improve as they adapt their stores and services to provide a better shopper experience.

The Times, 16 June 2016, p44

Tesco to change service model at some stores

Tesco is changing the way in which 50 of its stores operate; this will include daytime rather than night-time stocking, reducing the number of customer service counters and ending 24-hour opening. Retail director Tony Hoggett says that customers are changing their shopping habits and that "service models have to change over time to reflect that". This will mean that just 300 of Tesco's stores will now open 24 hours-a-day.

The Grocer, 18 June 2016, p4

Services

Uber hungry for restaurant trade

Taxi service Uber is about to disrupt the restaurant delivery sector with the launch of UberEats in London. The service supplies restaurants with iPads that can accept and dispatch couriers to collect and deliver orders using bikes and scooters. Uber already has nearly 2m taxi users in London who have access to the UberEats app. The service is likely to compete directly with Deliveroo rather than intermediaries, such as Just Eat.

The Times, 17 June 2016, p53

Purplebricks faces startup competition

Purplebricks, an online-only estate agency which floated in December, is expected to make an estimated loss of £11.7m this year. Although the company markets 40% of all online-only property listings, it is not clear how many properties it has actually sold. Now it is facing increased competition from online startups, such as eMoov and HouseSimple, as well as the more established players, such as Savills. A SWOT analysis of Purplebricks is included.

The Daily Telegraph, 14 June 2016, p2

Tenancy check service includes social media

A UK startup is offering to check out prospective housing tenants on the basis of their social media activity. Source Assured uses software to compile a file listing tenant's friends and interests, including their use of words such as 'loan' and 'pregnant' and the likelihood that they will pay on time.

New Scientist, 24 June 2016, p24

Royal Mail buys Spanish parcel operation

Royal Mail has made one of its biggest European acquisitions with the purchase of ASM Transporte Urgente, Spain's second-largest express parcel system. ASM, which operates mainly in the B2C market, accounts for around 10% of the Spanish parcels market. The company will be part of Royal Mail's General Logistics Systems, which is regarded as one of the most valuable assets in Royal Mail's businesses.

The Times, 21 June 2016, p45

Transport and travel

Tube font revised for digital age

For the first time since 1979 the London Tube is to change the typeface used on signs, posters and passenger information. Minor changes will be made to the Johnston Sans font while the # and @ symbols will be revised to improve Transport for London's (TfL) phone apps. TfL denies that the changes will result in increased fares. The new font will be called Johnston100 in memory of Edward Johnston who introduced London's transport network in 1916.

The Times, 17 June 2016, p21

Rolls introduces futuristic car

Rolls Royce has produced the 'ultimate concept car' aimed at showing what the Rolls-Royce will look like in 25 years' time. The 103EX is self-driving but voice-controlled by passengers who can interact with an AI program called 'Eleanor'; the name is taken from Eleanor Thornton upon whom the company's Spirit of Ecstasy bonnet ornament is based. Other innovations include electric motors housed in the wheel hubs and lasers mounted under the door which project a 'personal red carpet'!

The Daily Telegraph Business, 17 June 2016, p4

The return of the gas guzzler

SUVs are experiencing a global surge in sales, especially in China, where light trucks and SUVs represented 35% of car sales in April, up from 10% in 2010. This trend, which is also apparent in the US, appears to be in response to the fall in oil prices. Last year more SUVs were sold in Europe than any other type of vehicle for the first time. The revival of the 'gas guzzler' is expected to have an impact on world oil markets.

The Times, 16 June 2016, p38

Written by CIM's Knowledge Services Team

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www.utilityweek.co.uk

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[Economy](#)

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[FMCG](#)

[Beverages](#)

[Cosmetics and toiletries](#)

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[Government and public sector](#)

[Health and pharmaceuticals](#)

[IT and telecoms](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Agencies](#)

[Brands and branding](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Customer relations](#)

[Direct marketing](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Media](#)

[Books](#)

[Film](#)

[Internet](#)

[Newspapers](#)

[Radio](#)

[Social media](#)

[Television](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)