

# Cutting Edge: Our weekly analysis of marketing news

10 August 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

#### No ad recession predicted

According to the latest Advertising Association/Warc expenditure report, UK adspend will rise by 4.2% this year and 3.8% in 2017. Growth predictions have been reduced by 1.3% for 2016 and 1.7% for 2017, partly due to economic uncertainty. However, the first quarter of the year saw adspend exceed £5 billion for the first time. Senior research analyst, James McDonald, says that there is no evidence of an "advertising recession on the horizon" following the EU referendum.

**Marketing Week, 4 August 2016, p6**

#### Chunking promotes

Optimising spaces between words, a process known as "chunking", promotes increased reading speed as well as better eye movements and comprehension. San Francisco-based company, Asym, is developing a process that might just encourage customers to press the "buy" button – the process can be used to adjust the spacing of a document in real time in order to gain an extra few seconds of attention and, for advertisers, a chance to earn extra revenue. Varying the spaces in a banner ad, for example, resulted in a 24% rise in click-through rate.

**Wired, September 2016, p23**

### Agencies

#### Saatchi chairman resigns

Following the furore over his sexist statements and his subsequent forced leave of absence (See also Cutting Edge 3 August), Saatchi & Saatchi chairman Kevin Roberts has resigned. He made a lengthy statement in which he blamed "miscommunication" and apologised for having "caused upset and offence". Roberts's disparaging comments regarding

women in leadership roles had led to criticism from colleagues within Publicis Groupe, as well as from the industry and on social media.

**The Daily Telegraph, 4 August 2016, p7**

### Brands and branding

#### Country of origin-manufacture fit

A brand's country of origin (COO) – where it is based or manufactured – is important for consumers when they evaluate products. The authors argue that products deriving from bi-national or multi-national brands could lead to ambiguity and hence reduce consumers' product evaluations. They call this consistency or lack of consistency between brand origin and country of manufacture as "COO fit". Two studies reveal that this lack of fit can reduce consumer product evaluations even though the country of origin and country of manufacture have equivalent capabilities. The first study reveals that this effect is influenced by consumer traits, while the second study helps to identify brand positioning strategies which can offset the negative effects of COO fit.

**Journal of Brand Management, Vol 23(4) 2016, pp383-418 (Johnson et al)**

#### The future of branding is the future

Many brands on Millward Brown's ranking of the world's 100 most valuable brands did not appear on the list even five years ago. Time, size, reputation and past performance are no guarantee of brand success. Changing consumer behaviour is moving the goal posts for brands as consumers focus less on the past and more on future expectations of the brand. To assess a brand's future, consumers tend to look less at existing products and more at non-product related actions of the brand. Moreover, with the growth of crowd-funding sites, consumers are increasingly engaged with brands before they have even become established. The authors contend that



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branding has become less about selling and more about inviting, less about history and more about the future.

**Journal of Brand Strategy, Vol 5(1) 2016, pp22-30 (Dahlen et al)**

## **Conferences and events**

### **Reaping the rewards of registration**

Although mobile is important for event registration, B2B registration tends to be done on a company desktop. DIY registration forms are popular but it can be tempting for the event organiser to ask too many questions. The dangers are that the registrant loses interest and, by asking for too much information, there is a risk of contravening data protection laws. The advice is to only ask relevant questions and to ensure that you own the data – some registration tool providers operate in such a way that the data belongs to them rather than you. Online registration is an important way of communicating with the audience early on in the process so make sure you do so effectively.

**Association Event Manager, July 2016, p22 (Clayton)**

### **Industry unable to prove its worth**

According to a new report from the International Live Events Association (ILEA) and VisitScotland, the events industry is struggling to prove its value. The report is based on comments from 28 leading event professionals who attended the association's Global Events Summit this year. Nevertheless the report highlights the fact that live events remain the most effective medium for "communicating to people's emotions, creating brand positivity and core message affinity". The group also identified some key threats to the industry, including: cyber-attacks, event alternatives such as virtual reality, climate change and the inability to control negative messages.

<http://www.ileahub.com/ilea/communicate/inspiration-central-ideas-you-can-use>

**meetpie.com, 8 August 2016; eventindustrynews.co.uk, 8 August 2016**

## **Consumer behaviour**

### **Female stereotyping – decorative roles**

Studies have demonstrated that the stereotyping of women in advertising produces a negative response in female consumers. However, female consumers' attitudes to ads which portray women as "decorative" tend to be conflicting. Two studies of women's decorative roles in advertising suggest that, when female consumers are engaging in self-promotion in order to compete with other females, a decorative advertising role results in favourable reactions. However, when female consumers process the ad with reference to their past selves, attitudes tend to be more negative.

**International Journal of Advertising, Vol 35(5) 2016, pp771-798 (Kyrrousi et al)**

## **What Millennials/Gen Z want**

Millennials are among "the most scrutinised and labelled generation in marketing history" but now another generation has come along, Generation Z, and marketers are scrambling to find suitable adjectives to describe this group. The second edition of McCann Worldwide's *Truth About Youth* study doesn't attempt to artificially divide the two groups by age; instead it uses a sliding scale based on attitudes and behaviours. One fundamental thing about moving from youth to adulthood is "figuring out" who you are and what is important to you. This includes issues such as equality (giving rise to the term "Inclusivity Natives"). Brands need to consider carefully how they align themselves with the important issues for Millennials/Generation Z.

**Admap, July-August 2016, pp14-16 (Collins)**

## **Customer relations**

### **Value co-creation practices in B2B**

Value co-creation has become an important approach for a positive customer experience and lasting relationship. Business markets increasingly realise the importance of involving customers in understanding their needs and the development of products and services to create superior value. The authors describe sets of practices that B2B organisations use to create co-value and provide a classification of value co-creating practices. They use a case study approach to examine co-creation in four organisations and reveal that "sustained purposeful engagement" is essential to the organisation's ability to co-create and capture value.

**Industrial Marketing Management, Vol 56 July 2016, pp97-107 (Marcos-Cuevas et al)**

### **CRM and SRM user satisfaction**

This paper investigates CRM and SRM (supplier relationship management) user satisfaction and its effect on B2B relationship management. The findings from a case study reveal that user involvement in systems design results in user motivation to use the systems which leads to greater user satisfaction. This in turn enhances company relationships with suppliers as well as customers.

**Journal of Customer Behaviour, Vol 15(1) 2016, pp81-95 (Kooli et al)**

## **Direct marketing**

### **Using digital to boost direct mail**

Direct mail can be effective with any audience – it is better than e-mail when it comes to volume purchases but inferior in terms of cost per campaign. In the past the two media were in competition with each other but, with the use of new technology, marketers can now use digital to enhance their direct mail campaigns. The author offers various suggestions for achieving this, such as boosting the physical nature of direct mail with a

coupon directing people to a website, using technology to personalise the mailer, or testing with e-mail to better predict the outcome of direct mail.

**dma.org.uk, 2 August 2016**

## **Law**

### **IPO laws post-Brexit**

The UK's Intellectual Property Office has issued brief guidance on the future of many intellectual property laws following the UK's decision to leave the EU. This guide, which offers advice on trademarks, designs, patents, copyright and enforcement, offers factual information on the future of international IP agreements that will affect UK rights holders and businesses.

[www.gov.uk/government/news/ip-and-brexit-the-facts](http://www.gov.uk/government/news/ip-and-brexit-the-facts),  
**2 August 2016**

### **Changes to copyright**

On 28 July 2016, the UK changed its copyright law relating to mass produced artistic works. In the cases of work where more than 50 copies are manufactured, the period of copyright protection will be extended from 25 years to the life of the creator plus 70 years. This follows the repeal of section 52 of the Copyright Designs and Patents Act 1988 (CDPA). This move is expected to have considerable impact on the jewellery, furniture, homeware and publishing industries. The article examines who will benefit from the new law, the timescales involved and other considerations.

**lexology.com, 3 August 2016 (Barber)**

## **Marketing**

### **Technology blurs CMO-CIO boundaries...**

Gartner predicts that marketing technology investment will overtake that of total IT spend by 2017, which illustrates the sheer size of the marketing technology landscape. Another study reveals that 66% of UK marketing managers are the key stakeholders with regard to making marketing technology purchasing decisions. This article highlights the tensions that arise between CMOs and CIOs; it stresses that both functions should be looking to understand each other better and to develop solutions to joint problems. For example, areas such as data security, the technology ecosystem, ROI and tech innovation are of importance to both parties. It also explores the merging of roles, the rise of the marketing technologist and the emergence of digital centres of excellence.

**B2B Marketing, Q2 2016-17, pp24-29 (Clarke)**

### **...but it can be used creatively**

New technology is at the forefront of current marketing but how does this affect the traditional marketing role? Are creativity, teamwork and human connectivity still vital in achieving business goals and is marketing changing from an art into a science?

Six experts discuss how technology is affecting marketing and how it can be used to help marketing meet its goals. They include Chris Daly, CIM's chief executive, who believes that keeping the customer at the centre of business strategy requires professionalism and transparency. He says that technology can help marketers to deliver this, "but the real challenge is to harness technology and use it creatively".

**Catalyst, Issue 4 July 2016, pp37-43**

### **Do you need marketing qualifications?**

*Marketing Week* columnist Mark Ritson caused controversy by stating that those claiming to be marketing experts should have had formal training in marketing and that: "Before creating new rules you should know what the existing ones are". A subsequent Twitter poll revealed that 43% of 380 respondents agreed with Ritson, while 57% said they thought a formal qualification was no longer necessary. However, the prevailing view on Facebook was that marketers should have formal training. This article examines both sides of the argument.

**Marketing Week, 4 August 2016, pp14-17 (Rogers)**

## **Market research**

### **Response formats – scaling marketing stimuli**

Multi-item rating scales are widely used as measuring instruments in marketing. However, there is little information on the optimal number of response categories and whether to use a semantic rating or a Likert response format. In marketing, multi-item scales are used to scale marketing stimuli in addition to consumer respondents. The authors investigate response format issues where the primary aim is to scale marketing stimuli, rather than consumers, using generalisation theory (G-theory) criteria for data quality. They reach conclusions about the most suitable response format to use for marketing studies that scale marketing stimuli.

**International Journal of Market Research, Vol 58(4) 2016, pp595-619 (Peng and Finn)**

### **Neuromasures in advertising decisions**

Market research respondents often give what appear to be rational responses but self-reported responses may not provide the real answer. On the other hand neuromasures have the potential to measure responses to advertising that respondents cannot verbalise. The authors identify the issues involved in implementing such measures for better advertising decision-making and discuss future research. They also provide buyers of neuroscientific research with questions that should be asked of vendors.

**Journal of Advertising Research, Vol 56(2) 2016, pp183-192 (Kennedy and Northover)**

## Public relations

### Reducing effects of negative reviews

The author argues that, by managing marketing variables – product information, price, promotion and product distribution – it is possible to reduce the effects of negative online reviews (NOR). NORs reach a wide audience, last a long time and can threaten product sales. The study involved collecting objective data from an e-commerce site that allowed customers to review products. It found that, by enriching product information, offering price discounts and increasing the number of distribution formats, it could help to mitigate the impact of NOR. It concludes that different variables should be combined to help reduce the negative effect of NOR.

**International Journal of Market Research, Vol 58(4) 2016, pp545-567 (Pee)**

### William the worm boosts Facebook page

Tesco has recovered rather well from a possible PR disaster after one of its customers, Wes Metcalfe, found a worm in his cucumber purchased at one of its stores. The worm, which Metcalfe named William, turned out to be dead. He then complained on Tesco's Facebook page that he had not only lost his taste for cucumbers but had a worm funeral to arrange. Tesco responded by writing *An ode to William*. The page has been shared 27,000 times!

**telegraph.co.uk, 8 August 2016**

## Sponsorship

### Sponsorship and image transfer

The authors start with the supposition that sponsorship is based largely on the idea of "unidirectional transfer", whereby the image of the event is transferred to the brand. However, they point out that there is also the possibility of "bidirectional transfer" whereby the image of the brand is transferred to the event. They investigate the importance of the relationship between the brand and its customers; the relationship between the brand and the event; and the potential "wrecking" impact of ambush marketers on a sponsored event.

**Journal of Advertising Research, Vol 56(2) 2016, pp132-135 (Prendergast et al)**

### Call for the arts to axe BP

Last week we reported on BP's sponsorship of some major British art institutions. Now some leading members of British arts and science communities have come together to ask art galleries and museums to terminate their deal with BP. A recent letter appeared in *The Times* from the Art Not Oil coalition: the 214 signatories stated that: "BP is not welcome to use our culture to promote its destructive business – these deals must be cancelled". The institutions which are benefiting from BP's sponsorship insist that they rely heavily on contributions from businesses. However, there are

several other protests against BP's sponsorship and the issue is unlikely to go away.

**lexology.com, 3 August 2016**

### Nike – first-time Olympics sponsor

In 2012, when Nike was not an official Olympics sponsor, it was able to give its ambush marketing some real focus and produce some memorable campaigns. This year the company has marketing and licensing rights to the Games as well as providing outfits for the Brazilian team. This article examines Nike's Rio campaigns. It comments on the fact that it is now having to contend with ambush marketing, which has been strengthened by the relaxation of some marketing rules by the International Olympic Committee.

**brandchannel.com, 6 August 2016**

## Agriculture, fishing and forestry

### Organic produce is on the rise

The Soil Association believes that the UK's organic market could exceed £2 billion by the end of 2016. According to data from Nielsen, organic growth through supermarkets rose by 5% in the year to 18 June. Growth was 5.2% during the first half of 2016 compared with a decline of 0.9% for non-organic sales. There has also been a rise in interest among farmers to convert to organic farming over the last year. Many businesses will be supporting *Organic September* by using the Soil Association's marketing materials, as will farmers who sell direct to customers.

**farminguk.com, 5 August 2016**

### FSA goes too far with meat-free tweet

Meat producers and farming organisations have criticised the Food Standards Authority (FSA) for posting a tweet promoting #meatfreeweek. The FSA tweet encouraged people to "eat less, care more and feel good". Meatfreeweek, which started on 1 August, encourages people to stop eating meat for a week and is supported by the likes of Jamie Oliver and Sir Paul McCartney. A joint statement from the meat trade said the FSA had operated outside its remit by promoting the campaign. The FSA has since deleted the tweet.

**fwi.co.uk, 4 August 2016**

## Building industry

### Smart cities

Various aspects of cities are beginning to connect with Internet of Things (IoT) devices. However, individual projects do not link with each other and this will be the next big challenge, according to Steve Turner, head of the Future City programme at Manchester City Council. Manchester's new CityVerve project links health, transport,



environment and services with 20 kinds of sensors. The data collected will be used to enhance city planning. *Wired* identifies some interesting city innovations from around the world.

**Wired, September 2016, p25**

### **RIBA paper targets UK housing crisis**

The Royal Institute of British Architects (RIBA) has just released a paper setting out 20 key recommendations for tackling the UK's housing crisis. Recommendations include a stronger emphasis on good design, locally-made decisions, sustainable homes and a more transparent market.

[architecture.com/RIBA/Campaigns%20and%20issues/Assets/Files/RibaHousingMatters.pdf](http://architecture.com/RIBA/Campaigns%20and%20issues/Assets/Files/RibaHousingMatters.pdf), 4 August 2016

## **Businesses and strategy**

### **Effect of global and ego networks**

This paper considers the influence of global networks (interconnected ties within an industry) and ego networks (directly connected partners) on innovation. The study seeks to reveal the interactions of ego and global network factors as critical product launch mechanisms. An analysis of alliance networks in the CPG industry from 1990 to 2010 reveals that occupying a central position in a global network has two opposing effects: it improves a company's incremental new product launches but damages its breakthrough new product launches. A company's ego network and R&D capability allow it to improve its global network position by enhancing the benefits of incremental products and mitigating the downsides for breakthrough products.

**Journal of Marketing Research, Vol 53 June 2016, pp319-337 (Fang et al)**

### **Stakeholders and strategic architecture**

A company's enterprise strategy addresses areas such as its relationships with stakeholders in two main areas: scope (the range of stakeholders the organisation serves) and type (the motivation behind stakeholder initiatives). Enterprise strategy provides a unifying construct which gives a strategic consideration to the social and economic demands faced by a business. This study, which develops a reliable and valid measure of enterprise strategy construct, focuses on multinational enterprises in which stakeholder concerns are a global issue and which have high visibility to external stakeholders.

**European Management Journal, Vol 34(4) 2016, pp374-385 (Vracheva et al)**

### **Design tactics for Kickstarter**

The success of many crowdfunding projects rests with a skilled designer – someone who can tell the inventor if their idea will work; create a prototype; and help them with the campaign. *Wired* looks at five design tactics that have worked on Kickstarter: knowing your audience; creating a model for a video

presentation with the minimum cost; 'playing up' the idea behind the product; saving product additions for the next version rather than caving in to the suggestions of backers; and dissuading the inventor if the idea is not good!

**Wired, September 2016, p18**

## **Charities and NGOs**

### **Three pillars of consent**

New research from fast.MAP has revealed three 'pillars' of charity consent-to-contact. The author believes that getting these right can lead to higher permission levels. The first pillar is opt-out vs opt-in: although opt-out tends to result in more permission than opt-in, the quality of opt-in consent is much better. The second is channel choice: it is easier to gain consent through some media than others. The third is language: a good permission statement using the right type of language can work wonders!

**fundraising.co.uk, 4 August 2016 (Cole)**

### **Experiential makes WWF stand out**

Wildlife charity WWF realises that most of its work is done overseas and that people do not really understand the work that is being done on the ground. To make the charity's work stand out, it is carrying out experiential initiatives: this month people can get close to tigers through an interactive VR experience which includes coming face-to-face with the big cats. Consumers will then be encouraged to sign up to adopt one of the tigers. The experience is currently located in the Stratford branch of Westfield but hopes to travel to other shopping centres around the country.

**thedrum.com, 5 August 2016**

## **Economy**

### **Post-Brexit scenarios**

The UK's exit from the EU won't be easy and no planning was done before the referendum for a possible Brexit. This article looks at various aspects of Brexit, such as what a post-EU regime will look like – for example, will it be an "EEA minus"?; whether British banks will be able to operate across Europe; what will happen to EU nationals in the UK; and how data protection will be affected by a UK exit from Europe.

**Bloomberg Businessweek, 1-7 August 2016, pp12-13**

### **India sales tax will boost business**

India has passed a tax reform bill which will lead to a national sales tax and a "common market" across the country. The new goods and services tax (GST) is heralded as India's most important economic reform in years. In the short-term GST may increase inflation, but economists say it will enhance business activity and help prevent tax evasion. The single tax structure will also help to make it easier to do

business and create a level playing field for local companies who want to export their goods. India is the fastest-growing major economy in the world, with GDP rising by 7.6% in 2015-2016.

**The Times, 5 August 2016, p47**

### **Vietnam reaches middle-income status**

Last year Vietnam enjoyed record levels of foreign investment and deals have already reached \$11.3 billion for the first half of this year, a rise of 105% year-on-year. Several factors are responsible for Vietnam's sustained growth, including its border with China, whose manufacturing prowess gives it competitive advantage. Vietnam also has a relatively young population, which is skilled thanks to public spending on education. However, there are challenges – now that it has been classified as a middle-income country, Vietnam will lose its preferential financing from development banks.

**The Economist, 6 August 2016, pp59-62**

## **Energy and utilities**

### **Solar is fastest-growing renewable**

Solar photovoltaic has become the fastest-growing source of renewable energy, according to a FIT Analysis report, which claims that solar energy is growing faster than wind, although for now wind is the most widely-used renewable energy. Last year China overtook Germany as the largest installer of solar technology. By the end of 2015, 164 countries had adopted solar targets and governments have been providing incentives, such as feed-in tariffs.

**energylivenews.com, 8 August 2016**

## **Environment**

### **Recycling and psychological distance**

Research has identified a gap between attitude and behaviour in ecological behaviour. This research aims to understand the role and impact of psychological distance – where recycling is perceived as distant and of little everyday relevance – to explain sustainable and recycling behaviours. It uses construal level theory (CLT) to understand the cognitive process by which this psychological distance could be overcome. The research explores the impact of psychological distance on recycling behaviour through interviews and observations of family households.

**European Management Journal, Vol 34(4) 2016, pp349-362 (Schill and Shaw)**

## **Fashion**

### **Sexist fashion – a slow shift**

Sexism in children's advertising is commonplace. A recent Gap ad features t-shirts depicting boys as brainy and girls as socialites. Last year there was controversy over M&S's Natural History Museum clothing for boys only. Although unisex clothing is

becoming more common for adults – Zara has launched its Ungendered range this year – change is slow in the world of toys. However, Hamleys has stopped using pinks and blues and Sainsbury's has stopped labelling doctor costumes for boys and nurse outfits for girls.

**The Guardian, 2 August 2016, p31**

### **Dogs on the catwalk?**

Tapei is probably the leading city when it comes to the doggie fashionista. Dogs parade the streets wearing tutus, hoodies, boots, trousers and the like. The city's night markets even boast dog sales staff who model the latest garments. One of the reasons for this trend could be Taiwan's low birth rate – it has just 1.1 births per woman. The increasing amounts being spent on pooches reflects the reluctance of young Taiwanese to start a family. Hence the number of dog strollers, rather than baby buggies, on the streets!

**The Economist, 6 August 2016, p45**

## **Financial services**

### **Banking reputation post-financial downturn**

The financial crisis of 2007 to 2008 badly affected the reputation of the UK banking industry. The authors investigate the connections between an individual's cognitive processing of information about the banking industry's role at the start of the crisis, and the accuracy of the person's memory of the events. They test a number of hypotheses among members of the public in Greater London and suggest that the largely hostile attitude of the media towards the banks' involvement in the crisis has led many members of the public to blame the crisis mainly on the banks. This in turn has resulted in deeper cognitive processing and feelings of anger.

**Journal of Marketing Communications, Vol 22(3) 2016, pp284-306 (Kottasz and Bennett)**

### **CMA promotes use of technology**

The UK's Competition and Markets Authority (CMA) has just concluded a two-year inquiry into British banking. It has announced that new phone-based apps will be introduced as early as 2018 which will help customers to identify the best accounts based on their borrowing patterns enabling them to switch banks more easily. The CMA's Open Banking Programme will also require banks to share customers' data on the new apps, although this will require customer consent. Whereas the banking industry has welcomed the focus on technology, others are concerned about data sharing.

**bbc.co.uk/news, 9 August 2016**

## FMCG

### Beverages

#### **Beer from urine – must be taking the piss**

Scientists at the University of Ghent in Belgium have invented a solar-powered machine that can convert urine into beer. The device boils and separates the urine into drinkable water and fertiliser. The water has already been tested at a music festival and now the researchers want to use it to make beer. A team at the University of the West of England (UWE) is also looking at other uses for urine, such as feeding microbial fuel cells to generate electricity.

**energylivenews.com, 1 August 2016**

#### **SodaStream sales up due to health kick**

SodaStream has reported a 52% rise in sales of its machines for the first half the year, compared with the same period last year, as consumers move away from sugary drinks towards healthier options. European president Henner Rinsche said he thought the Brexit vote could have a positive effect on sales – as consumers try to save money they are more likely to abandon expensive bottled water in favour of making their own.

**The Grocer, 6 August 2016, p10**

### Food

#### **Superfoods – are they really super?**

Superfoods have long been marketed for their health-giving properties but all foods vary in their nutritional value so why are some hyped? Recent research among 1,000 UK adults found that 61% had bought food because they thought it was a superfood. Yet in 2007 the EU banned the word “superfood” from packaging unless the claim was based on approved research. This article considers the claims of various superfoods, including goji berries, coconut water, quinoa and even baobab.

**New Scientist, 6 August 2016, pp5,26-31 (Williams)**

#### **Greggs increases profits with healthy range**

Bakery chain Greggs has reported a 6% rise in half-year sales thanks to a move towards healthier foods and away from the traditional sausage roll. The company has been offering falafel wraps, lower calorie sandwiches, salads, yoghurts and fruit pots. Now it is considering selling sushi! Greggs’ boss, Roger Whiteside, says the new food ranges are encouraging customers to visit more regularly rather than attracting new customers. He also admitted that the company doesn’t “really do any marketing”.

**The Daily Telegraph, 3 August 2016, p29**

#### **High-protein products**

High-protein products generated 38% more new product launches in 2016 than in 2015, according to data from Mintel. Dairy products are at the

forefront, making up 30.2% of NPD during the first seven months of the year, while cereal accounts for just 5.9% although it is anticipated that breakfast brands will embrace the trend. Britons are turning to protein to satisfy their appetites while at the same time managing their weight. Mintel also claims that 46% of parents like to ensure that their children are getting enough protein in their diets and are attracted to high-protein products.

**The Grocer, 6 August 2016, p34**

### Tobacco

#### **Fighting to keep their logos**

Big tobacco companies are continuing to defend themselves against the introduction of plain packaging. Attempts to bring lawsuits against Uruguay (Philip Morris claimed that big warnings on cigarette packs violated a trade deal) and Australia (Two years ago Australia became the first country to ban trademarks from cigarette packs) have failed. Big tobacco argues that banning trademarks is an “expropriation” of intellectual property. Plain packaging removes the last advertising channel open to cigarette companies. Other so-called “sin” industries, such as junk food and alcohol, are watching the ongoing battle closely.

**The Economist, 6 August 2016, p54**

## Government and public sector

#### **E-government service – emerging markets**

This paper examines existing models of e-government service quality – notably service delivery – in emerging markets, such as India, and puts forward a conceptual model. The context of the delivery of e-government services in emerging markets is different from developed countries mainly because of the use of kiosks and mobile phones for delivering services. This is coupled with low broadband and PC use as well as problems of infrastructure. The authors propose a conceptual model which can be used for measuring the service quality of e-government activities. The paper also offers new ways of improving service quality.

**The Marketing Review, Vol 16(1) 2016, pp63-78 (Sharma and Jayasimha)**

#### **E-mail campaigns in the US election**

The two US presidential campaigns are placing different degrees of emphasis on their use of e-mail. Whereas Hillary Clinton’s team sent 218 e-mails to 21m recipients during the Republican National Convention (RNC) and 216 during its own convention (DNC), Donald Trump sent just 35 e-mails during the Republican convention, and 20 during the DNC, to an estimated 2m addresses. It is possible that the Clinton side inherited a better system from Obama than Trump did from his side. It is also likely that the Trump campaign considers

digital media to be a superior way of reaching voters. Trump suffers from spam issues and many of his messages go straight into spam boxes. The Trump campaign reportedly ran into trouble when it sent unsolicited contribution request e-mails to members of the Scottish Parliament!

**dmnews.com, 4 August 2016**

## Health and pharmaceuticals

### Design thinking

Today's health, which is as much about prevention as it is cure, is supported by a boom in health-related apps for smartphones. The patient-healthcare brand relationship has been disrupted while trust in the system and in pharma companies is low. Healthcare marketing needs to use its creative abilities to improve the brand-patient experience by applying principles of design-thinking as exemplified by the likes of P&G. This article offers four guidelines for using design thinking in the healthcare arena, with examples from businesses that have made a success of it, including US-based PillPack and vitamin supplement brand Solgar.

**Admap, July-August 2016, pp32-33 (De Bonis)**

## IT and telecoms

### Facial recognition

A team at Microsoft Research in Washington is using ten million images of celebrities to train its facial recognition software. The largest-ever publicly available set of training faces, it covers people of all races. Celebrities are useful subjects because they tend to have so many photos taken from different angles.

**New Scientist, 6 August 2016, p21**

### Amazon dash – will it take off?

Amazon has recently launched its Amazon Dash device in the UK which its Fresh customers can use to replenish their food supplies simply by scanning the barcode of the packaging. Dash then adds the item to their Amazon Fresh shopping list using Wi-Fi. Alternatively, should the customer want to try something new, they can simply say the product name into the microphone for it to be put on the order list. Amazon is giving Dash free to customers for one month but the devices cost £34.99 and there are questions about its longer-term appeal.

**The Grocer, 6 August 2016, p14**

### Poor netiquette

Ofcom's annual communications report suggests that over 15m people are attempting a "digital detox" (reducing their digital exposure) to create a healthier balance in their lives. One in ten even say they are choosing holidays where there is no mobile coverage. One in three adults have tried to go offline for a period of time – 5% say they have

managed this for as long as a month. Digital addiction has led to poor time-keeping ("tech tardiness") and poor 'netiquette', such as bumping into people while on the phone. Despite this, most online services are showing little growth with the exception of instant messaging, such as Facebook Messenger and Whatsapp, which are experiencing increased usage.

**The Times 4 August 2016, p3; The Guardian, 4 August 2016, p7; Financial Times, 4 August 2016, p2**

## Leisure and tourism

### Summer of sport

Emerald has created a special *Summer Celebration of Sport* landing page where you can access an interactive map offering access to free articles about sport on each continent.

[www.emeraldgroupublishing.com/promo/summer\\_sports/index.htm?utm\\_source=emailBody&utm\\_medium=email&utm\\_term=PD&utm\\_content=SummerSports&utm\\_campaign=Olympics\\_201608&WT.tsrc=email&WT.mc\\_id=Olympics\\_201608+SummerSports+emailBody+PD](http://www.emeraldgroupublishing.com/promo/summer_sports/index.htm?utm_source=emailBody&utm_medium=email&utm_term=PD&utm_content=SummerSports&utm_campaign=Olympics_201608&WT.tsrc=email&WT.mc_id=Olympics_201608+SummerSports+emailBody+PD)

### Tourism up post-Brexit

Following the UK's referendum vote to leave Europe, inbound flight reservations rose by 4.3% in the 28 days to 21 July – compared with a 2.8% slump in the month before – as people take advantage of the weak pound. Flights from outside Europe have risen by 8.6%, with many visitors coming from Hong Kong and North America. This should prove a boon to tourist attractions, hoteliers and those reliant on tourism.

**The Daily Telegraph, 9 August 2016, p27**

## Materials and mining

### China shows its metal

Price gains for metals such as nickel and zinc have been benefiting from the shift to consumer demand in China, where stainless and galvanised steel are in greater use. The *FT* looks at the markets for zinc, copper, nickel and aluminium.

**Financial Times, 3 August 2016, p26**

## Media

### Film

#### Everyman cinemas appeal to the quirky

Everyman, the cinema chain, nearly doubled in size last year to reach 16 venues and is planning to increase its portfolio further over the next three years. Crispin Lilly, chief executive of Everyman, reports that, since reopening some of the old Odeon cinemas under the Everyman brand, box office sales have risen by 60%. The renaissance of boutique cinemas such as this has been enhanced by the changing nature of film distribution and the wider choice of channels available for watching films. Although boutiques only have 6% of the UK market,



they can take a sizable share of the box office when it comes to more quirky films.

**The Guardian, 5 August 2016, p27**

### **Imax to build 150 screens in China**

The big screen cinema group, Imax, is to build 150 screens in China over the next six years, following a deal with property and media company Dalian Wanda. Wanda, which already owns the AMC chain in the US, has agreed to buy Odeon and UCI Cinemas Group in the UK. China is the fastest-growing cinema market in the world in terms of the number of visits that Chinese people make to the movies.

**Financial Times, 3 August 2016, p13**

### **When marketing trumps the real thing...**

Despite receiving dreadful reviews, comic-book blockbuster *Suicide Squad* went on to break August box office records, earning \$270m around the world. Its success is attributed to a series of trailers which created huge excitement with audiences. The problem for the film makers was that the film did not resemble the marketing. The positive response to the trailers led Warner Bros. to ask the company who made them (Trailer Park) to recut the film to make it more like the ads. Two versions of the film were subsequently put before test audiences before a compromise version was selected.

**The Times, 9 August 2016, p3**

## **Games**

### **Gamers achieve more at school**

A study published in the *International Journal of Communications* suggests a correlation between teenagers who play online games and achieving above-average scores in maths, science and reading comprehension. In contrast, teenagers who prefer social networks achieve below-average scores. The results are attributed to the need to tackle complex tasks in some games. However, it isn't certain whether the games actually lead to higher achievement or whether games tend to attract children who are better at certain subjects!

**The Times, 9 August 2016, p19**

## **Internet**

### **Marketing and the Dark Web**

The Dark Web provides a huge challenge to marketers because it is based on complete privacy in which users leave no indication of their identities, interests or location. Dark Web or dark net sites are not accessible through standard search engines and browsers. However, most Dark Web browsing is not to do with illegal activity, which generates just 1.5% of traffic on the Dark Web. This guide to the Dark Web distinguishes between the Dark Web and Deep Web before going on to discuss how some mainstream sites, such as Facebook and Adland, are

expanding into the Dark Web because of user privacy concerns.

**Marketing Insights, Spring 2016, pp23-28 (Brooke)**

### **UK internet use 2016**

The UK's Office for National Statistics (ONS) has produced a statistical bulletin summarising what the internet is used for and the types of purchases made by people aged 16 and over. The topline finding is that regular internet use is still on the rise: it is used daily or almost daily by 82% of adults (41.8m) compared with 78% (39.3m) in 2015 and 35% (16.2m) in 2006. This year 70% of adults accessed the internet "on the go" using a mobile or smartphone, nearly double the estimated 36% in 2011. Nearly 77% have purchased goods and services online, up from 53% in 2008, but a rise of only 1% compared with last year. However, speed of delivery was found to be a problem for 42% of 16 to 24 year-old online shoppers, compared with just 15% of over-65s.

[www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2016](http://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2016)

### **Digital ads not attracting eyeballs**

New research suggests that only 35% of digital display ads receive any views at all and only 9% of these are viewed for more than one second. In contrast, the study found that 88% will view a full-page tabloid paper for an average of 2.8 seconds while billboard ads on a website attract only 38% of people for just 1.5 seconds. The study, which was carried out by Lumen and Aimia, used eye-tracking cameras on consumers' laptops to collect the visual data. Mike Follett, MD of Lumen, points out that the best digital ads do get looked at but adds that "just because an ad can be seen, it doesn't mean it has to be seen".

**Marketing Week, 4 August 2016, p7**

## **Newspapers**

### **Johnston hope the i factor will kick in**

Johnston Press has reduced the value of its local newspaper business (consisting of over 200 titles) by nearly 50%. The company's ad revenues were down by almost 18% for the first quarter and 15% in the second quarter year on year, resulting in a pre-tax loss of £183.7m for the first half. Johnston claims that its acquisition of the *i* (the tabloid *Independent*) has been "transformational", leading to a rise in sales for the paper since April. The acquisition has enabled the group to offer its entire newspaper portfolio to media buying agents and clients.

**Financial Times, 5 August 2016, p13**

### **Can print be saved?**

Last year advertising expenditure at the UK's national newspapers fell by 11% and it is forecast to fall by more than 10% over the next two years. This contrasts with the wider ad industry which is forecast to grow by 4.2%. Richard Furness, director of publishing at *The Guardian*, believes that the newspaper's core audience is turning back to print as an "escape from the never-ending madness of digital". This article considers whether newspapers can help to reverse the decline in print ad revenues.

**Marketing Week, 4 August 2016, pp20-21**

### **Social media**

#### **Using bots to tackle online abuse**

Online abuse is all too common (See also Cutting Edge 3 August) – a 2014 study by Pew Research found that 40% of internet users have been harassed and 66% said the most recent occurrence had been on social media. Attempts to reduce online abuse through human intervention have failed, largely because social networks are too large to police. Now people are turning to bots to solve the problem; it is hard for humans to agree on a definition of harassment so "argue-bots" are being used to distract trolls from their human victims. @Assbot recombined tweets into random statements to respond to tweets coming from Donald Trump while Kevin Munger of New York University successfully used a bot to infiltrate a group of racists.

**New Scientist, 6 August 2016, pp20-21**

#### **What's up next for WhatsApp?**

In emerging markets many businesses are abandoning phone calls and e-mail in favour of WhatsApp to communicate with customers. Governments are also using WhatsApp to talk to their citizens. In fact in India people scarcely know what e-mail is, claims WhatsApp head of business, Neeraj Arora. The app, which has been owned by Facebook since 2014, is now looking to generate revenue. The *FT* looks at its use in Brazil, Kenya, India and Mexico.

**Financial Times, 4 August 2016, p9**

#### **WeChat – shaping the future of mobile**

Many people in China use the WeChat app rather than e-mail because it offers free video calls, instant group chats and easy sharing of files. It is also helping to boost the cashless economy, while around a third of people use the app to make purchases. Merchants and brands are increasingly setting up accounts on WeChat which offers endless insights into user preferences. Rivals in the West, such as Facebook, are watching WeChat's rise with interest – if and when Facebook enters China, WeChat will have the incumbent's advantage...

**The Economist, 6 August 2016, pp52-54**

### **Instagram changes to compete with Snapchat**

Instagram, the photo app, has been redesigned to take on some of the features of Snapchat – it has stories that disappear after 24 hours, a native camera and tools to encourage people to draw on their photos. Its owner, Facebook, aims to ensure that it stays ahead of Snapchat, which now has 150m daily active users vs Instagram's 300m. Analysts believe that the sharp rise in use of Snapchat could have an impact on the growth of advertising at Instagram if brands choose to move their budgets.

**Financial Times, 3 August 2016, p15**

### **Television**

#### **US - more local news to catch political ads**

In the US local TV news audiences are declining but broadcasters, such as WJW (owned by Tribune Media), are increasing viewing hours in order to attract political ads. Tribune's 42 stations have added 80,000 hours of local news a year over the past three years and it expects to increase political advertising by 20% this year compared with 2012. Other broadcasters are doing the same thing – it is estimated that local newscasts in America have taken \$279m in revenue from political ads since 1st January.

**Bloomberg Businessweek, 1-7 August 2016, pp22-23**

### **Packaging**

#### **Brand recognition**

As part of a series entitled *History of the world in 52 packs*, Sun Branding Solutions' Guy Douglas continues with the theme of brand recognition by examining the iconic Toblerone pack. He describes it as a "toast rack of chocolate encased in its triangular cardboard" which "shows the value of investing in a bespoke design". Because it is instantly recognisable, it was among the first brands (before Coke or Pepsi) to introduce promotional packs which didn't need the brand name on the wrapper.

**packagingnews.co.uk, 2 August 2016**

#### **Co-op to recycle delivery packaging**

The Co-op is to make its 'bags for life' out of the plastic sheeting used for in-store delivery packaging. One tonne of recycled plastic is sufficient to make 34,000 bags for life. The amount of plastic from single-use carrier bags has fallen since the introduction of the plastic bag charge last October: in 2014 the seven main supermarkets issued 7.6 billion bags, a figure that fell to 0.6 billion during the first six months of the charge.

**The Grocer, 6 August 2016, p4**

## Retailing

### **Japan eyes up youthful Vietnam**

Aeon, Japan's largest retailer in terms of sales, operates four malls and 54 supermarkets in Vietnam. Japanese consumers are becoming more careful with their money and the population has been shrinking for the past seven years – Aeon has reported three quarters of losses. In contrast, the Vietnamese economy is growing as are the country's middle classes. Other Japanese retailers, such as Takashimaya and Seven & I Holdings, are also setting up in Vietnam but Vietnamese retailers are fighting back...

**Bloomberg Businessweek, 1-7 August 2016, pp20-21**

### **Tastier pet food thanks to electronic tongue**

Sainsbury's is testing out an "electronic tongue" to taste-test its own-brand pet food. The technology, which uses sensors to measure and compare the taste, is accurate enough to taste the difference when just 0.03g of salt per 100g is added to the food. The technology was designed by Japanese company Intelligent Sensor Technology.

**news.mintel.com, 5 August 2016**

### **Flipkart fights to stay ahead**

Indian e-commerce operator Flipkart has managed to bring online shopping to the masses and is now the country's most valuable start-up. However, after years of impressive growth, sales have finally stagnated. Meanwhile Amazon has already made a \$2 billion investment in India and plans to invest a further \$3 billion. It is busy pushing prices down while Flipkart and its local rival, Snapdeal, are feeling the pain, having failed to secure the necessary customer loyalty. However, local knowledge may just give the incumbents an advantage.

**Bloomberg Businessweek, 1-7 August 2016, pp29-30**

## Services

### **Posh chocolate**

Artisanal chocolate shops are springing up around Britain, turning a mass-market product into a luxury with a premium price. Large brands are also taking advantage of the trend – Lindt and Sprüngli of Switzerland aims to become the biggest retailer of premium chocolate within four years. Posh chocolate is a big earner in the sector, according to Euromonitor: consumption of chocolate has remained stagnant over the past five years due to people eating healthier diets but sales of dark chocolate have grown in America (up 5.1%) and Europe (up 3.3%). Smallholders, who produce most of the cocoa, have not increased their production and this has helped to push up the prices.

**The Economist, 6 August 2016, p55**

### **It's a students' market**

Universities are scrambling to attract students in the wake of the Brexit vote amid fears that there will be a diminishing number of EU students. Some are offering BOGOF deals in which students who enrol in undergraduate courses can do a free or reduced-price master's course. Meanwhile other universities are reducing their A-level grade offers and are accepting students who have under-performed. Leeds is advertising 1,000 degree courses through clearing, Sheffield 377 and Southampton 324 in what is being described as "one of the biggest scrambles for students in years".

**The Sunday Times, 7 August 2016, p7**

## Transport and travel

### **DJI turns to corporate market**

Chinese company DJI is the largest maker of small photo- and video-shooting drones in the world and has around half of the \$1.1 billion US drone market. The Federal Aviation Authority is set to lower restrictions on commercial unmanned aircraft of under 55 pounds as of August. DJI will have its work cut out to fend off Chinese competitors and make inroads into corporate markets. To gain entry to other markets it is forging agreements with other groups – such as aviation company, Deutsche Lufthansa; app maker, Drone Deploy; and thermal-imaging camera-maker, FLIR Systems.

**Bloomberg Businessweek, 1-7 August 2016, pp28-29**

### **Car production – 16-year high**

June was the 11<sup>th</sup> consecutive month of growth for UK car manufacturers. According to the SMMT, production rose by 10.4% to 158,641 units, representing the highest level for a month since 1998. The first half of the year saw car production rise by 13% year-on-year. Some 77.8% of cars produced in the UK go to over 100 overseas markets, most of which are other countries in the EU. Britain imports 59% of its vehicle components, mainly from the rest of the continent. A survey of SMMT members reveals that 57.1% of respondents believe that Brexit will have a negative impact on their business with just 8.3% viewing it as positive.

**businessmag.co.uk, 3 August 2016**

### **Transport trends**

The transport industry is undergoing rapid change as it moves towards electric, autonomous vehicles and high speed public transport systems, such as the Hyperloop. This supplement looks at the trends and challenges facing the sector. Apart from an emphasis on the driverless car, it covers apps for helping the car driver to park; the rise of city car-sharing; connected technology; the use of big data for dealing with traffic congestion; and the viability of using drones in the UK online sales business.

**The Times (The Future of Transport), 4 August 2016, pp1-15**

Written by CIM's Knowledge Services Team

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