

Cutting Edge: Our weekly analysis of marketing news

28 September 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

Multiscreening – measuring effectiveness

Multiscreening is a growing phenomenon which means that brands and agencies need to be able to measure the impact of each impression on any platform at any given time. New tools are appearing which can help with data aggregation and activation across multiple screens while helping marketers to measure the impact of their ads. However, there is often a discrepancy in expectations between channels: social marketers will expect real-time data while TV advertisers will rely more on estimates of potential audience. The author describes the 4C Advertising Analytics solution, aimed at helping advertisers to maximise their multiscreen advertising. A case study of Skoda is included.

Admap, September 2016, pp40-41 (Brice)

How effective is ingredient advertising?

The authors investigate whether ingredient advertising (promoting an ingredient or component of a product) can increase 'derived' demand for, and influence purchase intentions and attitudes toward, the host product which incorporates the advertised ingredient. They demonstrate that consumer advertising positively affects attitude and purchase intention toward the host brand. They also find that the higher the importance of the advertised ingredient as an attribute of the host product, the greater the advertising effects on the consumer brand. The positive influence of ingredient ads is found to be greater for industrial products that are perceived by consumers as very important to the final product.

Journal of Business & Industrial Marketing, Vol 31(7) 2016, pp901-913 (Giakoumaki et al)

Agencies

O&M speeds up creativity

Ogilvy & Mather (O&M) has launched a new approach to the creative process with a view to speeding up a project. The Makerspace approach involves making a rough version of the work straight away, rather than embarking on meetings, planning and research in the early phases of the project. This might involve, for example, launching social content to test the public's reactions. Everything created using Makerspace aims to be completed within one calendar month. O&M's group CEO, Emma de la Fosse, says that "it can take up to a year to make a TV commercial. We want to spend more time making and less time talking".

Campaign, 23 September 2016, p6

Brands and branding

Brands facing disruption

Brand marketing is changing in response to digital disruption. Established companies need to consider how their market might change and how the competitive context is evolving. Changes include: brand fragmentation which can mean losing customers to smaller players; immediate two-way communication with consumers; and a changing retail interface and technology enabling consumers to achieve total personalisation. These changes require a new management style and greater agility: they will probably result in the demise of companies that are "stuck in conservative paradigms".

Journal of Strategic Marketing, August-September 2016, pp28-31 (Oosthuizen)

Brand love and co-creation

The authors seek to understand complex consumer brand relationships by investigating links between brand love and co-creation and how they are influenced by behavioural branding. They suggest that consumers experiencing brand love are more



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willing to participate in co-creation in the context of a brand community. This is particularly true when brand representatives communicate the brand values and motivate consumers to engage. The process is further influenced in the case of particular product or service categories and by the level of customer involvement with it.

Journal of Product & Brand Management, Vol 25(6) 2016, pp516-526 (Kaufmann et al)

Chinese brands look west

China has some of the largest and most profitable brands in the world, but they sometimes struggle to gain visibility and credibility in Western markets. Brands, such as Tencent and JD.com, have ambitions to become globally recognised brands but becoming a global player often involves moving away from a "country-specific identity" towards "agnostic branding" as was the case with tech company Lenovo. As Chinese brands look to the UK market, there are opportunities for marketers to help with the transition. This article looks at what Chinese brands are doing to attract Western interest, including sponsorship, experiential marketing and brand ambassadorships.

Marketing Week, 22 September 2016, pp14-17

Conferences and events

Planners should use more push notifications

Push notifications are "wildly underused" by event organisers, according to Nick Tinker, business development manager at CrowdCompass by Cvent. He claims that they are read by around 97% of mobile users; therefore event organisers could reach a much larger audience if they used push notifications instead of e-mails, which are opened by just 3-4% on average. Push notifications can be used to communicate directly with delegates: as soon as they arrive at a venue they can receive a welcome message and as they walk out they can be sent a post-event survey.

meetpie.com, 23 September 2016

Meet for a penny a minute

Joseph Davies, business development manager at venue owner Ziferblat, explains that when the company first started renting meeting rooms on its unusual pay-per-minute model, it expected to attract agencies, charities and start-ups. However, much larger customers, such as Santander, Google and the BBC, are using its services. This is because many companies are disenchanted with the more traditional operators due to their lack of flexibility, minimum half-day spends and additional costs. Ziferblat charges delegates 6p per person per minute to use the rooms, with everything else included. Rooms include a "chintzy vintage dining room" and a primary school classroom!

conference-news.co.uk, 26 September 2016

Consumer behaviour

Effects of shared consumption

Hedonic consumption, for example video games, movies, eating out or sport, is often shared with other people and consumers get value out of this shared experience. The authors examine the impact of shared consumption in the context of movies. They propose that this type of social influence has an effect on the diffusion of hedonic goods that are consumed together and on the effectiveness of advertising in launch and post-launch sales. The results of the study provide insights into new product diffusion of hedonic products.

Journal of Marketing Research, Vol 53 August 2016, pp608-627 (Delre et al)

Customer relations

Market share and loyalty

The idea that market penetration is a key driver of brand growth has become the 'Holy Grail' of marketing. Yet research from GfK reveals that this is only part of the story. A 2015 study revealed that brands with a higher penetration also enjoyed stronger (value-based) market shares and loyalty. However, when the relationship between brand penetration, loyalty and market share was examined in more detail, a more complex picture emerged. A further study conducted in 2015, helped to reinforce the conclusion that brands, which successfully build positive emotional relationships with consumers, will benefit from higher penetration and loyalty in the long-term. However, the more consumers remain in a weak relationship with the brand, the less the brand will be able to grow market share.

Admap, September 2016, pp34-36 (Hupp)

Co-op relaunches loyalty scheme

The Co-op has just launched the next phase of its loyalty scheme which aims to rejuvenate its relationship with its 5m owner-members. Senior management wants the members to become more involved with the Co-op's business, which is focused mainly on grocery sales, funeral homes and some financial services. The Co-op has been slower than rival supermarkets to introduce a loyalty scheme due to its focus on achieving a financial turnaround.

The Guardian, 21 September 2016, p21

Direct marketing

How long does consent last?

The GDPR states that the collection of consent from the consumer needs to be "explicit" and "unambiguous". Yet even when consent is given, it is not clear how long it lasts: the ICO has recommended that, for third-party data, consent should become invalid after six months. There are no timeframes in the ICO's guidance when it comes to postal and first party marketing data. The DMA's Responsible Marketing Committee is launching a consultation process to ask for its members' opinions

on how long they believe consent should last and how this should be set as a standard in the industry.
dma.org.uk, 21 September 2016 (Fidura)

Law

Free Wi-Fi providers and copyright

The EU Court of Justice (CJEU) has confirmed that operators of free Wi-Fi services, who offer the service to the public, should not be liable for copyright infringements committed by users. However, they may be required to password-protect their networks to help prevent copyright infringement. The CJEU ruled that making Wi-Fi available free of charge, in order to attract potential customers to the goods and services of a shop, represents an "information society service" under the Electronic Commerce Directive. The latter exempts intermediate providers of "mere conduit" services from liability for unlawful acts committed by a third party under certain conditions.

lexology.com, 21 September 2016 (Brennan)

Golliwog ad banned

The Advertising Standards Authority (ASA) has banned an ad for the Ginger Pop store in Dorset because it is likely to cause "serious or widespread offence". The ad, for an Enid Blyton tea towel featuring a golliwog, bears the words "English Freedom". Two people had complained that the ad was racist. Store owner, Viv Endecott, said she included the golliwog on the tea towel to demonstrate how difficult it was "to discuss anything to do with race without being accused of racism".

The Daily Telegraph, 21 September 2016, p9

Marketing

Looking for performance outcomes

There has been a huge expansion in communications and channels, but nothing much has changed in terms of measuring marketing activities by performance and sales. This depends upon finding an "outcomes-based currency" that works for all communication and media. However, there are data sets that might yet deliver the type of information needed, namely shopping behavioural data as used by retailers and service-providers. The author offers tips on what CMOs need to do to establish outcomes-based marketing communication.

Campaign Intelligent Quarterly, Autumn 2016, pp22-26 (Janes)

Ireland – digital skill levels in decline

A new report, entitled *Missing the Mark: The digital marketing skills gap in Ireland, UK and USA*, has found that digital skills in Ireland (38%) were at a similar level to the UK (37%) and the USA (38%). The report reveals a growing low level of digital competence across these countries. A score of at least 60% is required for entry-level competency in

digital marketing. For Ireland, the most marked fall in skills is seen in mobile which scores 40% on average, down from 47% in 2014. Other skill areas also deteriorated, such as search (37%, down from 41%), display (35% from 39%) and social media (37% from 40%). The report was commissioned by the Digital Marketing Institute.

irishtechnews.net, 22 September 2016; businesspost.ie, 22 September 2016

Market research

The Kano model revisited

The Kano model, which was introduced by Noriaki Kano in 1996, still offers a relevant approach to creating insights for new product development, customer loyalty and marketing comms. The model distinguishes between "essential" and "differentiating" or "delighting" elements of products, services or marketing comms. Each element is classified as one of five categories: must-haves or hygiene factors, delighters, satisfiers, indifferent and reverse. The author explains how the adaptability, flexibility and simplicity of the model makes it applicable to a range of fields in marketing and market research.

research-live.com, 20 September 2016 (Hedler)

Public relations

Corporate risk

Since 9/11, when there were just 361m internet users around the world, the corporate comms landscape has changed out of all recognition. Now two-way, multichannel communication with all internal and external stakeholders is absolutely vital during both "peacetime" as well as times of crisis. It is worth remembering that threats can be closer at hand than one might think: a UK government survey reveals that 90% of large organisations experienced some kind of cyber-security breach last year, up from 81% in 2014. Organisations need to start addressing their tech security before new data-privacy laws take effect in May 2018. Corporate comms professionals can play a key role by extending their cross-functional discussions to include risk and by contributing to the business's resilience.

PR Week, September-October 2016, p25 (Cross)

Investor relations

Investor relations is a highly regulated and somewhat "dry" aspect of public relations. Apart from stockbrokers and stock quotes, there are other more creative ways of convincing shareholders that your stock is valuable. For example you could revamp your website or boost your social media presence, while brand managers can position their companies as experts in the wider industry through curation and marketing content. This infographic offers some tips on how comms professionals can

improve their efforts with regard to investor relations.

prdaily.com, 26 September 2016

Sponsorship

European football sponsorship

A survey of sponsorship deals, by *Sports Sponsorship Insider*, covers the top 12 European football leagues and 25 selected UEFA Champions League teams. It estimates that this group will generate combined sponsorship revenues of €2.85 billion for 2016-17. An infographic, which supplies a summary of the report's findings, shows that Coca-Cola is the leader in terms of number of deals per brand (excluding sportswear), followed by Orange and Audi. Emirates leads with regard to spend per brand, followed by Chevrolet and Etihad Airways. Other data are included.

sportbusiness.com/sponsorship-insider, 19 September 2016

Agriculture, fishing and forestry

To grow where no vine has grown before

Chinese wine growers are looking to outer space as a location for their vineyards. China's newest space lab, Tiangong-2, includes a cargo of cabernet sauvignon, merlot and pinot noir vines. Scientists hope that growing vines in space will create mutations that may make them more suitable for growing in some of the harsher climates of China. The country now consumes more red wine than any other country and has more vineyards than France.

The Guardian, 23 September 2016, p21

Pulled pork campaign boosts pigmeat sales

An ad campaign for pork has earned the pig meat industry an additional £13m. The AHDB's (Agriculture & Horticulture Development Board) campaign for pulled pork increased sales and attracted new customers: 30% of the extra money came from people who had never bought a pork, beef or lamb roasting joint before; while 56% came from people who bought pork just once or twice a year. The ads also raised demand for pork shoulder, which helped to boost the value of retail sales.

fwi.co.uk, 26 September 2016

Businesses and strategy

Internal key account management networks

In key account management (KAM), the supplier in a B2B market uses dedicated resources and activities to manage its strategically most important customers. Key account managers typically manage a set of relationships between their own company and the key account. Most literature has focused on external relationship management, but here the authors look at "firm-internal networks". The study

firstly analyses how KA managers handle the relationships inside their own company. Secondly it looks at how the networks around individual KA managers and KA teams may differ. Thirdly it analyses how KA managers develop activities within their internal network of relationships. Finally it examines the role of commitment and trust between the different parties inside the supplier firm who are involved in KAM.

Industrial Marketing Management, Vol 58 October 2016, pp102-113 (Ivens et al)

Collective impact

All types of organisations should be involved in programmes to create shared value, but often they work in opposition to each other. In the social sector a movement known as "collective impact" has led to successful collaborations which can help businesses to bring together various elements to help solve some of the world's problems. During this process companies may find economic opportunities which their competitors will miss. For a "collective-impact" initiative to achieve its goals, five elements must be present: a common agenda; a shared measurement system; mutually reinforcing activities; constant communication; and dedicated "backbone support" from one or more independent organisations.

Harvard Business Review, October 2016, pp80-89 (Kramer and Pfitzer)

The cult of corporate happiness

Many companies, and even Governments, have adopted the fashion for "happy-clappy" management. Zappos, a prime exponent of happiness theory, has even created a consultancy called Delivering Happiness, which employs a chief happiness officer (CHO). Meanwhile an assortment of gurus and consultancies are all espousing the cult of happiness. But tracking happiness is difficult and is hard to either prove or disapprove. Instead companies should focus on eliminating annoyances, such as unnecessary meetings or memos. Moreover, having to be happy all the time can produce emotional stress in employees who are forced to go around with a fixed grin on their face!

The Economist, 24 September 2016, p70

Brexit – an international perspective

Management Today elicits the views of five experts from the world of business – from Britain, Canada, France, Kenya and Nigeria – on Brexit. While some are urging Britain to be cautious, Laurence Parisot, CEO of the French Institute of Public Opinion, advises "UK plc" to look to its four key strengths in the areas of: pragmatism and resilience; business; inventors and engineers; fashion and personalities.

Management Today, September-October 2016, pp48-51

Charities and NGOs

Tips for restructuring

The environment for the charity sector has become more difficult over the past few years and major restructures are becoming commonplace. National Trust Scotland, for example, has announced a massive restructure aimed at saving £34m a year. Here three experts give their advice on achieving a successful charity restructure. This includes making the case for change, executing change in a speedy fashion and the need to keep communicating.

Third Sector, September 2016, p57

Barnado's in new ten-year strategy

Barnardo's is revamping its brand to become "fit for the 21st century", with a ten-year strategy which aims to double its net voluntary funding from £23m to £50m and to increase the number of volunteers from 20,000 to 25,000. The charity currently spends around £200m a year on vulnerable children, but plans to spend £250m by 2025. Director of communications, Gill Holmes, says the charity needs to differentiate itself from other charities by moving online to become a digital charity that can respond to people's needs.

marketingweek.com, 23 September 2016

Durable consumer goods

Garden centres are a go-to for tableware

Garden centres are increasingly becoming the place to sell tableware and kitchenware products. Carol Paris, chief executive of the Horticultural Trades Association (HTA), reports that many HTA members have seen "excellent growth on housewares and cookshop departments". The products tend to be packaged in the form of small gift sets to attract impulse buyers. Some companies, such as Navigate, specialise in products for outdoor living, making the garden centre an ideal retail outlet. Trade shows, including Exclusively Housewares and Exclusively Electrical, have also spotted the opportunity to appeal to garden centre buyers, by partnering with the HTA.

Tableware International, September 2016, pp40-42

First mover in kids' tech kits

Mover is the latest technology kit from London start-up, Technology Will Save Us (TWSU), which designs educational kits for children. It was created in response to the perception that education simply isn't keeping up with the speed of technology. Mover allows children to build their own wearable devices containing an accelerometer, magnetometer and LEDs. Other products include Electro-dough and the Gamer Kit.

Wired, October 2016, p49

Economy

Post-referendum the situation so far

This paper presents an assessment of the UK economy following the Brexit vote. It states that the fall in Sterling has had little effect on prices and that house prices continued to grow strongly in July. Although manufacturing output fell slightly in July. (by 0.9%), there were similar falls in May and June. The paper also comments on construction, consumer spending, services and employment. It concludes that, "there has been no sign of a major collapse in confidence and, within the data that is available, some indicators of strength".

ons.gov.uk, 21 September 2016

China – is it in a credit bubble?

Ken Rogoff, former chief economist of the IMF, says that a slowdown in China is the greatest threat to the global economy, "and I think the economy is slowing down much more than the official figures show." He also points to China's "credit fuelled growth" which he says can't go on forever. The Bank of International Settlements has pointed out that China's credit to GDP "gap" stands at 30.1%, leading to further concerns that the country's economic boom was based on an "unstable credit bubble".

bbc.co.uk/news, 26 September 2016

Energy and utilities

UK energy consumption

This article consists of charts and infographics giving a summary of UK energy at a glance. They show that the proportion of energy deriving from renewables rose from 19.1% in 2014 to 24.7% in 2015. Solar power for electricity generation was up by 86.6% over the course of the year while offshore wind rose by 29.9%. Meanwhile average annual household energy bills fell by £46 in 2015 compared with 2014.

Society Now, Issue 25 Summer 2016, pp28-29

ASA reverses decision on fracking ad

The Advertising Standards Authority (ASA) has reversed its decision made last year to ban a Greenpeace anti-fracking ad. The ad made the claim that "experts agree – it won't cut our energy bills". The then prime minister, David Cameron, had claimed that fracking would reduce energy bills. Now experts have agreed with Greenpeace and the ASA has conceded that "a meaningful reduction in UK domestic energy bills was highly unlikely".

The Daily Telegraph (Business), 21 September 2016, p5

Slippery slope of complaints

The customer is king, so the adage goes, but energy companies do not yet seem to have got the message. Customer complaint handling is measured

by Ofgem on a biennial basis but satisfaction levels are continuing to fall. Bottom of the pack is npower while SSE has kept its crown with the highest levels of satisfaction. Meanwhile Ofgem is on the case!

The Times, 23 September 2016, p47

Environment

Collective response to climate change

Since climate change has become a globally-acknowledge phenomenon, it is expected that action will be taken at an organisational level in addition to government, individual firm and even personal levels. The authors suggest that no individual firm has the capacity to tackle the challenge of climate change on its own. Instead companies should participate in forms of collective action with other companies in networks of exchange relationships. This study focuses on an example of collective action that broke down. It investigates the reasons and the barriers to collective action in business networks. A theoretical framework covering the causes of failure is developed.

Industrial Marketing Management, Vol 58 October 2016, pp94-101 (Finke et al)

Motivating eco-friendly behaviour

The charge imposed on plastic bags in England has resulted in a reduction in single-use bags of around 80% in just under a year. This is a statistic mirrored in other countries where similar charges have been introduced. Although this move appears to have been popular with the public, public concern does not always result in environmentally-friendly behaviour. This is known as the "attitude-behaviour" gap. The problem is to shift people from "simple and painless" behaviours to bigger schemes, such as insulating their homes or reducing travel. Researchers at Cardiff University are investigating the idea of "behavioural spillover".

Society Now, Issue 25 Summer 2016, p13 (Whitmarsh)

Bioenergy – not all it's cracked up to be

Europe is on target to get 20% of its energy from renewable sources by 2020. The problem is that the EU obtains 60% of its renewable energy from biomass: crops, waste wood and felled trees. Bioenergy may have lower emissions than fossil fuels but, under EU and UN rules, countries do not have to count the CO₂ produced by burning biomass. Biomass is often favoured over other renewables that produce lower emissions yet in some cases it can produce higher emissions than fossil fuels. The EU is currently compiling its post-2020 renewable energy strategy and is expected to issue proposals for making bioenergy more sustainable.

New Scientist, 24 September 2016, pp20-21

Fashion

Vintage kilo sales

Buying vintage clothes by the kilo has become popular among teenagers and students and they are often sold at pop-up venues, notably at universities. Clothing wholesaler John Hickling and Judy Berger, who run and market Vintage Kilo events, claim to be the first to have sold clothes by the kilo in the UK. They charge £15 a kilo which will get you about five t-shirts, three or four dresses or a coat. Shops selling clothes by weight are common in Holland and parts of eastern Europe.

bbc.co.uk/news, 23 September 2016

The global denim industry

The global fashion industry is worth a colossal \$3 trillion of which the denim industry represents just 2%. *Fashionunited* takes a statistical look at the denim industry which takes the form of an infographic. It tells you that the three biggest denim markets are: the US; Western Europe; Japan and Korea and that Amsterdam has the largest number of jeans companies per square kilometre in the world. The top five brands by sales are: Levi's, Diesel, G-Star Raw, Pepe Jeans and True Religion.

fashionunited.uk, 26 September 2016

Financial services

First Direct tops customer experience ranks

First Direct has come top of KPMG Nunwood's 2016 *UK Customer Experience Excellence* ranking, taking back its title from Lush which beat it into pole position last year. Lush falls to third place behind John Lewis, while Emirates takes fourth place and Amazon fifth. According to KPMG Nunwood director, David Conway, companies that optimise the customer journey to create memories are the most successful when it comes to creating a great experience. First Direct head of brand and marketing, Zoe Burns-Shore, regards humanity as the cornerstone of the bank's customer experience, "whether that's getting straight through to one of our amazing reps, the language used in a welcome pack, the way a product is designed or a digital interaction".

Marketing Week, 22 September 2016, pp18-19

FMCG

Beverages

Vintage fizz

Once considered an amusing thought, British wine has started to make it into the big time by winning ten gold medals at the International Wine Challenge. Sparkling wine is now on the cards as well and Waitrose's sales figures show that this has increased by 37.7% this year. Harvey Nichols' own-label English fizz saw a sales rise of 15% in 2015.

International vineyards are now eyeing English soil with an interest in expansion. This article, from the *FT's How to spend it* magazine, rings together information on the key players in the market. However this rise in sales is also proving to be a rise in prices for British sparkling wine, now up 19% on the year. In the same period French sparkling wine prices have fallen 8% over the year, Australian 7%, Spanish 5% and Italian 3%.

Financial Times (How to spend it), 23 September 2016, pp18-22; The Grocer, 24 September 2016, p19

Milk on the go

Milk is at last appearing among the convenience soft drinks aisles in supermarkets. This is largely due to the efforts of Arla Foods whose Arla Cravendale 250ml milk bottle was launched back in May in the Co-op's convenience drinks aisle. Now the brand will appear at Asda, Nisa and Bestway stores among the fizzy drinks and juices. Arla has been trying to inspire consumers to think about new ways of enjoying fresh milk.

farminguk.com, 22 September 2016

Food

Small brands growing faster than large brands

Last year Britain's 150 largest food and drinks producers experienced a sales decline for the first time in 15 years. This was due in part to supermarket price wars, but consumer tastes are also shifting away from big, mass-market brands. In contrast, smaller, niche producers are successfully exploiting consumer trends in natural, locally-sourced products. The OC&C study reveals that small companies, such as Graze, grew faster on average than larger companies. Sales of large brands fell by 2% in 2015 year-on-year but smaller companies grew by 1.2%.

Financial Times, 23 September 2016, p20

Household

Pampers looks for tie-ups in unlikely places

Pampers, the nappy brand, is thriving by exploiting innovative opportunities in unlikely places. Earlier this year it linked up with the National Football League to create the NFL Newborn Fan Club, which gives football fans personalised birth certificates with a team's logo and the baby's name. Deals like this have helped to put Pampers in Forbes' top 50-most valuable brand list. The global baby nappy market is predicted to grow at a CAGR of 4.76% through to 2019. Last year Pampers controlled 44% of the US nappy market.

brandchannel.com, 21 September 2016

Unilever rejigs marketing

Unilever has brought together its global and local marketing into one single team in a restructure which it calls "Marketing in a connected world". The new structure will have local "brand builders" who

will report directly to "brand developers" who are the global marketers responsible for brand positioning and strategy.

Campaign, 23 September 2016, p1

Tobacco

Stoptober to use Facebook bots

In this year's *Stoptober* campaign, aimed at helping people to stop smoking, Public Health England is launching a big campaign on Facebook. Smoking in England has dropped to its lowest ever levels, at 16.9% of the population and last year's Stoptober event helped 500,000 people to quit the habit. Stoptober will use Facebook messenger bots to communicate with participants. The bots will act as a support tool to help smokers who experience cravings during the programme.

marketingweek.com, 20 September 2016

Government and public sector

A very social election

In the initial stages of the US party election campaigns, both Bernie Sanders and Donald Trump used social media strategies to promote their strengths and put across core messages. While Trump tended to go for "outrageous" tweets designed to spread rapidly through the mass media, Sanders used social media to gain grass-roots support. Sanders has since dropped out and endorsed Hilary Clinton, but Trump continues to post risqué content. It is not certain if Clinton will succeed in using social media with the same degree of success as her opponents...

Society Now, Issue 25 Summer 2016, p12 (Loynes)

British company identifies new Trump voters

Donald Trump's presidential campaign has paid \$250,000 to Cambridge Analytica, which has identified a "persuadable universe" of around 20m voters in key states who might vote for Trump. The company offers "psychographic" analysis, a technique allowing ads to be targeted according to voter personalities and values. It divides voters into five basic categories: open, conscientious, extrovert, agreeable and neurotic.

The Times, 22 September 2016, p35

Health and pharmaceuticals

Gambling among teenagers

The increase in gambling among teenage boys has become a public health concern. The 2016 ESPAD survey of European school students, aged 15 and 16, has found that one in eight boys gamble. Online gaming is prevalent among 39% of boys vs just 7% of girls, and 23% of boys say they gamble online for money. There are signs that smoking and drinking are declining, although new psychoactive

substances, which have been tried by 4% of European teenagers, are a growing concern.

The Guardian, 21 September 2016, p13

Regulating weight control product advertising

Weight control and slimming products are in demand all the year round, allowing companies to constantly target their audience. The UK code of practice on advertising, set out by the Committee of Advertising Practice and regulated by the ASA, already contains rules for weight control and slimming. However, the ASA has upheld a number of complaints against companies that have misrepresented the benefits of such products. Consequently CAP has issued further guidance on how advertisers should promote their products in a "truthful and decent" manner. A summary is supplied here.

mondaq.com, 20 September 2016 (Patel)

IT and telecoms

Li-Fi – seeing communications in a new light

Li-Fi is a technology based on lights that flicker millions of times a second, enabling them to transmit data. It uses light-emitting diodes to allow messages to be encoded in flashes of light. It can be used to create LANs which cannot penetrate walls and do not interfere with radio or radar signals. For this reason it will be of benefit in commercial aviation. Li-Fi probably won't replace Wi-Fi but it does add another way for electronic devices to communicate.

The Economist, 24 September 2016, pp80-81

Skype to leave London

Skype's London office is to be closed down by parent company, Microsoft, following "the decision to unify some engineering positions". Skype, which has been in the UK for 13 years, was purchased by Microsoft in 2011 for \$8.5 billion.

Campaign, 23 September 2016, p3

Anybody can charge devices

Researchers at North Carolina State University have created a skin patch that can generate enough electricity from body heat to power wearable devices. The patch has also been incorporated into clothing.

New Scientist, 24 September 2016, p26

Leisure and tourism

CSR, RQ and psychological connection

This study investigates the role played by corporate social responsibility (CSR) in building relationship quality (RQ) in sports organisations. Customers develop a psychological link with a sports organisation over time, hence the study also examines whether CSR-RQ is influenced by the psychological continuum model (PCM) in which people go through the stages of: awareness,

attraction, attachment and allegiance. The results of a study of around 6,000 season ticket holders indicated that CSR has a direct effect on RQ and that RQ drives customer loyalty. But, as customers go through the psychological connection stages, the effects of CSR on customer loyalty, through RQ, diminish.

Marketing Intelligence & Planning, 34(6) 2016, pp883-898 (Nyadzayo et al)

Ultimate luxury

One market that exports most of its production is the marine market. Princess and Sunseeker manufacture approximately 400 vessels a year with annual sales of nearly £500m. So far Brexit has been good for them, although there is an obvious note of caution. Mainly appealing to cash-rich individuals, boats are a totally discretionary buy, ranging in costs from £300,000 to £20m per purchase. Major competitors are the Italian groups, Ferretti and Benetti; although there is little clear blue water between the products, it is the brands that stand out.

The Daily Telegraph, 21 September 2016, p6

Materials and mining

Chinese – steeling itself for mergers

China's steel industry is in bad shape due to years of over-investment and over-supply, which resulted in steelmakers losing \$10 billion last year. On 20 September it was announced that two state-run companies, Baosteel and Wuhan Iron and Steel, are to merge. The resulting company, dubbed Baowu, will have over \$100 billion in assets. This is part of a spate of consolidation among the Chinese mainland's 200 steel firms. It is hoped that the latest deal will help to tackle excess capacity but this has yet to be seen.

The Economist, 24 September 2016, p68

Mining waste – Norway and Turkey stand out

Norway and Turkey are the only two of 53 countries to have voted against an international ban on the dumping of mining waste in the sea. At a recent conservation summit in Hawaii a resolution, led by Iran, the Czech Republic and the Philippines, called for "all states to ban marine disposal of mine tailings for new mines as soon as possible, and to plan a stop to ongoing marine disposal sites".

mining-journal.com, 15 September 2016

Media

Books

Audiobooks

Audiobooks are growing in popularity, with UK downloaded audio sales up by 29% year-on-year in 2015, while audiobook sales in the US were up by 37% year-on-year. Audible, the largest retailer of

audiobooks and a subsidiary of Amazon, predicts that its customers will listen to two billion hours' worth of books this year, with the average customer listening to 18-20 hours a month. Now that audiobooks are free from the shackles of a cassette or CD, they can be completely unabridged, which in turn has broken down the barriers between the retail and library market.

The Bookseller, 23 September 2016, pp18-19

Internet

Tackling ad-blocking

Two weeks ago the Coalition for Better Ads was launched in Cologne with the aim of creating standards and guidance on how ads are delivered online. It also seeks to tackle the growth of ad-blocking software. Forecasts from eMarketer indicate that 27% of UK internet users will be using ad-blocking software next year, up from 20.5% this year. The Coalition's standards will be based on "LEAN" (light, encrypted, ad-choice supported, non-intrusive) ad principles as set out by the Internet Advertising Bureau last year. Some experts argue that the user experience needs to be improved before they can be asked not to use ad-blockers.

Campaign, 23 September 2016, pp2-3

Online population trends

By the end of 2016 45% of the world's population (3.5 billion people) will be online. China and India not only have the highest internet population, but they also have the highest number of people who are offline. The two countries jointly host 40% of people without internet in the world. Because of the rapid growth in mobile devices which can be used in places without traditional infrastructure, the number of mobile subscribers is predicted to exceed the number of people with electricity or running water in their homes by 2020. By this time the ITU predicts that three-fifths of the world will be online.

The Economist, 24 September 2016, p89

Music

Orchestral manoeuvres in VR

Many young people do not listen to classical music. To address this issue, the Philharmonia Orchestra and its conductor, Esa-Pekka Salonen, are using virtual reality. A 360-degree view of the orchestra playing the last movement of Sibelius' *Symphony No. 5* has been captured in virtual reality. The orchestra is no stranger to technology, it has previously had a touring MusicLab; an iPad app, called *Orchestra*; and a walk-through installation, called the *Universe of Sound*.

Wired, October 2016, p83

Newspapers

Ad revenues down again

Since the Brexit vote, national newspaper advertising has continued to decline, with revenues slumping by 18% in August compared with a year earlier. Overall print ad sales fell by 14% in the first eight months of the 2016 compared with 2015. Declining revenues may prompt newspapers to consider bringing together their ad sales into a single house to help them gain bargaining power with media agencies, improve efficiency and reduce costs. Major newspaper groups have been in talks since May in an initiative called Project Juno.

Campaign, 23 September 2016, p5

Social media

New social media guide

The IPA has just launched a new social media guide, entitled *Integrated, Not Isolated*. It examines the value of social media as a source of insight for influencing long-term business strategy. This article summarises the key findings from the report, which include the advice that organisations should invest in human analytical interpreters of social data, rather than just in new software and tools. This is because "Those who can translate analytic output to business action will be the source of competitor advantage". There are also comments from co-authors, Tom Ewing, senior director at Brainjuicer, and Jessica Owens, social media research manager at FACE.

research-live.com, 21 September 2016

Instagram advertising boost

The Instagram app has doubled its number of advertisers over the past six months: it now has 500,000 advertisers, just a year after opening up to advertising in 200 countries. Advertising has expanded beyond the original brands, which were attracted by the platform's magazine-style pictures and fashion, to include a diverse range of sellers. The top advertising countries are: the US, Brazil, the UK, Australia and Canada.

Financial Times, 23 September 2016, p16

Packaging

Unique product identification

Consumers used to ignore the codes and labels on products, tending to focus on the "best before" and "use by" dates. Now consumers are quite happy to use their smartphones to find what they are looking for and to obtain more product information. The unique product identification (UPI) number can help consumers to distinguish between counterfeit and genuine goods; it helps governments to stamp out illicit trade; and enables manufacturers to build secure, efficient supply chains. In addition, smartphone-readable codes provide brands with new ways to strengthen brand loyalty and increase sales through personalised transactions with

consumers. This white paper examines the applications of UPI.

Digital Labels and Packaging, Issue 25 September-October 2016, pp42-44 (Stobie)

Retailing

Shrinkages

Feel the packet is smaller? Well you may be right as supermarkets work out how to swallow the costs of Brexit. This, coupled with a move to cheaper ingredients, is aiming to cushion the price sensitive British consumer. The Bank of England has coined the term "value engineering" – the consumer group Which? suggests the word is sneaky!

The Times, 22 September 2016, pp1-2

Supermarkets benefit from alcohol sales

UK supermarket sales were up by 0.3% in the 12 weeks to 11 September, despite deflation of 1.1%. In fact the top supermarkets have enjoyed two consecutive months of growth. Alcohol sales, notably prosecco and champagne, have contributed to the supermarkets' performance, with alcohol sales at Tesco growing faster than any other leading category. Meanwhile Waitrose's sales rose by 3.4%, giving it a record market share of 5.3%. Lidl also achieved its highest market share of 4.6%. The Co-op, Iceland and Aldi also saw higher sales but Sainsbury's sales fell by 1.4% for the period.

The Times, 21 September 2016, p45

Services

Live-streaming for funerals

The crematorium in Thatcham, Berkshire, contains a webcam, which allows anyone who can't attend a funeral to follow the service, wherever they happen to be. Demand for the service is on the increase with at least one request for live-streaming a week. Around a fifth of the 281 crematoriums in Britain already have web cams. A recent survey revealed that 61% of funeral directors had received enquiries concerning live-streaming but many believe that the technology is too intrusive.

The Economist, 24 September 2016, p33

Targeting the over-50s – a continuing Saga

Saga's insurance operation provides the company with most of its profits and analysts are wondering whether it may be among the first to raise its prices – car insurance premiums have risen by 13.5% in the year to August. Saga is busy targeting Britain's ageing population with services ranging from bike insurance to home care and property. But will the over-50s become more careful with their money following Brexit? A SWOT analysis of the company is included.

The Daily Telegraph (Business), 21 September 2016, p2

The UK hospitality industry

Hospitality is the UK's fourth-largest industry, employing more people than education, manufacturing or construction. It represents 10% of GDP (£143 billion) and continues to grow in economic importance. One problem for hospitality is image – it is still perceived as a part-time job rather than a long-term career. The industry is also being disrupted by the sharing economy as exemplified by Airbnb. The rise of the experiential meal (such as pop-ups and dining in people's homes) is also threatening hotels. Other issues include the need for increasing transparency amid the rise of review sites such as TripAdvisor. Meanwhile consumers are pushing for higher standards. This series of articles examines the current issues facing the industry.

The Times (Future of Hospitality), 22 September 2016, pp1-15

Transport and travel

Cars – outdated gender marketing

Response to the news that Seat and *Cosmopolitan* have teamed up to create a "car for women", has met derision in some circles. The new Seat Mii model has jewelled, bicolour alloys and headlights which look as though they are wearing eyeliner. Experts say the auto industry seems unable to promote its brands to women without using outdated stereotypes. This is largely because the car-buying process hasn't changed greatly since the 1970s. Hugh Fletcher, formally a marketer at Audi, says that gender neutrality has become mainstream in marketing but that the automotive industry is lagging behind. It could be time for car brands to market to women as individuals!

Campaign, 23 September 2016, p5

Self-driving – the carmakers accelerate

Uber has been dominating the news about self-driving vehicles recently. Tech firms are also trying to be at the forefront of the battle for autonomous cars but carmakers are catching up. Ford plans to launch a fully autonomous car without steering wheel or pedals, for car-sharing, by 2021. Carmakers are beginning to develop in-house by acquiring small companies that specialise in self-driving technology. Ford has been acquiring specialists in remote sensing technology, mapping services, machine-learning and AI technology. The big parts-makers could be the losers because they used to be the ones to develop new technology for the car-makers.

The Economist, 24 September 2016, pp67-68

British cars – upturn in exports

The British automotive industry has reported a 9.1% year-on-year rise in new cars produced during August. Some 27,804 of the cars were destined for the UK market, but the majority (81,200) were made for export (up 10% compared with 2015). The

rise in exports is attributed to a series of investments in car factories, such as those made by MG and Jaguar Land Rover, as well as the fall in the value of the pound. Nevertheless car makers remain concerned about the longer-term effects of Brexit.

The Daily Telegraph, 22 September 2016, p5

Flying with hidden extras

Airlines are adding hidden charges to their airfares by charging for extras such as checked-in baggage, better seats or faster boarding. A new study has found that the amount of money earned in this way reached record levels last year and airlines are making as much as 43% of their income through these means. Even traditional airlines have started to copy tactics used by budget airlines. The study, by US travel consultancy IdeaWorks, discovered that British low-cost carrier, Jet2.com, had the second-highest "ancillary revenue" out of 67 airlines and that almost a quarter of Ryanair's revenues (over £1.3 billion) came from added extras.

The Times, 21 September 2016, p13

Buzz phrases

Generation Squeeze

UK home ownership has been declining among the 25- to 24-year-old age group, leading to a new breed of consumer known as "Generation Squeeze". Instead of trying to get on the property ladder, many are trying to make their home into something that reflects who they are. Generation Squeeze's showcasing of their homes as a way of expressing themselves is having an impact on global design trends, because people are often prepared to splash out on furniture and design. Meanwhile living spaces are getting smaller – 49% of 18- to 24-year-olds describe their home as a "large bedsit" – which is also affecting purchasing habits. Online furniture retailer, Made.com, has been focusing on these trends.

Campaign, 23 September 2016, p19

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Pam Armstrong	GfK	Chime Insight Engagement	Managing Director	research-live.com
Amy Heeralall	ID Institute	Guinot	Marketing & PR Manager	fashioninsight.co.uk
John Lomas-Bullivant	Various	Bloomsbury	Intellectual Property and Brand Development Director	The Bookseller
Lotta Malm-Hllqvist	Cheil	MDC Partners	MD and Marketing Officer, Europe	Campaign
Stephen Martincic	FCB	Ascential	Chief Brand and Marketing Officer	Campaign
Sharon Sankar-King	MEC	BDDO New York	EVP, Head of Marketing Science	research-live.com
Stephen Woodford	DDB London	The Advertising Association	Chief Executive	Campaign

Promotions

Name	Company	Previous title	New title	Source
Geraldine McBride	Quarto	UK Children's Sales Director	UK Sales Director	The Bookseller

Cutting Edge: Our weekly analysis of marketing news

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www.dma.org.uk

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www.fashionunited.uk

[The Financial Times](http://TheFinancialTimes.com) ~

www.fwi.co.uk (Farmers Weekly)

The Grocer

[The Guardian](http://TheGuardian.com)

Harvard Business Review**

Industrial Marketing Management

www.irishtechnews.net

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Journal of Strategic Marketing** (18 month embargo)

www.lexology.com

Management Today**

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www.meetpie.com

www.mining-journal.com

www.mondaq.com

New Scientist** (1 month embargo)

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www.ons.gov.uk

www.prdaily.com

PR Week

www.research-live.com

Society Now

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