

Cutting Edge: Our weekly analysis of marketing news

5 October 2016

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

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Marketing trends and issues

Advertising

John Lewis – Christmas strategy

Since 2009 department store, John Lewis, has produced a series of award-winning ad campaigns. The company is under pressure to perform well, particularly at Christmas (which accounts for 40% of profits), so that its partners will get their annual bonus. The Christmas 2014 campaign, *Monty the Penguin*, turned out to be its most effective and profitable campaign so far. This extensive case study charts the progress of the campaign, from creative through to media strategy and the results. It culminated in an 11% rise in ROI compared with 2013, one of the highest ROIs in the history of the Creative Effectiveness Lions. Five “immersive marketing” lessons are highlighted.

Campaign Intelligent Quarterly, Autumn 2016, pp44-53 (Binet et al)

A question of trust

Advertising Week, an annual event held recently in New York, was tarnished by Dentsu’s admission that it had been over-billing clients (See under Agencies) and Facebook’s exaggerated claims over its video ads (See under Social media). The old adage, that advertisers waste half their budget but they don’t know which half, could have been addressed by digital tools which are expected to track ads and encourage consumers to buy. Two key concerns are: the dominance of Google and Facebook; and the suspicion that ad agencies are not working in their clients’ best interests. The Association of National Advertisers has created a model contract to protect its members’ interests. However, in the current climate it seems that the atmosphere of mistrust could persist!

The Economist, 1 October 2016, p68



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Men complain more than women

Men complain about ads more than women, according to the Advertising Standards Authority (ASA), which reports that last year 56% of complaints were made by men compared with 41% by women. Some 64% of complaints came from men who were concerned about misleading ads, while 59% of women complained about harmful or offensive ads. Last year the ASA received 29,500 complaints, with 4,584 of them being changed or withdrawn. The most complained about ad was for MoneySuperMarket, showing a man in high heels and hot pants.

bbc.co.uk/news, 28 September 2016

Gaze time

A new study looks at how long an ad needs to be viewable in order to reach a certain length of “gaze time”. *Research Now and Sticky*, by InSkin Media, reveals that ads have to be viewable for 14 seconds in order to achieve just one second of gaze time. It found that page takeovers gained the greatest amount of gaze time (7.5 seconds) and the highest ad recall (52%), while billboard ads achieved 3.3 seconds and 23% ad recall.

research-live.com, 30 September 2016

Agencies

Creating a Blue Ocean media agency

Jim Lewcock, founder of the independent agency, The Specialist Works, is an advocate of Blue Ocean Strategy. This is the title of a book which argues that most companies are competing in the same territory, namely the “shark-infested” “red ocean”. Smart entrepreneurs and businesses will move to the “uncontested waters” of the “blue ocean” where they can explore new areas. Lewcock contends that this represents the current state of affairs of media agencies, while claiming that his own agency operates in the blue ocean. He advises that a blue

ocean media agency has to do “all the opposite things to what a network does and it’s got to be attracting different clients”.

Campaign, 30 September 2016, p27

Dentsu in over-charging crisis

In July one of Dentsu’s big clients, Toyota, complained that the agency had been overcharging. Since then Dentsu has discovered 633 possible cases of overcharging, affecting 111 clients and worth at least \$2.3m. These include cases where ads have not been placed at all, or in which incorrect placement periods or false reporting of ad performance have occurred. The main problem lies with performance-based ads which, ironically, are meant to make it easier for advertisers to measure effectiveness. Dentsu controls around a quarter of Japan’s \$61 billion ad market as well as dominating some of the larger sponsorship deals. Although it may not be the only agency falling foul of the system, it could face a credibility problem.

Financial Times, 28 September 2016, p14

Brands and branding

Brand placements – the optimal mix

This research, which is based on brand placement campaigns on Belgian entertainment shows, seeks to understand the best mix of brand placement types within a programme to maximise brand attitude and recall. It works out the ideal proportions of the various prop placements (where there is no interaction between product and person); interactive placements (interaction between product and person); and “look-and-feel” placements (branding elements that are part of the visual scenery of the show). It finds that brand attitude is maximised when all the brand placements within a programme are interactive. However, the best mix for brand recall is more varied and changes depending on the viewing frequencies of consumers.

International Journal of Market Research, Vol 58(5) 2016, pp649-670 (Dens et al)

The new global branding

Although we are all aware of the problems involved in marketing to an international audience, such as cultural nuances that might be misinterpreted or difficulties in segmenting global consumers, the new business environment brought about by the Brexit vote is something altogether new. In this new state of “insularity”, the authors takes a look at the “new rules of global branding” with some input from experts.

Campaign Intelligent Quarterly, Autumn 2016, pp28-35 (Kemp)

Conferences and events

Maximising event sponsorship

A GES poll among event organisers and exhibitors reveals that 60% of respondents believe it is

valuable to sponsor an event at which they themselves are exhibiting. Some 59% undertake sponsorship to increase brand visibility; 40% to generate leads; and 31% to reach their target audience. Sponsorships should be chosen because they fit with the business and marketing objectives of the sponsor. GES suggests seven ways in which to maximise a sponsorship opportunity.

eventindustrynews.co.uk, 28 September 2016

Consumer behaviour

Predicting others’ preferences

Consumers often say they like options which appear to be complete opposites, such as countryside vacations and city breaks. However, when consumers are asked to predict other consumers’ preferences for such options, they tend to believe that a preference for one option means that the person won’t like a dissimilar option. Five studies reveal that people expect others to like similar products, but wrongly suppose that that they will dislike dissimilar ones. The tendency to expect others to dislike dissimilarity is caused by the belief that other people have a narrower and more “homogenous” range of preferences.

Journal of Marketing Research, Vol 53 August 2016, pp597-607 (Barasz et al)

Consumer confidence returns

British consumers have become more optimistic again despite initial uncertainty after the Brexit vote. The GfK consumer confidence barometer rose by six points during September to reach -1, the same level as just before the referendum. In July the reading had fallen to -12, representing the sharpest fall since March 1990.

The Times, 30 September 2016, p49

Direct marketing

Consumer attitudes

New research by Pitney Bowes suggests that there is a mismatch between the type of communications sent out by marketers and what consumers want. Some 71% of businesses in the UK, France and Germany use telephone calls, yet 60% of British, 51% of French and 53% of German consumers find marketing calls very annoying. In all three countries consumers said they found direct mail the least intrusive. However, more than four in ten consumers are unhappy about receiving text messages while 56% dislike advertising that appears in their social media newsfeeds without their consent. Brands are advised to develop original, personalised content to help them stand out from the crowd.

bizreport.com, 28 September 2016

Law

Using survey results in promotions

The Advertising Standards Authority (ASA) has recently decided that the use of a survey in a

promotional context breached the CAP code. This was in the case of an ad for a Dr Oetker Ristorante pizza which claimed to have the "Best Pizzeria Taste at Home. 9 out of 10 agree". The ASA concluded that consumers would assume that the participants in the survey would be representative of the general public, who would have compared the pizzas to competitor products, when this was not in fact the case. Advertisers should take care that the use of survey results in promotions is not misleading.

marketinglaw.osborneclarke.com, 29 September 2016

Design rights and Brexit

Leaving the EU will have a significant impact on UK designs and trademarks, an area that has been governed by the EU law of unitary "Community" rights. It is uncertain as to whether, after leaving the EU, design owners will have to fall back on pre-existing national UK design laws or whether new legislation will be introduced to fill the gaps. This article looks at the impact of Brexit on registered and unregistered design owners.

lexology.com, 27 September 2016

What's up with WhatsApp

The German equivalent of the Information Commissioner's Office (ICO) has won a key privacy case against WhatsApp by banning Facebook (its owner) from collecting data. The issue relates to a change in WhatsApp's terms and conditions, which state that it can share data with its parent company if the users haven't opted out. But Facebook previously stated publically that it would not share data following its multi-billion takeover of the service. Campaigners are putting pressure on the ICO to follow suit.

The Times, 28 September 2016, p14; Financial Times, 28 September 2016, p15

Marketing

Marketers reluctant to share data

CIM's new *Whose data is it anyway* report reveals that marketers are just as reluctant to part with their personal data as consumers. In fact 68% of marketers admit that they are only "too aware" of how the information will then be used by brands and organisations. The research also reveals that 92% of consumers do not fully understand how organisations use their personal information, with 31% admitting that they have no idea about how or where their data is used. Some 57% of consumers question whether organisations are using their data responsibly. "People are nervous about sharing personal data" says Chris Daly, Chief Executive of CIM. He believes that greater transparency is now vital among marketers: "Otherwise marketers risk alienating their customers – and that benefits no-one".

**marketingweek.com, 27 September 2016;
decisionmarketing.co.uk, 27 September 2016**

CIM in Kenya

Ian Marshall, Head of International Relations at CIM, is responsible for looking at the organisation's strategy outside the UK and managing overseas client relationships. Here he is interviewed by Richard Njeru of *Marketing Africa* magazine, about CIM, his role, CIM's presence in Africa and the question of whether marketers are getting the respect they want, which includes a seat in the boardroom.

Marketing Africa, Issue 13 2016, pp8-11

Influencer marketing

Deals between brands and social media influencers have been around for a number of years, but things are changing and a second generation of "new influencers" is moving in. A report by Tomoson, an influencer software tool, has found that 59% of marketers are planning to increase their influencer budget this year. Influencer marketing is effective; for example, a branded tweet increases intent to purchase 2.7 times, but the intent to purchase increases 5.2 times if the brand is promoted by both influencer and brand. This article examines the trends in influencer marketing. Guy Parker, Chief Executive of the ASA, gives advice on messages that are controlled and paid for by the brand.

PR Week, September-October 2016, pp29-31

Market research

Ranking long lists

Ranking tasks are commonplace in market research; they are used, for example, to study consumer choice, attributes and customer satisfaction. However, the process of ranking requires cognitive effort on the part of the respondent, which grows in difficulty as the list becomes longer. The mental fatigue can affect the quality of the data. This article looks at a "respondent-friendly" approach to ranking long lists. The approach, HLM requires participants to identify the top and bottom items from a list. Three experiments demonstrate that HLM is a viable method for obtaining order of preferences when there are large numbers of alternatives.

International Journal of Market Research, Vol 58(5) 2016, pp693-710 (Heyman and Sailors)

Public relations

Corporate reputation

Corporate reputation is the perception of a company held by the public and conveyed by branding, PR activities, media, stakeholders, employees and consumer advocacy. This in turn can affect a company's sales, valuation and the ability to attract the right employees. Yet many companies pay little attention to their corporate image until it is too late. This article focuses on the importance of corporate image and corporate reputation management through corporate branding.

Marketing Africa, Issue 13 2016, pp34-37 (Nyutu)

Managing reputations

The author mentions Sam Allardyce's departure as England football manager due to "inappropriate conduct". He points out that, in today's world of celebrity and sport, "reputation is king" but can be tarnished in a matter of seconds. All companies, organisations and high-profile individuals should be ready to manage their reputations. If caught up in the media they must act quickly and decisively to mitigate damage, such as lost endorsements, as well as general harm to their reputation. This could require a team of professionals, such as communications experts, "who can get the right message across to the right people" or a lawyer who can prevent a damaging story reaching publication.

lexology.com, 28 September 2016

Sponsorship

Samsung – aligns brand with Games

Samsung's *School of Rio* campaign for its Olympic Games sponsorship emerged as the most-liked ad, with 41%, in the Adwatch survey. Sponsorship is a good way of reaching an audience, but it has to make sense to the ordinary person and there has to be some degree of relevance and shared value between the brand and the event. Samsung's campaign combined the humour of Jack Whitehall with athletes, such as Sir Steve Redgrave, who "plays it straight". The company also managed to find four parallels between its handsets and athletes: stamina, resilience, elegance and protection.

Campaign, 30 September 2016, p17

Agriculture, fishing and forestry

Diversifying

Farms, especially small ones, are having a tough time due to pressure from the global food market, the power of the supermarkets and other macro-issues. Diversification may be the answer and this article has plenty of ideas: from new crops – flowers, by-products (manure) and unusual animals (ostrich or llama) – to new land uses, such as parking, utilities or storage. Then there is the possibility of attracting new visitors with B&B, campsites or farm visits. Avenues for creativity include retail, crafts and public speaking.

farmingfutures.org.uk, 3 October 2016

NFU forms Brexit unit

The NFU has created a Brexit Unit aimed at putting farming at the forefront of forthcoming political talks on the UK's relationship with Europe and the rest of the World so that it can make the most of the opportunities. Heading up the EU Exit and International Trade unit will be Nick Von

Westenholz, current CEO of the Crop Protection Association.

farming.co.uk, 30 September 2016

Building industry

Help to buy scheme at an end

The British Government has ended the Help to Buy mortgage scheme which was brought in three years ago to stimulate the housing market. The scheme had been due to finish this year, but mortgage lenders have been calling for it to be extended. Stewart Baseley, executive chairman of the Home Builders Federation, explains that "Help to Buy continues to drive demand for new build homes by making home ownership more affordable and realistic".

constructionenquirer.com, 1 October 2016

Businesses and strategy

Performance management

Over a third of US companies have stopped conducting traditional performance appraisals. The annual appraisal focuses on what happened last year instead of looking at improving current and future performance. The authors examine the evolution of performance management over the years and explain why current thinking has changed. Some organisations are concerned that a lack of performance measurement could make it more difficult to align individual and organisational goals, to give merit-based pay rises, identify poor performers and to respond to claims of discrimination. Others are giving people less formal, more frequent feedback which fits in with their work cycle. Another system involves assigning multiple ratings several times a year.

Harvard Business Review, October 2016, pp58-67 (Cappelli and Tavis)

Tencent – competition comes from inside

Tencent Holdings is China's largest publicly-traded company with a market valuation of \$258 billion. Founder, Jack Ma, claims that internal competition within the company drives its innovation. This year the Tencent moved into live-streaming services, enabling it to enter a video market that could grow ninefold to \$13 billion by 2020. Each of Tencent's businesses needs to establish itself before it can receive money for marketing and recruiting. This means that competition among the company's employees is fierce...

Bloomberg Businessweek, 26 September-2 October 2016, pp34-35

M&A activity down

Global mergers and acquisitions for the first nine months of 2016 reached \$2.5 trillion in value, down by 24% year-on-year. So far the only acquisition of over \$50 billion announced in 2016 has been the bid

by Bayer for Monsanto (\$66.3 billion). Cross-border M&A activity is also down by 11% and \$753 billion-worth of deals have been withdrawn. The Brexit vote, the US election and a fall in equity capital are seen as contributors to these trends.

The Economist, 1 October 2016, p89

Charities and NGOs

Corporate partnerships

Three years ago the weight-loss business, Slimming World, chose Cancer Research UK (CRUK) as its charity partner following a long-term relationship with the NSPCC. Marketing coordinator, Jo Mather, points out how well the two organisations align, particularly since there is a link between obesity and cancer. Every year Slimming World asks people who have lost weight to donate clothes to CRUK for its shops. The initiative raised £888,000 in its first year, rising to £2.1m this year. In total the partnership has raised £6.5m.

Third Sector, September 2016, p45

Charities at the beginning for data use

A new book, entitled *Data Driven Nonprofits*, by US data specialist Steve MacLaughlin, argues that most not-for-profits are right at "the beginning of the beginning" in their use of data. He explains how charities can convert the data available to them into strategies to enhance their fundraising. Although the book is US-centric, case studies include the RNIB, Worldwide Cancer Research and the Scottish Catholic Internal Aid Fund, all of which are improving their use of data.

Third Sector, October 2016, p13

Durable consumer goods

Shunning online

Barry Seamann, owner of Plate Tableware in Fulham, London, sells cookware, accessories and gifts for cooking and entertaining. He stocks a variety of brands from Britain and Europe but he doesn't sell online. Despite the obvious advantages of selling online, he refuses to have an e-commerce site. Here he explains how his shop and many other small, independent stores are eschewing online, preferring instead to stay with bricks-and-mortar.

Tableware International, Vol 138(4) 2016, p34

Cartier rewinds the clock

Prices for Cartier's traditional watches start at around \$2,500, but in 2008 the company started investing in more upmarket pieces costing over \$600,000. Chinese demand for such timepieces has declined and parent company Richemont has reported a first-half profit fall of 45%. Now the company is returning to its roots by selling more affordable watches. One problem is that Cartier is perceived in terms of sunglasses and leather

handbags – hardly a serious contender for men's watches. It can take years to change a company's image and Cartier had failed to prove that it is in the same league as the likes of, say, Patek Philippe.

Bloomberg Businessweek, 26 September-2 October 2016, pp25-26

Coffee pod machines

A poll for *The Grocer* has found that 30% of people in Britain now owns a coffee pod machine, up from 22% last year. The Bosch Tassimo system is the most popular (37%) followed by Nescafé Dolce Gusto (30%) and Nespresso (16%). Lidl claims to be one of the first supermarkets to have launched own-label coffee pods compatible with Nespresso.

The Grocer, 1 October 2016, p5

Economy

British increases in competitiveness

The World Economic Forum reports that Britain is the world's seventh most competitive economy, having risen by three places compared with last year. This represents the country's highest position in the ten years that the index has been running. The British economy competes on its "highly efficient" goods and labour market, its quality of primary education and its improved financial market conditions. The report was compiled before the Brexit vote and the forum warns that this could have a negative effect on Britain's competitiveness because of its effect on goods and financial markets.

The Times, 28 September 2016, p44

Closing the gender gap to boost the economy

The McKinsey Global Institute suggests that British economic output could be 26% (£600 billion) a year higher than current estimates by 2025, if women were able to contribute to the economy to the same extent as men. Vivian Hunt, a managing partner at McKinsey, emphasises that achieving gender equality is not just a moral issue but a business issue that is "critical to future economic growth in the UK".

Financial Times (Special Report: Women in Business), 29 September 2016, p2

Over-50s should think ahead

A new EU report argues that those aged 50-plus should be "training" for retirement. The report suggests that there could be virtual "academies" for the over-50s which could lead to online "warehouses of opportunity". *The Erasmus+ Be Active Through Lifelong Learning* project believes that baby boomers are a "valuable human resource". The report provides the foundation for an EU-funded campaign calling for people in the later stages of their careers to look ahead and think about how they want to spend the later part of their lives. There are currently over 11.5m people aged over 65

in Britain and by 2040 they will account for nearly a quarter of the population. (See also Health)

The Times, 28 September 2016, p3

Energy and utilities

The shadow market

This month sees the opening of the so-called "shadow market" in the water industry, where the retail market for water and waste services is opened up to over a million business, charity and public sector organisations. Ofwat is about to launch a national survey to measure the levels of customer awareness and understanding of the retail market with the aim of ensuring that customers have enough understanding to make informed decisions. Other current developments in the water industry are outlined by Adam Cooper, director of market opening at Ofwat.

utilityweek.co.uk, 29 September 2016 (Cooper)

Smart meters – too costly?

Every home in Britain will be offered a smart gas and electricity meter by 2020 at a cost to consumers (through increased bills) of £11 billion. Once the meters are installed, the supplier can take a reading remotely through a mobile phone network. Yet studies reveal that the meters will only reduce energy consumption by 3% or less and this has led to criticism of the rollout. A House of Commons science and technology committee report has expressed reservations while the Institute of Directors has criticised it for being too costly and complex.

The Guardian, 1 October 2016, p43

Environment

Measures to protect rosewood

Tough measures are to be taken against the trade in rosewood timber, which is destroying forests around the world. Much of the wood goes into making luxury "hongmu" furniture for the Chinese market. The recent Convention on the Trade in Endangered Species (Cites) summit has placed trade restrictions on 300 species of rosewood. The rosewood trade is worth \$2.2 billion a year and the wood is the most trafficked wild product, with more seizures by value than elephant ivory. China imported 2m cubic metres of logs and wood in 2014, according to the Environmental Investigation Agency.

The Guardian, 30 September 2016, p23

White goods – buy a new one, don't fix it

When a washing machine breaks down, it might appear that the greener option would be to get it repaired rather than buy a new one. However, not all washing machines are worth repairing if greenhouse gas emissions are taken into account. In fact, by replacing the machine every few years you

can reduce energy consumption. This is partly because newer appliances tend to be more energy efficient and partly because, as components start to wear out, energy consumption can increase by 50% or more. The same applies to other appliances, such as fridges. Meanwhile Sweden has unveiled proposals for changing the tax system to help reduce the cost of repairs. Perhaps it would be better to exclude some appliances!

New Scientist, 1 October 2016, p23

Fashion

Seasons are out of fashion

Many clothing retailers still adhere to seasonal fashion, but the weather often militates against this strategy. Some retailers are adjusting to a "see now, buy now" approach: Burberry offered a "shoppable" catwalk during London Fashion Week, allowing consumers to buy the latest styles immediately rather than wait weeks. This idea might encourage mass-market retailers to examine their supply chains. E-tailer Boohoo introduces 100 new styles every day – its business model enables it to quickly identify which lines to support while lowering its stockholding risk. Consumers are increasingly expecting this level of availability.

retail-week.com, 29 September 2016

Out with the well-heeled

The increasing popularity of sportswear has had an effect on sales of shoes, with record numbers of women switching to trainers. Data from Mintel show that 37% of women who purchased footwear in the year to May, bought trainers while only 33% opted for heels. In 2015 35% bought trainers and 35% heels. Feminists have for years criticised heels because they believe that women are being encouraged to wear uncomfortable footwear. This year PwC was attacked for having sent home a receptionist who dared to wear flat shoes. Women between the ages of 35 and 44 are the main buyers of trainers.

The Times, 30 September 2016, p3

Financial services

Alternative finance to be scrutinised

The UK's Financial Conduct Authority is working with the Cambridge Centre for Alternative Finance to decide whether tougher regulation is needed for the alternative finance sector, which includes peer-to-peer (P2P) lending and equity crowd-funders. The P2P and crowdfunding sectors have expanded rapidly over the past few years although a report from Cambridge found that a quarter of P2P lending comes from banks.

Financial Times, 1 October 2016, p4

CMA to investigate price comparison sites

The Competition and Markets Authority (CMA) is to examine price comparison websites as part of its investigation of digital comparison tools. It is to look at websites for car insurance, utilities and bank accounts. This follows accusations that sites might be placing certain deals higher than others in the search rankings, which would have the effect of reducing competition. Companies often pay a fee to comparison sites for every new customer they recruit. Those who don't have such deals may appear low down in the rankings or not at all. Chief Executive of Citizens Advice, Gillian Guy, says price comparison methods should be more transparent.

The Daily Telegraph (Business), 30 September 2016, p8;
bbc.co.uk/news, 29 September 2016

FMCG

Beverages

Big beer becomes crafty

Big beer companies, such as Heineken, are taking steps to tackle the growing popularity of small craft beers which now account for 20% of the \$106 billion US beer market. Craft beer is also responsible for most of the growth in the industry over the past decade. Big beer is quietly buying up smaller brewers – for example, InBev owns Goose Island Brewery and Four Peaks Brewery – but they tend not to advertise their parentage. Now the big brewers have started to experiment with their own brewing processes using new ingredients and historical recipes...

Bloomberg Businessweek, 26 September-2 October 2016, pp26-27

Lemon drizzle gin – never mind the cake!

Craft gins are all the rage, but now Sipsmith has taken things a stage further by launching Sipsmith Lemon Drizzle-flavoured gin which is described as being reminiscent of the top of a lemon drizzle cake.

The Grocer, 1 October 2016, p39

Skinny Prosecco

And the best music to my ears is that "Skinny Prosecco" contains just 7g of sugar per litre, against the usual 12-15g per litre for Prosecco and up to 32g per litre for Champagne. It is currently only available in a few high-end stores, but should be in supermarkets next year.

The Daily Telegraph, 3 October 2016, p11

British wine

Last week we covered the rise of British fizz (Beverages, 28 September). There are more articles on British wine this week. Maintaining standards is a key headache as grape juice must be transported in drums of up to 20,000 litres that is then fermented

on British soil, only then can it be called British wine. To protect against the devaluation of the home grown product the English Wine Producers Association is requesting protected status (www.gov.uk/guidance/eu-protected-food-names-how-to-register-food-or-drink-products) for English wine. Later on this month Mintel will be releasing its *Still, Sparking and Fortified* Wine report which will undoubtedly cover these issues.

The Sunday Times, 2 October 2016, p23

Cosmetics and toiletries

First men's tattoo balm

In what it claims is a first, L'Oréal Paris has announced a lotion especially for men with tattoos intended to "keep prized bodywork gleaming". Hydra Energetic Tattooed Skin Reviver is designed to reverse the damage done by sunlight and water to tattoos.

The Grocer, 1 October 2016, p37

Food

How local is your food?

According to YouGov, 71% of consumers want to buy local produce yet it represents just a small fraction of what the big four UK supermarkets offer as they seek to compete on price rather than quality. Locally sourced food is a small but fast-growing market, fuelled by consumers who are concerned about where the food has come from, its freshness, animal welfare and pricing. This article examines the agri-food chain in the UK (agriculture, manufacturing, wholesaling, retailing and catering), the clout of the supermarkets, the various food scandals and local initiatives that are helping to improve the availability of food.

The Observer, 2 October 2016, pp15-17

Londoners queue for the Pronut

The "pronut", a cross between a croissant and a doughnut, is currently trending around the world. Its creator, Daniel Boulud, who first launched the cronut in New York, has just opened a bakery in London. He only bakes a few hundred cronuts a day but they are so popular that people are only allowed to buy two at a time. Meanwhile the pastry has inspired imitations, such as the "crodough". For Londoners Ansell has also created the "Welsh rarebit croissant", "Eton mess lunchbox" and "After the Rain mousse cake".

Financial Times, 1-2 October 2016, p2

Household

Unilever to create branded content divisions

Unilever is launching two units focusing on branded content: U-Studio will be dedicated to "needs content" – meeting consumers' immediate needs, which could take the form of infographics, ratings and reviews, product information and user-generated content; U-Entertainment will be devoted

to “passions content” which could include TV series, games, web series and music.

Campaign, 30 September 2016, p5

Government and public sector

ASA bans begging posters

The Advertising Standards Authority has banned Nottingham City Council from displaying homeless people in a poor light. One ad, which appeared in May and June, depicted a homeless person smoking, with the message “Begging: watch your money go up in smoke”. Other posters implied that begging was used to pay for drugs and alcohol. The Council said that the posters were intended to dissuade people from giving money to beggars who were probably not homeless anyway.

The Times, 28 September 2016, p5

Health and pharmaceuticals

The health-life expectancy gap

Over the past 30 years, the number of people living to the age of 100 in Britain has quadrupled and is likely to do so again by 2035, according to the Office for National Statistics. This will put huge pressure on public finances, especially expenditure on health and social care. One solution is for older people to work longer (See under Economy) but there could be a health issue: total life expectancy at the age of 65 has increased at a faster rate than healthy life expectancy, especially for men.

Financial Times, 30 September 2016, p3

No longer a treat

If you feel that your pudding looks smaller it probably is; secretary of state for health, Jeremy Hunt, has told food companies to either reduce the size or reduce the sweetness as a way of tackling Britain’s obesity problem. A voluntary challenge has been launched with food companies to reduce sugar by 20% over a five-year period. There will be additional challenges next year for fatty foods. Whilst Hunt does not have any legal powers, he is preparing to measure the actions of companies and “shine a light” on good and bad performance.

The Times, 30 September 2016, pp1-2

IT and telecoms

End of season for BlackBerry

The BlackBerry was all the rage in the 2000s but now its Canadian maker says that it will no longer develop the hardware and instead focus on software development. The BlackBerry was one of the first mobile phones to provide e-mail but in 2007 the iPhone launched and it soon became apparent that the BlackBerry would not be able to compete. Chief executive, John Chen, says BlackBerry has reached an “inflection point” in its shift from hardware to

software.

Financial Times, 29 September 2016, p19; The Times, 29 September 2016, pp40-41;

Bitmoji – takes emojis to the next level

Emojis have become a good source of revenue for tech companies. The new “bitmojis” are “sticker-style” animated selfies which allow users to customise a cartoon avatar to their own appearance. The bitmoji can be used to replace words in WhatsApp messages and e-mails. Celebrities have been creating their own versions – Kim Kardashian’s “Kimoji” app has been downloaded over half a million times. Bitmoji creator, Jacob Blackstock, believes that it “puts the face or identity back into communication”.

The Times, 30 September 2016, p27

New devices aid voice recognition

Apple’s AirPods, which go on sale later this month, not only fall into the category of ‘hearables’ (smart ear devices), but also smart speakers which can respond to voice commands. These so-called “smart earbuds” create a link to intelligent digital assistants, such as Apple’s Siri and Microsoft’s Cortana, which are mainly used through smartphones. Smart speakers, as exemplified by Amazon’s Echo, will also act as a conduit for people for communicating with digital assistants. As the accuracy of speech recognition increases, people will begin to use it all the time, predicts Baidu’s chief scientist, Andrew Ng.

The Economist, 1 October 2016, p69

The BYO computer

Kano, a tech company in east London, takes its inspiration from Lego rather than Apple or Microsoft. Founder, Alex Klein, says the company’s mission is to provide the building blocks for learning and creativity on computers. So far he has sold 150,000 units of his first build-your-own computer kit and is exporting to over 80 countries. He believes that, to prepare young people for a digital future, they need a “more tactile and informed relationship” with their computer.

The Times, 28 September 2016, p51

Leisure and tourism

Launching a successful sports app

Tech start-up, Arcos, created a system that connected golf club sensors to a mobile app, offering golfers the chance to track their performance and to improve their decision-making on the golf course, in real-time. The challenge was to convince the consumer to pay \$400 for something completely new to the golfing sector. This case study charts how the company came to market, from its original objectives through to the campaign, its execution and results.

Admap, September 2016, pp37-39 (Seng)

Materials and mining

Forever?

The name De Beers is synonymous with one word – diamonds – and has been for centuries. From its origins in 19th century Africa, to its joint venture with Gahcho Kué in the Canadian tundra. De Beers used to lead the marketing to consumers, spending upwards of \$200m a year on initiatives which other companies would rely on. For a fairer approach, De Beers and six other mining firms launched the Diamond Producers Association to jointly market their products and the first campaign slogan was *Real is Rare*. This article rounds up statistics on the industry and the small niche industry of lab-grown gems.

Financial Times, 29 September 2016, p13

Media

Axel head speaks on content protection

In this interview with Mathias Döpfner, Chief Executive Officer of publisher Axel Springer, he argues that old media will die and the number of content producers “will deteriorate fast” unless traditional companies reach agreements with the technology groups. However, he is encouraged by the European Commission’s new rules on copyright, which allow news publishers to demand a payment from internet platforms, including Google and Facebook, when they use their content. Döpfner, who is head of the largest publisher in Europe, is a keen advocate of new legislation that protects content providers.

Financial Times, 28 September 2016, p14

Books

Humour – upbeat sales

Humour, as a book category, reached a peak in 2007, when it earned almost £50m, after which it experienced a downturn due to the impact of the internet and social media. Last year this was reversed thanks to the new, retro, Ladybird books with titles such as *The Ladybird Book of the Hangover* or *The Ladybird Book of the Mid-Life Crisis*. The eight books together have sold over 2m books since last year. Last year the humour category rose by 29% in value terms to reach £34.1m. This was also boosted by the “TV Tie-In Humour” sub-category – books that link to TV programmes.

The Bookseller, 30 September 2016, pp20-21

Games

Nintendo – being smart too late?

Nintendo’s fortunes have been up and down since *Super Mario* was introduced to people’s living rooms over three decades ago. In December the company is to launch *Super Mario Run*, its first ever game for smartphones. Although this news has boosted its share prices again, it doesn’t solve the problem of

declining hardware sales. Sales of consoles, which have generated 50% to 60% of the company’s revenues since 2005, have been falling. Families and youngsters are playing games on smartphones and tablets while hard core gamers tend to use the PS4 or Xbox. Nintendo may have come late to the smartphone game, but it still owns 17 out of the 25 all-time best-selling video games.

The Economist, 1 October 2016, pp65-66

Internet

Amazon to reach \$1 billion in ad sales

Amazon’s ad sales will reach \$1.2 billion this year, up 29% compared with 2015, according to estimates from eMarketer (Amazon does not reveal its ad revenue in financial statements). This compares with a predicted \$2.6 billion for Twitter and \$22.4 billion for Facebook. Most of Amazon’s ad revenues derive from brands that sell products on its site but it is increasingly doing creative work for larger brands, such as Mercedes-Benz.

Campaign, 30 September 2016, p5

Music

European streaming to overtake US

Spotify has been in talks to acquire its German rival SoundCloud. If this goes ahead, the combined company would have millions more customers than the largest US streaming service, Apple Music. SoundCloud benefits, not only from a larger catalogue of tracks than any other platform, but also a strong social component since many users upload content they have created themselves. This article also looks at the problems facing independent music streamers in the face of large tech companies, such as Apple and Google, which can afford to fund marketing and have alternative revenue streams.

Financial Times, 30 September 2016, p16

Social media

Verification of digital media

Facebook has recently admitted that for the last two years it has overestimated the average time users spend watching video ads. Naturally this has caused some consternation in the industry, even though Facebook has since revised its metric to “average watch time”. Yet, as Paul Troy, CMO at confused.com, says “Digital media claims to be the most measurable medium ever”. Sue Unerman, Chief Strategy Officer at MediaCom, regards the controversy as an opportunity to examine how data is measured across all digital platforms. Others argue that timespan is a less critical metric than performance, reach and frequency of audiences.

Campaign, 30 September 2016, pp2-3

Will Twitter be tweeted to a takeover?

Twitter, which has had a tough few years, is now struggling with losses. Now there are reports that

Google and Salesforce are considering making offers for the company, which has sent its share price soaring. *The Daily Telegraph* considers other possible suitors for Twitter, which include Disney, Microsoft, Verizon and Apple.

The Daily Telegraph, 28 September 2016, p8

Packaging

Sustainability – talking the lead

Mike Thornton, sales director of packaging company, DS Smith, explains how the packaging industry is often used as a scapegoat for bad practice when it comes to sustainability. Consumers get irritated when they can't open packaging or when they see it lying around in the street. Because packaging is highly visible, it should also be high on the sustainability agenda. He suggests five areas where the packaging industry can take the lead when it comes to sustainability.

packagingnews.co.uk, 29 September 2016

Retailing

Brexit – top retailers respond

Britain's top 100 retailers do not think that Brexit will impede growth, according to the *Retail Growth Survey*. However, they do expect more shops (4,600) to close over the coming year compared to the 3,700 prediction made before the Brexit vote. The survey also reveals that 38% of retailers expect their supply chain costs to rise following Brexit, while 74% say that exporting will become harder. Some 37% of retailers say they will offset additional costs by putting up prices while 47% plan to maintain current prices, and 22% may bring more production back to the UK.

retail-week.com, 3 October 2016

Supermarkets – an app for everything

The big four UK supermarkets were quick off the mark when it came to launching shopping apps. Now they are unveiling smartphone apps designed to be used on the shop floor and covering everything from promotions to payments. Next year Tesco launches its wallet app, PayQwiq, while Sainsbury's is currently trialling a scanning app called Smartshop. But is this what customers want? This article investigates supermarket apps and their uses.

The Grocer, 1 October 2016, pp26-29

Sainsbury's introduces one-hour deliveries

Sainsbury's is launching a one-hour delivery service to compete with Amazon Fresh and Togle. The service will deliver to some London postcodes, with cyclists making the deliveries.

Campaign, 30 September 2016, p3

Services

Deutsche Post delivers for UK Mail

Deutsche Post DHL is acquiring UK Mail for £242.7m which will help to solve some of the problems UK Mail finds itself facing, notably those related to its £52m automated hub near Coventry. Deutsche Post DHL is one of the largest logistics companies in the world, with 500,000 employees across 220 countries. It competes with FedEx and UPS. This article also contains graphical data on the UK parcel market.

The Times, 29 September 2016, pp40-41; Financial Times, 29 September 2016, p20

Student fees

When you get something for free, the wish to complain if it is not quite right is low. Students attending universities in the UK used to get their tuition free but, in the last few years, fees of up to £9,000 per year have been charged. In return, the Government is setting up an Office for Students that will regulate the sector, publish performance tables and take action on complaints. A range of statistics are presented from UCAS, the Student Loans company and the Higher Education Policy Institute. One survey by the latter asked students how universities could save money. The top three suggestions were: spending less on buildings (49%), spending less on sport and social facilities (46%) and increasing the size of classes (25%).

The Times (Raconteur: Future of Learning), 28 September 2016, pp8-9

Fighting for share

Two companies are fighting it out for supremacy in the drone market place – GoPro and DJI. Both have launched compact quad copters that are small enough to pack into a backpack. Whilst both can house cameras, the DJI has additional tracking and gesture control features and can fly for 27 minutes as opposed to 20 minutes. Other market entrants include Lily Ventures, which is struggling to deliver on its promise of a 2016 launch. Estimated market share for 2015 puts consumer use at \$2.3 billion, with military standing at \$14 billion, and commercial and civil government both at \$0.4 billion.

Financial Times, 28 September 2016, p15

The guard drone

A team at the University of Seoul, in South Korea, has developed a drone to help make people feel safe when they are on their own or in the dark. The drone could hover above the person and communicate via an app while checking for any suspicious noises.

New Scientist, 1 October 2016, p25

Transport and travel

Magna to target self-driving hardware

Magna International, based in Ontario, is the world's biggest contract car manufacturer. It develops and builds cars for the likes of BMW, Daimler and Jaguar Land Rover, when they need extra bandwidth. CEO, Don Walker, has plans for the company to become the world's first "one-stop shop" for self-driving and electric car production. Car companies are increasingly focusing on the car's software, allowing companies like Magna to make the hardware. It aims to become a bit like Foxconn, the largest electronics contract manufacturer.

Bloomberg Businessweek, 26 September-2 October 2016, pp32-33

BA cuts out economy catering

British Airways is to stop handing out free food to passengers in economy class on flights lasting less than five hours. Instead they will be offered the option to buy sandwiches made by M&S. The airline is bringing its services in line with budget players such as Ryanair and EasyJet. The move comes just six months after Alex Cruz took control as chief executive. He previously ran low-cost Spanish airline, Vueling.

The Guardian, 30 September 2016, p5; Financial Times, 30 September 2016, p16

Any spare cash?

If you dream of an Aston Martin car parked outside your Aston Martin apartment, which is next to a marina with your Aston Martin boat, then your dreams may be about to come true. The new 37-foot luxury boat will set you back £1.3m, can go a cool 50 knots (57 miles an hour) and is built by master craftsmen who also work on the cars. SUVs are next on the list and are due to be followed by apartments. You can already purchase a Silver Cross pram with an Aston Martin badge.

The Guardian, 29 September 2016, p5; The Times, 29 September 2016, p23

Buzz phrases

Midult – attitudes rather than age

Debenhams' strategy is to market to "women, not girls", according to Marketing Director, Richard Cristofoli, who has created "Claire". She is not a real person but epitomises the company's core female audience. She represents the growing power of the 'midult' market – women who don't let their age restrict their purchasing power or ability to experiment with fashion. This is the result of 12 months of so-called "deep-dive" research at Debenhams, according to Crisofoli. Its current Autumn/Winter campaign focuses on attitudes rather than age.

Campaign, 30 September 2016, p20

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Jason Caplin	Department for International Trade	Barnado's	Chief Digital Officer	Third Sector
Tony Holdway	BHS	Domino's UK	Sales and Marketing Director	Campaign
Patricia Liang	The Brooklyn Brothers	Garnier	Communications Manager	fashioninsight.co.uk
Gordon Michie	Various	Poppyscotland	Head of Fundraising	Third Sector
Sinead Scott-Lennon	Dogs Trust	BookTrust	Head of Communications and Campaigns	Third Sector
Karsten Shaw	GfK	Populus	Head of Analytics, Business & Consumer Insight Team	research-live.com
Phil Talbot	British Red Cross	World Animal Protection	Global Director of Marketing, Communications and Fundraising	Third Sector

Promotions

Name	Company	Previous title	New title	Source
Kelly Clark	Group M	North America CEO	Global Chief Executive Officer	Campaign
Martin Porter	Heineken	Off-Trade Sales MD	Senior Director, European Off-Trade & Global Customers	The Grocer
Kate Stanners	Publicis Communications	Global Chief Creative Officer, Saatchi & Saatchi	Global Chairwoman	Campaign

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Sources

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The Grocer

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

Harvard Business Review**

International Journal of Market Research**

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www.lexology.com

Marketing Africa

www.marketinglaw.osborneclarke.com

www.marketingweek.co.uk

New Scientist** (1 month embargo)

www.packagingnews.co.uk

PR Week

www.research-live.com

www.retail-week.com

Tableware International

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

The Times

www.utilityweek.co.uk

[Wired](http://Wired.com) (selected articles available)

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