

Cutting Edge: Our weekly analysis of marketing news

16 November 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

Challenging gender roles in advertising

This research investigates consumer responses to males who are represented as caregivers in advertising. The results of an Australian study suggest that consumers who have a non-traditional gender role ideology have a more positive view of advertising that challenges traditional gender roles. The authors conclude that advertising which challenges traditional gender roles provides an opportunity for advertisers to differentiate themselves, although they should ensure that their key product messages are not side-lined.

International Journal of Advertising, Vol 35(6) 2016, pp970-982 (Baxter et al)

Visual metaphors

The author examines the role and interpretation processes of visual metaphors in print advertising through the use of Relevance Theory. This reveals that the audience interprets the ambiguity of metaphors depending on their background and knowledge. Visual metaphors alter meaning and, although they may be of interest to the viewer, are not always interpreted successfully. Complex metaphors require more effort on the part of the consumer and can be misunderstood if no extra cues are provided, which is why they are not used extensively in advertising.

The Marketing Review, Vol 16(2) 2016, pp203-214 (Djafarova)

Mobile adblocking

Around half (48.3%) of mobile broadband subscriptions were in Asia-Pacific last year and there were 379m active mobile adblockers in this region (159m in China and 122m in India), according to

data from PageFair. Other research for 2015 reveals that the adblock rate in Germany was 22.8%, 16% in the UK, 11.7% in the US and 10.2% in Japan. This compares with a rate of 14.1% in China and 13% in India. According to IAB data, the primary reason given for using adblockers is "Ads slow down the browsing experience". Additional data on adblocking is provided by means of graphs.

Admap, November 2016, pp48-49

Agencies

Advertisers' expectations

Advertisers have expectations about the service they will receive from an ad agency. These will influence the level of satisfaction that the advertiser has with the agency's performance. This study investigates advertisers' expectations of agency services at the selection stage. It provides insight into what advertisers seek to gain from an agency in terms of future service delivery; it identifies four categories of expectations and illustrates the nature of these expectations. The implications for agency selection are discussed.

Journal of Marketing Communications, Vol 22(6) 2016, pp587-601 (Turnbull and Wheeler)

Brands and branding

The seven ages of the brand

The authors argue that brands exist to manage long-term value and are generally not superseded or replaced. However, they can evolve and go through various stages. Having examined brands in various categories, they have identified the seven ages of a brand's life although they emphasise that not all brands do through all the ages and some brands do disappear. The article examines the seven ages (inception, acceleration, competition, expansion, acquisition, decline and revitalisation) and the issues that brands have to face as they reach each one.

Admap, November 2016, pp14-16 (Lury and Davey)



Chartered CPD Programme

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www.cim.co.uk/charteredcpd

Brands turn to social realism

Brands, are increasingly using real people to front their campaigns. This article asks whether the trend for social realism is effective in building a deeper connection with consumers. It looks at what the campaigns of brands, such as TalkTalk, McCain, Iceland and Aviva, are doing in this area.

Marketing Week, 10 November 2016, pp14-17 (Bacon)

Conferences and events

Colour your meetings

Meeting rooms can be uninspiring places with grey walls and low ceilings. Royal Berkshire, a venue in Ascot, has sought to rectify this by offering rooms in a variety of colours: green for tranquillity, health and creativity; white for a blank canvas and exploring possibilities; yellow symbolising happiness; blue for confidence, reliability and responsibility; and red for power, physicality and a lively, stimulating environment.

Conference News, October 2016, p66

Increasing the value of sponsorship

Events rights holders use sponsorship to boost revenue, but sponsorship can do a lot more than this. When approached in the right way, sponsorship can present new business opportunities and profit centres for rights holders. This requires looking at the bigger picture: for B2B events, for example, it could be all about attracting consumer brands to the event. Here are five tips for building a sponsorship strategy that does more than just deliver revenues and looks to the longer term.

Association Event Manager, October 2016, p13 (Fast)

Consumer behaviour

Impact of stress on saving and spending

Stress is constantly present in people's lives, but there has been limited research into the role of stress in consumer behaviour. Here the authors look at how stress influences consumer spending and saving. They propose that consumers who are in a stressful situation tend to strategically allocate their resources in order to regain control of their environment. They demonstrate, through a series of studies, that this allocation occurs in two ways: increased saving behaviour or increased spending behaviour. These findings can help to arrive at assessments of when consumers will demonstrate beneficial or impulsive behaviours.

Journal of Marketing Research, Vol 53 October 2016, pp814-828 (Durante and Laran)

Direct marketing

Marketers are breaching data protection law

New research suggests that nearly a quarter (23%) of marketers could be in breach of current data protection legislation because they are collecting data through automatic methods where clear consent has not been obtained. Marketers must be

clear about the consent they obtain for data, such as location and browsing history, or risk being in breach of the General Data Protection Regulations when they take effect in May 2018. Other findings included the fact that 75% of marketers reported achieving better click-through rates for e-mails that included personalisation. Over 50% said that personalisation helps boost sales and customer satisfaction. The research, *The State of Digital Personalisation in 2016*, was compiled by the IDM and Adestra.

Database Marketing, September-October 2016, p6

Direct mail engagement

Contrary to reports direct mail is data driven, which has enabled it to become more personalised, targeted and efficient. Each piece can be customised using the same data as marketers use for e-mail and social media marketing, while technology enables direct mail marketers to measure its effectiveness. Direct mail integrates well with e-mail, mobile and social media as part of a multichannel campaign. Marketers should take note of this. This was the message conveyed at Ricoh's Engagement Marketing Executive Symposium held recently. Key messages are summarised here.

dmnews.com, 10 November 2016

Law

Rubik's fails to get trademark protection

The European Court of Justice has ruled that Rubik's Cube does not qualify for trademark protection despite its distinctive appearance. David Kremer of Rubik's Brand, which has been fighting a decade-long legal battle, says that the judgement "sets a damaging precedent for companies wishing to innovate and create strong brands and distinctive marks within the EU". Simba Toys, the German toymaker which initiated the legal action, will now be able to continue selling its version: the Magic Cube. There have been other high-profile failures to achieve trademark protection for shapes, including Lego bricks and KitKat chocolate bars.

Financial Times, 11 November 2016, p18; The Times, 11 November 2016, p19

Personal data – definition expands

The Court of Justice of the European Union (CJEU) has ruled that dynamic IP addresses could constitute personal data in some circumstances. This ends a long period of uncertainty about whether such a basic part of the Internet could qualify for protection under the EU Data Protection Directive. The decision, which follows the referral of a German Federal Court case to the CJEU, was made on the grounds that a person could be "indirectly identified" if the IP addresses were combined with data held by ISPs, such as the time of connection and the pages visited on the website.

lexology.com, 9 November 2016

Marketing

CMOs responsible for achieving growth goals

New research from Accenture Strategy, *The C-level disruptive growth opportunity*, suggests that chief marketing officers (CMOs) are the first to get blamed if the business misses its growth targets. It found that 50% of CEOs regard CMOs as the main drivers of "disruptive growth" but 37% of CEOs said that the CMO would be "first in the firing line" if this growth is not achieved. They are followed by chief sales officers (34%) and chief strategy officers (29%). Some 75% of CMOs believe that they have significant control over the disruptive approach of their company. Yet CMOs only spend 37% of their time on innovation vs 60% on traditional marketing. If CMOs were to focus more on disruptive growth, they would have a chance to influence the bottom line and gain "the key to that corner Chief Growth Officer (CGO) office" advises the report.

Marketing Week, 10 November 2016, p7;

www.accenture.com/us-en/insight-c-level-disruptive-growth-opportunity

Launch of Marketing Leadership Programme

CIM has just launched its Marketing Leadership Programme which has been developed together with business leaders, academics and senior marketers from around the world. The programme focuses on areas identified as "must haves" for senior marketers who want to become the leaders of the future. It seeks to empower individuals to tailor their learning to their career development needs or that of their business. Maria Heckel, CIM Marketing Director, says that "strategic marketing professionals need a firm seat at the top table. To secure this seat and become the business leaders of the future, today's marketers need to develop a much wider range of business skills." To find out more, go to:

www.cim.co.uk/qualifications/cim-marketing-leadership-programme; personneltoday.com, 10 November 2016

Creating an agile marketing organisation

The authors define agile marketing as: "data and analytics to continuously source promising opportunities or solutions to problems in real time, deploying tests quickly, evaluating the results, and rapidly iterating". They claim that an agile marketing organisation can run hundreds of campaigns simultaneously and produce many new ideas each week. Yet some organisations are only partly agile because they don't have the full support of other areas of the business or their agency partners. Here they set out a step-by-step guide to successful agile marketing. An infographic shows the composition of an agile "war-room" team.

mckinsey.com, November 2016 (Edelman et al)

Predictive analytics

Predictive analytics is credited with reducing costs, boosting income and providing a personalised experience but how true is this? *Database Marketing*

examines the effectiveness of predictive analytics through a series of case studies which include Micheldever Tyres, Damart, The Entertainer, Jack's Club and Dutch financial services company, FBTO.

Database Marketing, September-October 2016, pp30-33

Market research

Measuring what is important

The author argues that researchers are often too concerned about what brands produce rather than about what people actually think. The reality is that there are very few brands that people want to have a relationship with – although marketers and researchers get paid to worry about this, most people have more important things to do. Researchers should start by re-examining the language they use and move away from an "insistence on narrowly framing everyone as consumers". Research consultancy House51 has identified four real-world principles for guiding research thinking, which come under the headings of: happy, easy, normal and fair.

research-live.com, 14 November 2016 (Murray)

Public relations

PR and marketing integration in the C-suite

Some companies have integrated their PR and marketing functions under one C-level executive. The battle over who owns social media and other aspects of stakeholder management has reignited the debate over whether PR and marketing should be separate or whether they should be a unified function. This study tests this issue in relation to various outcomes and events. The results indicate that the integration of PR and marketing has positive benefits for the company's reputation, although this effect weakens as the company increases in size. It also has positive effects for firm profitability in service-based firms.

Journal of Marketing Communications, Vol 22(6) 2016, pp626-652 (Nath and Bell)

World PR roundup

The *World PR Report* from the ICCO and *PRWeek*, is an analysis of the global PR and comms industry as it is today; how it has been performing over the past year and what it expects to happen over the next few years. It is based on knowledge from 37 national associations representing 2,500 agencies across 48 countries. It reveals that agency heads are optimistic, with a global average of 7 (on a scale of 1-10) with the most optimistic markets being the UK (8.1) and the Middle East (8.0). The main growth areas both now and over the coming years are identified as: digital comms; corporate reputation; marcomms; and public affairs.

PR Week (World PR Report 2016), November-December 2016, pp1-40

Sponsorship

Advertiser-funded programmes

This research examines how viewers' liking of an advertiser-funded TV programme (AFP) influences their attitude towards the programme's sponsor and its main competitor. An AFP is defined as a programme that is sponsored by, and centres on, the sponsoring brand. This study looks at how the programme-sponsor brand fit influences the effect of programme liking both one week and one month after the programme finale. It finds that programme liking has a positive impact on brand attitude but that this effect weakens over time. However, programme-sponsor brand fit enhances the positive effect of programme liking on brand attitude, particularly in the longer-term.

International Journal of Advertising, Vol 35(6) 2016, pp932-948 (Verhellen et al)

The changing face of sponsorship

At the commencement of the Premier League in 1992, sport sponsorship was a relatively simple matter but things have changed. This year, for the first time, Premier League has no title sponsor. Instead it has a series of partners – this represents a change in the way that the sponsors perceive sport in terms of marketing and how its effectiveness will be measured. Rather than merely using sport for raising awareness, Carling, Sky and Premier League have a shared business objective which is to use football to encourage people to drink beer and watch the game on a big screen. Sports sponsorship has shifted towards "building a long-term customer communication strategy by working with like-minded organisations".

Campaign, 11 November 2016, p23

Agriculture, fishing and forestry

Subterranean gardens – the way forward?

Last year an ex-Google employee and a former NASA satellite engineer to set up an indoor urban garden, the Lowline Lab, in an abandoned New York warehouse. Some 75,000 visitors later, and they are planning to move into an underground trolley terminal which will extend their garden by 4,000 square metres. The Lowline system uses Sun-tracking parabolic dishes to concentrate the sunlight to 30 times its usual intensity. If full planning permission is granted, the subterranean park, which resides beneath a busy Manhattan thoroughfare, will open in 2021. Other cities around the world are showing interest in the scheme. Barasch, one of the garden's creators, explains that "repurposing" an unused space for the public good could become a universal concept for any city.

Wired, December 2016, pp40-41

New EU GM plans

The European Commission has been criticised by environmentalists, notably Friends of the Earth, for proposing a vote on two new GM maize varieties. The EC also wants to reauthorise Monsanto's MON810 maize, the only GM crop licensed in the EU. Currently 19 out of 28 member states have used the EU's opt-out mechanism to impose a ban on cultivation of GM crops on at least part of their territory. If approved, these will be the first new GM crops licensed for production in the EU in 18 years. Recent research, by *The New York Times*, has suggested that GM crops are over-rated and that they are being outdone by more "adaptive" crop management in Europe.

farming.co.uk, 11 November 2016

Building industry

Post referendum growth

Construction output in Great Britain: Sept 2016 and July to Sept 2016, gives the first official output figures for construction since the Brexit vote. It estimates that output in the construction industry is decreased by 1.1% in Q3 2016 compared with the second quarter of 2016. The fall is attributed to repair and maintenance work, which decreased by 3.6%, although there was a slight increase in new work of 0.3%. In September 2016, construction output increased by 0.3% compared with August and by 0.2% compared with September last year.

ons.gov.uk, 11 November 2016

Businesses and strategy

Thought leadership and innovation

This article is taken from a paper presented at SAMA's 2015 Annual Conference on the topic of thought leadership and innovation. It stresses that a strategic account manager's value is not just in the product they sell but also in the relationship they build with clients. Thought leadership is all about using the whole ecosystem of the organisation to create value. After defining thought leadership, the paper goes on to explain how to decide where to provide value, how to create the right mindset and how to look for opportunities to create thought leadership. It stresses that thought leadership is not about short-term selling – instead it requires a long-term view.

Velocity, Vol 18(2) 2016, pp21-24 (Heneghan and Davis)

The benefits of flexible working

New research suggests that flexible working is the most popular benefit for employees, both now and in the future. The Grass Roots study revealed that flexible working even beats traditional benefits, such as a pension scheme, which shows that work-life balance is highly valued. If companies want to attract and keep top talent, they should consider offering flexibility for all new roles. Flexible working

can benefit both parties. For example, employers who offer it have found a reduction in sickness or absence, increased productivity and greater employee engagement and retention.

Hr Network Scotland, Vol 12(2) 2016, p13

Frontier firms vs laggards

Conventional wisdom says that leading businesses must keep innovating in order to stay ahead of the game, while those that fail are quickly overtaken by rivals. Yet new research from the OECD suggests that this process is breaking down and that some leaders are staying ahead longer than might be desirable. An analysis of companies revealed that the top 5% (the "frontier firms") have continued to increase productivity while the rest (the "laggards") have remained stagnant. The gap between frontier firms and laggards is widening, despite the fact that the environment should be easier for challengers because of access to cheap computing power. One explanation for this is that technological diffusion is not taking place and cutting-edge ideas are not spreading through the economy as they used to. The question is how to address this issue...

The Economist, 12 November 2016, p66

Charities and NGOs

Exhibiting – political party conferences

Charities attend political party conferences in the hope of influencing government policy but research suggests that a significant proportion of MPs no longer attend their party's conference. Party conferences are expensive due to the cost of exhibition stands and holding fringe events. Some charities reduce the cost through sponsorship – Breast Cancer UK was sponsored by Pfizer for the Conservative, Labour and SNP conferences. Other charities prefer to treat conferences as a networking opportunity. Some charities believe that the impact they make at a conference is worth the cost. Charities that show "creativity and interactivity" make the most impression on politicians, according to research from nfpSynergy.

Third Sector, November-December 2016, p66

Economy

Home chores – undervalued

According to the Office for National Statistics (ONS), people do £101 trillion-worth of unpaid work in the home, which represents 56% of GDP. Over the past decade the value of unpaid domestic chores has grown faster than the economy because the cost of paid childcare has risen faster than inflation so people have tended to stay at home to look after their children. On average men do 16 hours of unpaid work a week compared with 26 hours done by women. If this was paid work, men would earn £166.63 a week and women £259.63. The ONS has

published an online calculator which allocates value to household jobs.

www.ons.gov.uk/visualisations/dvc376/index.html;

Financial Times, 11 November 2016, p1; The Guardian, 11 November 2016, p33

The world economy Trumped

The Economist predicts that the Trump presidency will be bad for the world economy as a whole and that his policies are likely to harm economies outside the US, at least in the short-term. It argues that, if Trump's "reflation populism" policy improves America's short-term prospects, then maybe he won't resort to full-blown "anti-trade populism". Trump's focus on protectionism will make it harder for emerging markets to trade their way to prosperity. China, which accounts for around half of America's net trade deficit, has much to lose. One economy that could do well out of the Trump presidency is Russia...

The Economist, 12 November 2016, pp67-69

EU and UK growth forecasts lowered

Pierre Moscovici, EU economy commissioner, has warned that the UK referendum and the election of Trump indicate signs of a backlash against globalisation. He says that this has dampened Europe's outlook, since protectionism poses a threat to the economy. The Bank of England has upgraded its forecasts for UK growth by predicting 1.4% growth next year and 1.5% in 2018. However, the European Commission predicts that UK growth will fall to 1% next year, almost half what it had previously predicted. Brussels has also downgraded its forecasts for EU-wide economic growth.

Financial Times, 10 November 2016, p11

Energy and utilities

The Sun says Big Six have big profit margins

The Sun newspaper has claimed that the Big Six energy suppliers are making up to 24% profit on standard variable tariffs. This is more than seven times the 3.3% profit margin figure arrived at by the Competition and Markets Authority following its investigation of the sector. The accusations are based on estimates of suppliers' costs set out in a report by PwC for the trade body Energy UK. Greg Clark, business and energy secretary, has reportedly said that he would discuss the matter with Energy UK. He said: "This report appears to confirm my concern that the big energy firms are punishing their customers' loyalty rather than respecting it". Energy UK has accused *The Sun* of being "very misleading".

utilityweek.co.uk, 14 November 2016

Environment

Government loses on air pollution plans

The High Court in London has ruled that the UK Government's current plan to tackle air pollution is

illegal. This is the second case that the Government has lost, following a legal defeat in 2015. The case relates to levels of nitrogen dioxide which, in high enough levels, can increase the risk of heart attacks and other medical conditions. The Government has proposed to introduce clean air zones in just five cities, which would not be enough to meet 2020 targets.

New Scientist, 12 November 2016, p7

Bathing beaches at their cleanest

This year bathing water at England's beaches are the cleanest on record, according to the Environment Agency, which said that more than nine out of ten bathing spots have been rated good or excellent for water quality. The drier weather has meant that there have been fewer incidences of overflowing sewers.

The Times, 9 November 2016, p21; water.org.uk, 8 November 2016

Fashion

M&S – attitude not age

Marks & Spencer may struggle to address the problems facing its fashion division although CEO, Steve Rowe, says it is one of his priorities. M&S's head of marketing for clothing and home, Maria Koutsoudakis, says she will not be targeting any particular age group but instead wants to emphasise "universal truths" that affect all women. It is no good trying to pigeonhole a women into a particular style but rather "to focus on a fashion attitude that all age groups share". *The Economist* examines plans to turn the business around through a rebalancing of food and fashion.

Marketing Week, 10 November 2016, p8; The Economist, 12 November 2016, p25

American Apparel sold to Canadian group

Following its second filing for bankruptcy in 13 months, American Apparel is to sell its brand to Canadian company, Gildan Activewear. The latter, which makes and sells t-shirts, fleeces and underwear, will acquire the intellectual property rights and "certain assets" from the American company. American Apparel, which failed to adapt fast enough to changes in retailing, built its image on "highly sexualised" commercials.

Financial Times, 15 November 2016, p19

Financial services

Cross-selling

Recent research from the Direct Marketing Association suggests that account holders tend to stay with their financial services provider (FSP). However, a fifth say they have added a new product from a different FSP in the last year, suggesting that customers are open to new products. This article aims to show how FSPs can use smart data

management to manage customer engagement, improve loyalty and identify new customers. It describes how FSPs can create an interconnected single customer view so that they can serve relevant offers and services to their existing customer base. An infographic illustrates "personalised cross-sell in action".

Admap, November 2016, pp34-36 (Bloom)

New banks offer personalised experience

The new challenger banks should have an advantage over some of the legacy banks whose reputations have plummeted. Atom, launched in April, was the UK's first digital-only bank. According to Chief Marketing Officer, Lisa Wood, it targets customers who have become alienated by the "unfair and non-transparent offers" of the larger banks. She explains how Atom uses technology to offer a personalised experience and help customers understand things such as when they are about to be overdrawn. With no physical presence, Atom has to use its app as the "face" of its brand. This article contains a brief summary of other challenger banks.

Campaign, 11 November 2016, p17 (Gwynn)

Goldman – record number of women partners

Goldman Sachs has promoted 19 women, out of 84 promotions, to the rank of partner. This is the highest proportion of women to receive such a promotion in the bank's history. Goldman Sachs, along with other Wall Street Banks, has experienced tougher conditions in the past few years, facing a tougher regulatory environment since the financial crisis.

Financial Times, 10 November 2016, p22

FMCG

Beverages

Lucozade cuts sugar by 50%

Lucozade Ribena Suntory (LRS) is to reduce the amount of sugar in its drinks by 50% so that they all contain less than 4.5g of sugar per 100ml. This move comes at a time when the drinks industry is being accused of contributing to Britain's obesity problem and when the NHS has put forward plans to have sugary drinks banned from hospitals. Peter Harding, COO at LRS, regards its initiative as a "game-changer for our business". The company's drinks will be classified as "low sugar" and will not incur the Government's proposed sugar tax.

The Times, 9 November 2016, p21; The Grocer, 12 November 2016, p5

Price of beer could rise by 30p

Pubs are warning that the price of a pint of beer could rise by as much as 30p as a result of inflation related to Brexit, rising business rates and the introduction of the national living wage. Some of

Britain's largest pub operators, such as Greene King and Fuller's, have informed the Government that they will have to increase prices unless they are protected from some of the pressures.

The Sunday Times (Business), 13 November 2016, p3

Food

Grocery inflation

Walkers and Birds Eye have warned that they may have to raise their prices due to the falling Pound. This comes after the controversy surrounding Unilever and Tesco. Inflation appears to be inevitable, particularly in the post-Christmas period. According to Phil Dorrell of Retail Remedy, price rises will vary according to the strength of brands' relationships with retailers. Brand equity will play an important role in determining whether consumers switch to cheaper alternatives. It is likely that supermarkets will win the "PR battle" because they can be seen to be on the consumer's side by not wanting brands to raise their prices.

Campaign, 11 November 2016, pp2-3

Toblerone in triangle trouble

The maker of Toblerone chocolate has made its bars smaller by spacing out the triangles. Outraged fans have called this move "stupid" and "ridiculous". Owner, Mondelez, admits to having changed the design to reduce the weight of the 400g and 170g bars to 360g and 150g respectively. The company says the choice was between changing the weight and raising the price. Mondelez has also reduced the sizes, but not the prices, of other chocolate bars including Cadbury's Dairy Milk, Cadbury's fingers and Terry's chocolate Orange.

The Times, 9 November 2016, pp24-25; The Guardian, 9 November 2016, p14

Tobacco

Reynolds bats away bid

British American Tobacco's (BAT) \$47 billion-bid for US tobacco company, Reynolds American, has been rejected. In October BAT, which already has 42% share of Reynolds, had proposed that it should acquire the rest of the business to create the largest tobacco company in the world. Reynolds owns the Camel and Newport brands.

bbc.co.uk/news, 15 November 2016

Government and public sector

Digital Citizenship

Since 2014 Estonia has been offering an e-residency scheme which allows people to file for digital citizenship of the country. This is not true citizenship in the sense of being able to live or vote in Estonia, but it does grant access to the Estonian cloud for a cost of €100. It basically provides access to the European market, which people might want to have

in a post-Brexit world. Since the Brexit vote the number of e-Estonians from the UK has risen from an average of 22 to 70 a month. Ukrainian artist, Stanislav Yurin, uses his e-residency to sell paintings internationally. This is a trend that is likely to grow – next year people will be able to file for digital citizenship of Lithuania.

New Scientist, 12 November 2016, pp18-19

Why the pollsters were wrong

US pollsters may have been correct regarding some aspects of the presidential election, but they underestimated Trump's appeal to working-class white voters. In addition, so-called "shy" Trump supporters probably didn't want to admit their support for him. However, a more likely reason for polling inaccuracies could be "non-response bias", where, for example, working-class whites may have been reluctant to answer the phone. It is easy for the margin of error to be magnified when dealing with economic sub-groups. An alternative approach would have been to ignore the polls and focus on factors such as economic performance across the country.

The Economist, 12 November 2016, pp41-42

Health and pharmaceuticals

AstraZeneca profits fall

AstraZeneca has suffered a fall in profits, largely because of competition from generic drugs, which have been especially damaging to its cholesterol medication, Crestol. The company has identified six "growth platforms" which account for two-thirds of revenue. These include emerging markets, its respiratory business and, in particular, oncology drugs. Ironically the pharmaceutical sector has benefited from Trump's election in terms of share price, but this doesn't solve the on-going problem of patent expiries, consolidation among health insurers and downward pricing pressures.

Financial Times, 11 November 2016, p20

IT and telecoms

Virtual food

Experiments with "virtual food" enable you to taste the flavours of the food being viewed using electronics to convey the taste and texture of real food even though your mouth is empty. This development could enhance virtual reality experiences and also real-world dining where people might be on special diets. The University of Singapore has made a device that mimics a sweet taste – such a system could be embedded in a mug to make the drink taste sweeter and help people reduce their sugar intake. A team at the University of Tokyo has even developed a device that can simulate chewing food of different textures.

New Scientist, 12 November 2016, p23

The day of the bot

Has the app had its day? There are over 4.2m apps for Android or iOS, yet three-quarters of American users now download less than one app a month. According to comScore, people spend most of their time using just three apps, the most popular type of app being messaging. This is why developers have started turning simple chat apps into more complex systems centring on bots. In some countries bots are beginning to take over chat platforms. This article looks at the potential for bots to change how people engage with technology. Former Evernote CEO, Phil Libin, believes that "within a few years bots will be in the fabric of everything" and that "It's going to be similar to the app gold-rush, but magnified".

Wired, December 2016, pp146-151 (Temperton)

BlackBerry gives up hardware

BlackBerry has finally admitted defeat when it comes to manufacturing devices. Instead it is licensing its name to third parties and has recently signed a deal with an Indonesian manufacturer. The company's CEO, John Chen, says that it will "end all internal hardware development" and plans to outsource that function to partners. Analyst Ben Wood believes that BlackBerry doesn't have the "scale to be competitive in devices" and can't produce phones just to serve a small number of devoted customers. This is the second development of its kind this year: in May Microsoft wrote \$1 billion off its acquisition of Nokia's handset business and says it plans to focus on software rather than hardware.

Mobile Europe, October-November 2016, p6

Materials and mining

Self-healing electronics

Scientists have created magnetic "ink" that can heal itself after being damaged. The team, at the University of California, demonstrated the capability by printing a circuit out of ink and cutting it with scissors. Within seconds it had bonded back together. The ink might be used in applications such as self-healing batteries and sensors.

New Scientist, 12 November 2016, p24

Media

Books

Digital publishing

This year's FutureBook Digital Census reveals that 40% of publishers believe that digital publishing contributes to over a fifth of total sales, which suggests that digital is firmly embedded in publishing. However, growth is slowing and only 52.9% of publishers predict that digital sales will be worth more than a fifth of total sales by 2021. This article discusses various aspects of digital publishing,

including e-readers, apps, self-publishing, pricing and royalties and the agency model.

The Bookseller (FutureBook: The business of digital publishing), 11 November 2016, (after p20) pp4-5

Games

Online gaming – healthier than gambling

A survey of 19,000 people across four countries suggests that playing online games is far less addictive than gambling. Published in *The American Journal of Psychiatry*, this is the first large-scale research into so-called "internet gaming disorder". It has also found no link between potential gaming addiction and health.

New Scientist, 12 November 2016, p24

Nintendo re-releases Famicom

When Nintendo re-released its original Family Computer (Famicom) console in Tokyo last week, they sold out within an hour. The device is a miniature version of the original Famicom, also known as the Nintendo Family Entertainment System. The machine comes preloaded with 30 games dating from 1983 to 1991, including the original Mario titles. The console is also on sale in the US where, at one time, it was thought to have a presence in 30% of US homes.

Financial Times, 11 November 2016, p15

Internet

Pay-per-click – advantages and limitations

Pay-per-click (PPC) is often credited with having various advantages although at the same time being criticised for its susceptibility to fraud and other issues. Literature on the subject has considered the pros and cons of using PPC as a marketing/advertising strategy. The authors review 50 publications on PPC advertising, analyse the findings and arrive at a conclusion for understanding the presence and impact of PPC. Areas for future research are identified.

The Marketing Review, Vol 16(2) 2016, pp183-202 (Kapoor et al)

Newspapers

Apple News challenges Google and Facebook

Several news publishers, including Telegraph Media Group, have reported rapid growth on Apple News to the point where Apple is challenging Google and Facebook. CNN's page views rose sixfold on Apple News in September compared with August. Bloomberg News reports that views are up by 500% and *The Daily Telegraph's* mobile page views have increased fivefold in just three months.

Campaign, 11 November 2016, p5

Johnstone suffers from "Brexit effect"

Johnston Press, owner of the *i* and over 200 regional newspapers, has reported a "heavy Brexit effect" as revenues fell by 5.1% in the 17 weeks to the end of

October. The *i* has increased circulation revenues by almost a fifth, but this has not been enough to compensate for the steep decline in ad sales. Although digital ad sales fell by just 2.8%, print advertising, a major part of Johnstone's income, have plummeted.

The Daily Telegraph (Business), 11 November 2016, p3; Financial Times, 11 November 2016, p21

Television

The uncertainty over whether there will be a hard or soft Brexit has led to a significant fall in ITV's ad revenues which could decline by as much as 7% in the last quarter. ITV is the UK's largest commercial broadcaster, which boasts programmes such as *The X Factor* and *Coronation Street*. It recorded a 4% drop in advertising for the third quarter compared with the same period last year. Analysts have forecast a 5% to 6% fall in overall TV advertising for the last quarter of the year, despite the usual boost expected at Christmas.

Financial Times, 11 November 2016, p15; The Guardian, 11 November 2016, p33; The Times, 11 November 2016, p46

Decline in sport viewing

Analysts point to a decline of nearly a tenth in those watching TV sport over a period of six years. Both BT and Sky are worried about the falling numbers of football viewers this season. According to research from Ampere Analysis, 18- to 24-year-olds (the younger millennials) are far less likely to think of themselves as sports fans than the overall population. Young people are 17% less likely to consider sport as their favourite type of programming compared with the general population. It suggests that online streaming services, such as Netflix and social media, are successfully competing for young people's attention.

The Daily Telegraph (Business), 11 November 2016, p3

Packaging

Merger to create labelling giant

Three major label companies – RAKO, X-label and Baumgarten – have merged to create a so-called label-printing "powerhouse" with 3,000 employees, 30 production sites and a turnover in excess of \$500m. The group will be headquartered in Hamburg, Germany.

Digital Labels and Packaging, November-December 2016, p5

Retailing

Space-to-product-ratio

A consumer may form an opinion of a store based on the amount of space dedicated to each item. This study looks at the effect of space-to-product ratio on consumer response. Consumers tend to perceive products as more valuable when they are allocated

more space on the shelves. The authors find that this influences total sales, purchase likelihood and product experience, such as taste perceptions. The use of more space between items leads to raised perceptions of individual products as being aesthetically pleasing and leads to the store being considered more prestigious. These effects are identified across a range of product categories.

Journal of Marketing Research, Vol 53 October 2016, pp665-681 (Sevilla and Townsend)

John Lewis courts controversy with Xmas ad

Should it have escaped your notice, the John Lewis Christmas ad has been launched. It features Buster the Boxer dog watching foxes and other wildlife cavorting on his young owner's new trampoline. John Lewis appears to have opened up a can of worms: on the one hand critics have said that the ad suggests that Santa is not real (the child's father is shown putting up the trampoline rather than Santa); and on the other, the ad features foxes (regarded as urban and countryside pests). The charity, the Wildlife Aid Foundation, has criticised John Lewis because garden leisure equipment is regarded as one of the biggest killers of wild animals in the UK. Meanwhile one man sums it all up by tweeting at John Lewis "It's still November, go away!"

Campaign, 11 November 2016, p1; The Times, 11 November 2016, p3; The Times, 12 November 2016, p40

Black Friday

Black Friday, which takes place on 25 November, is a day on which online and offline retailers offer discounted products, a trend that began in the US as the day after the Thanksgiving public holiday. In Britain Black Friday has led to chaos as people fight over what is on offer. Amazon, which has more than doubled its workforce for November and December, plans to extend its Black Friday promotion to nearly two weeks.

The Guardian, 11 November 2016, p33

Services

High-tech food delivery

The UK takeaway market is worth around £5.5 billion in annual sales and the online food delivery industry has become big business. Food-solutions services, such as Just Eat, Hungryhouse and Deliveroo, are just a few of the names that are being challenged by the incursion of big US players, including Amazon Restaurants and UberEats, which are creating fierce competition. This article examines the market for "high-tech takeaways".

Campaign, 11 November 2016, pp32-33 (Singh)

Gambling on good customer service

The Gambling Commission has warned bookmakers that they could face higher penalties or even lose their licences if they don't improve customer service.

Chief Executive of the body, Sarah Harrison, has told industry executives that they need to change how they handle customer complaints, ensure advertising is “clear” and “develop your risk management strategies on money laundering and evaluate the impact of social responsibility initiatives”. The Competition and Markets Authority is also investigating the industry following complaints about online operators.

The Times, 9 November 2016, p12

The Amazon home help

Amazon is trialling domestic services in its home town of Seattle. It has been running a series of job ads for “home assistants” to work as part of a two-person team to help customers with tidying up the home, doing laundry and putting groceries away. This is another example of Amazon offering additional services to its Prime subscribers with the aim of boosting its customer base. The experiment reflects Amazon’s “working backwards” process in which it starts with an idea to please customers rather than developing an idea and then trying to obtain customers.

The Times, 9 November 2016, p23

Transport and travel

5G consortium

The 5G Automotive Association, a consortium of telcos and car makers, is looking at ways of introducing 5G into vehicles. It aims to promote “vehicle to everything” technology by focusing on wireless connectivity, security, privacy, authentication and distributed cloud architecture. Companies involved in the group are: Audi, BMW, Daimler, Ericsson, Huawei, Intel, Nokia and Qualcomm.

Mobile Europe, October-November 2016, p7

Royal Jordanian seizes the moment

Of course there have been negative reactions to the election of Donald Trump as US president. A Facebook ad from Royal Jordanian Airlines advises customers to: “Travel to the US while you are still allowed to.”

The Economist, 12 November 2016, p21

VW – crisis not over yet

VW is keen to put the emissions crisis behind it but has just suffered a new setback: a German investigation is looking into whether the company should have disclosed the emissions cheating before its public admission. Now it transpires that American regulators are investigating another form of “cheating” software which was still being fitted to some Audi vehicles up until May 2016. Despite this, VW’s reputation has not been as damaged as predictions suggested and sales and profits remain strong. However, experts question why the company isn’t using this opportunity to make fundamental changes to its culture.

The Economist, 12 December 2016, pp62-63

Buzz phrases

Microdosing

Microdosing is taking off fast in California, and is a big trend among business start-ups in Silicon Valley and Silicon Beach. The practice involves taking a very small amount of a drug regularly. It is possible to microdose on just about anything, including cannabis or ketamine, but the habit is most often associated with psilocybin (a compound in magic mushrooms). The doses are small enough to prevent hallucination but supposedly help “to feel a little bit of energy lift, a little bit of insight”, according to Rick Doblin, founder of the Multidisciplinary Association for Psychedelic Studies.

The Times, 8 November 2016, pp4-5

Written by CIM’s Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Hannah Blake	MEC	Founders Factory	Business Development Leader	Campaign
Charlotte Cool	John Lewis Partnership	Asda	VP of Corporate Affairs	PR Week
Rachel Emms	McCann London	Verbalisation	Strategic Development Director	research-live.com
Christopher Millard	Royal Opera House	The Royal College of Art	Director of Comms and Marketing	rca.ac.uk
Charles Naylor	HSBC	CBI	Corporate Communications Director	cbi.org.uk
Abbie Sampson	Which?	Energy UK	Director of External Affairs	PR Week
Marcus Smith	Liberty Global	Reputation Institute	Managing Director	research-live.com
Sebastien Van Schalkwyk	Betsson Group	Viga	Marketing Director	research-live.com
Mark Whittle	FA	Triple Sports & Entertainment Group	MD of Comms	PR Week
Caroline Winters	FleishmanHillard Fishburn	Danone UK and Ireland	Head of Public Affairs and Government Relations	PR Week

Promotions

Name	Company	Previous title	New title	Source
Olly Foot	MRM Meteorite	Managing Director	Joint Chief Executive	Campaign
Chris Whitson	MRM Meteorite	Chief Strategy Officer	Joint Chief Executive	Campaign

Cutting Edge: Our weekly analysis of marketing news

Sources

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International Journal of Advertising**

Journal of Marketing Communications** (18 month embargo)

Journal of Marketing Research**

www.lexology.com

The Marketing Review**

Marketing Week **

www.mckinsey.com

Mobile Europe

New Scientist** (1 month embargo)

www.ons.gov.uk

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PR Week

www.research-live.com

[Third Sector \(selected articles available\)](#)

The Times

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