

# Cutting Edge: Our weekly analysis of marketing news

23 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

#### #StopFundingHate

The #StopFundingHate campaign calls on brands to remove advertising from the likes of *The Daily Mail*, *The Sun* and *The Daily Express*. Although John Lewis has said that it will “never make an editorial judgement on a particular newspaper”, figures from Brandwatch suggest that the #StopFundingHate campaign has already attracted 11% of all mentions of the John Lewis’s Christmas ad. In contrast, Lego has responded to calls to end advertising with *The Daily Mail*, following 75,000 mentions of Lego on social media in relation to the newspaper between 10 and 14 November. The campaign is a reminder of the power of “backlash branding”; where consumers expect brands to take greater responsibility for their advertising rather than just sitting on the fence when it comes to controversy.

**Campaign, 18 November 2016, pp4-5**

### Agencies

#### Should agencies be paid to pitch?

*Marketing Week* asks clients and agencies whether clients should be paying agencies to pitch. The issue was recently raised by the publication’s columnist, Mark Ritson, in which he highlights the growth of zero-based budgeting within client-side organisations; this is where companies “precisely cost” their objectives for the coming year and set out the tactics they are going to use. This has resulted in a more difficult and complex pitching process for agencies. Contributors to the debate include ISBA’s Director of Consultancy & Best Practice, Debbie Morrison, and founding partner at Oystercatchers, Peter Cowie. The opinions of both client and agency sides of the business are elicited.

**marketingweek.com, 21 November 2016**

### Agency predictions and performance

Group M has upgraded its UK adspend growth forecast from 5.8% to 7.2% for 2017. WPP has also upgraded its growth forecast for this year from 6.3% to 7.2%. Meanwhile Dentsu Aegis Network has achieved organic profit growth of 5.2% for Q3 2016, up from 5% in Q2. It has singled out Spain, Italy, Russia, the Nordics and Portugal as achieving particularly strong performances.

**Campaign, 18 November 2016, p5**

### Brands and branding

#### The powder of sonic identity

The environment has become more complex for marketers who are trying to manage consistent but relevant brand experiences across an array of touchpoints. Yet many are ignoring a significant opportunity, namely the power of “sonic identity”. This is defined as the strategic use of music and sound in brand experience and audience connection. This is not simply a tactic but a fundamental aspect of brand identity that can be used across communications. Music and sound are capable of eliciting an emotional response, increased awareness, improved perceptions and enhanced connections. The authors discuss why sonic identity is so powerful and how it can help with today’s challenges.

**Journal of Brand Strategy, Vol 5(2) 2016, pp157-164 (Perlmutter and Bradshaw)**

### Value after brand acquisition

Companies use various marketing communication strategies to enhance brand equity and create brand awareness. Rather than embarking on the process from scratch, some firms prefer to acquire existing brands. However, research suggests that some acquiring firms end up with so-called “winner’s curse”. The authors examine how equity markets perceive brand acquisition strategies and whether



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these strategies reduce the acquirer's perceived risk compared with a control sample companies. The results indicate that shareholders view brand acquisitions as fairly valued although the market seems to value brand acquisitions depending on the brand's characteristics.

**Journal of Brand Management, Vol 23(5) 2016, pp70-96 (Fine et al)**

## **Children**

### **Children's ad literacy**

This study investigates children's cognitive advertising literacy levels (ability to distinguish ad content from media content and to understand underlying commercial intent) and affective advertising literacy levels (knowledge and ability to cope with different advertising techniques) for commercial TV vs advergames. The results reveal that advergames lead to a higher purchase request rate among children than normal TV ads. However, affective but not cognitive advertising literacy influences the effect of the ad format on purchase requests.

**International Journal of Advertising, Vol 35(6) 2016, pp909-931 (Hudders et al)**

## **Conferences and events**

### **What does Brexit mean?**

The British Visits & Events Partnership (BVEP) has undertaken a survey of the meetings sector to try to understand the effect of the EU referendum and to feed this back to the Government, with the aim of representing the industry's interests in Brexit negotiations. The BVEP is also working with bodies such as the Tourism Alliance to provide a summary of key business issues. Simon Hughes, vice-chair of the BVEP, discusses reactions to Brexit and its implications for live communications and association meetings business.

**Association Event Manager, October 2016, pp5-6**

### **Making outdoor events more sustainable**

The UK festival industry has for years been a promoter of environmental sustainability. However, events that take place in the countryside can themselves take a toll on the environment. Powerful Thinking, an event industry group, has produced a report entitled *The Show Must Go On* with the objective of encouraging festival organisers and stakeholders to achieve a 50% reduction in annual festival-related greenhouse gas emissions by 2025. The Nationwide Caterers Association is developing an energy calculator for events. The author outlines six main actions that can be taken to make an event more sustainable.

**Open Air, November-December 2016, pp52-53 (Laurie)**

## **Consumer behaviour**

### **Consumer brand engagement behaviours**

Little attention has been paid to consumer brand engagement behaviours. The objective of this paper is to address the need for understanding and measuring brand engagement behaviour. The authors seek to do this through Keller's (2013) "Actual Brand Engagement" framework. Through a study of Australian consumers, they demonstrate the validity of the framework for measuring engagement behaviours and the predictive validity of explaining a consumer's willingness to pay a price premium.

**Journal of Brand Management, Vol 23(5) 2016, pp41-69 (Dwivedi et al)**

### **Interpersonal closeness and WOM**

This research asks how interpersonal closeness (IC), or the psychological proximity of a sender and recipient, influences positive versus negative word-of-mouth. It indicates that high levels of IC increase the negativity of WOM shared, while low levels of IC increase positivity. The authors discuss the implications of the research for understanding how WOM extends across strongly-tied social networks compared with weakly-tied ones.

**Journal of Marketing Research, Vol 53 October 2016, pp712-727 (Bubois et al)**

### **Consumers attach value to personal data**

New research among UK-based consumers reveals that 73% attach a financial value to their personal data. However, amongst younger consumers, the majority of those aged under 34 are happy to share their data and take advantage of the opportunities: in fact 63% regard the sharing of personal data as an opportunity to have a personalised experience rather than a risk to their personal identity. Overall, 55% of consumers said that they would share more information if they had a better understanding of how it would benefit them. The research was conducted by Callcredit Information Group.

**Database Marketing, September-October 2016, p6**

## **Customer relations**

### **Channels and customer retention**

Managers need to understand how and when customers end their relationships. In non-contractual situations, customer churn is difficult to observe and this makes it hard to predict customer retention. The authors propose a framework for estimating multichannel customer relationship dynamics in a non-contractual situation. The framework takes account of "relationship revival" as well as the effects of different channel experiences and marketing on retention and profitability. The research, which is carried out using data from a multichannel retailer, reveals that a retail store can be used to migrate customers from an inactive to

active state while an online channel is most effective for keeping existing customers active.

**Journal of Interactive Marketing, Vol 36 November 2016, pp77-90 (Chang and Zhang)**

### **Customer acquisition and retention**

The authors propose an analytical model to examine companies' investments in customer acquisition and retention for a new service. Hypotheses were developed and tested using data from wireless telecoms markets across 41 countries between 1999 and 2007. The study reveals that a company's acquisition cost per customer is more sensitive to market position and competition than retention cost per customer. Guidelines are provided for strategic resource allocation for customer acquisition and retention in competitive service markets.

**Journal of Marketing Research, Vol 53 October 2016, pp728-744 (Min et al)**

### **Direct marketing**

#### **Vodafone receive TPS accreditation**

Vodafone UK is the first telecoms company to receive the Telephone Preference Service Assured accreditation. This follows an audit of its outbound call centres by the DMA. Vodafone and its partners can now claim that they comply with the laws and best practice relating to telemarketing.

**Database Marketing, September-October 2016, p6**

#### **Fall in direct mail hits Royal Mail**

There has been a drop in the amount of marketing mail sent through the post, according to Royal Mail, which attributes the trend to uncertainty surrounding Brexit. Royal Mail says its revenue from marketing mail has fallen by 8% over the past six months due to businesses cutting back on ad spending. This is yet another concern for Royal Mail, which is already facing a decline in the number of letters sent as well as increased competition from the likes of UK Mail, DHL and Amazon.

**The Guardian, 18 November 2016, p30; Financial Times, 18 November 2016, p21**

### **Law**

#### **Grey and counterfeit goods – brand protection**

In a recent ruling the UK Court of Appeal has recently confirmed that anyone possessing or selling "grey goods" is liable to be prosecuted under the provisions of the Trade Marks Act 1994 (TMA). This article outlines the main provisions of the TMA, defines what is meant by "grey" and counterfeit goods and explains that the ruling is good news for brand owners because it provides them with another way of preventing the unauthorised sale of goods carrying their trade mark.

**lexology.com, 16 November 2016**

### **Advertised broadband speeds misleading**

The Committee of Advertising Practice (CAP) plans to review and update existing guidance on UK rules for broadband advertising. The review follows the publication of research commissioned by CAP and ASA into consumers' understanding of broadband speed claims made in adverts. It found that most consumers believe they are receiving the top advertised internet speed when in reality they are not. The current rules say that speeds quoted in ads must be delivered to a minimum of 10% of customers as long as they include the words "up to". In fact up to three-quarters of households are paying for speeds that they don't receive.

**out-law.com, 17 November 2016; The Times, 18 November 2016, p15**

### **Marketing**

#### **Mobile marketing**

Apps are an important part of mobile marketing strategy but have received little coverage in the literature. This study aims to identify factors which affect smartphone app usage. It also develops and tests a model based on the technology acceptance model (TAM) to predict factors associated with the use of technology, in this case smartphone apps. Four significant factors are found to be: perceived informative usefulness; entertaining usefulness; perceived ease of use; and user review. Cost-effectiveness appear to have no effect on app usage. The marketing implications are discussed.

**Journal of Marketing Communications, Vol 22(6) 2016, pp653-670 (Kim et al)**

#### **Inbound marketing**

The author argues that inbound marketing is one of the best ways to elicit customer interest in your brand. He defines inbound marketing as marketing activities that attract visitor attention, rather than a situation where marketers are proactively trying to attract a prospect's attention. This strategy should gain the attention of the consumer, make the company easy to find and encourage consumers to visit the company's website using content. He offers some tips for building the business using inbound marketing.

**dmnews.com, 16 November 2016 (Neely)**

#### **Aviva CEO on simplicity in marketing**

Mark Wilson, CEO of Aviva, has said that marketers have become over-complicated in what they do and have forgotten all about the fundamentals of marketing. A former marketer, he believes that there isn't enough "real marketing" taking place. He has introduced what he calls the "proposition tweet" to Aviva. He explains that employees should be able to "explain in 140 characters or less why they will win and what their proposition is for their customer" – otherwise he will "kill their product." Disruptive companies are good at keeping things simple and

traditional brands, such as Aviva, should learn from them.

**marketingweek.com, 17 November 2016**

## **Market research**

### **Knowledge management – changing data use**

Knowledge management systems are changing the way in which data are accessed and shared. In this brief opinion piece the author considers how this affects primary research and agencies. He points out that there is an overlap between knowledge management and research, and what was once the sole territory of the librarian has now become accessible to the whole organisation. With digital systems almost anything is possible in terms of sharing data. Agencies will face some interesting challenges if new knowledge management systems succeed in reducing spend on primary research, expand the application of insight and allow more widespread access to analytics.

**research-live.com, 21 November 2016 (Lynch)**

## **Public relations**

### **Boosting industry skills**

PRCA Director General, Francis Ingham, reports that 53% of agency professionals say they require more digital and social media training, with only 35% of agencies and 36% of in-house teams using external courses as their main source of digital training. He argues that the industry needs a “flexible, learn-while-you-work way to build skills, or it won’t succeed”. It is essential to use opportunities, such as continuing professional development (CPD), which is more appropriate for a digital age and for flexible working.

**PR Week, November-December 2016, p97**

## **Sponsorship**

### **Rakuten becomes latest Barcelona sponsor**

Rakuten, Japan’s largest internet retailer by sales, has just signed a deal with FC Barcelona worth €220m, making it one of the largest football shirt sponsorships in the world. Hiroshi Mikitani, founder of Rakuten, says this deal gives the company a chance to gain recognition outside Japan. Founded in 1997, Rakuten has become known as “Japan’s Amazon”. The company’s sponsorship includes the Japan Open ATP tennis. FC Barcelona refused to have a sponsor’s name on its shirts until 2006, when it allowed Unicef, the charity, to appear. In 2010, while heavily in debt, the club struck a five-year sponsorship deal with Qatar Foundation.

**Financial Times, 17 November 2016, p17**

## **Agriculture, fishing and forestry**

### **US cannabis industry set to take off**

This month four US states approved recreational cannabis use while four other states relaxed restrictions on medical marijuana. Some 32m Americans use cannabis and legal sales reached \$6 billion in 2015, a figure that is expected to triple by 2020. Cannabis firms are borrowing practices from consumer business. For example, to overcome bans in some states, some firms are licensing their brands and production to third parties in the same way that Coca-Cola does with its products around the world. Other companies are processing plants into edible snacks, such as biscuits and candies. If federal government ever legalises cannabis, big tobacco might start snapping up small cannabis businesses. Meanwhile, in Colorado there are now more cannabis dispensaries than Starbucks outlets!

**The Economist, 19 November 2016, p71**

### **Food prices continue to rise**

The Food & Agriculture Organisation’s (FAO) *Food Price Index* averaged 172.6 points in October, a rise of 0.7% compared with September and 9.1% higher than October 2015. The index measures monthly changes in international prices of a basket of food commodities. The FAO *Index* shows that global food prices have continued to rise throughout the year. October’s rise was caused by a “sharp” increase in the price of sugar and dairy as well as higher prices for wheat and maize.

**The Grocer, 19 November 2016, p18**

### **Let them eat seaweed (pasta)**

Dutch entrepreneur, Willen Sodderland, is advocating replacing pasta with seaweed as part of the solution to feeding a growing world population. He is hoping to raise up to €2.5m to expand his company, Seamore. The company’s I Sea Pasta is harvested off the coast of Ireland and sold in health food shops and supermarkets. The UN Food and Agriculture Organisation predicts that food supply will need to increase by 60% in order to meet global demand by 2050.

**Financial Times, 22 November 2016, p19**

## **Building industry**

### **Fall in affordable homes**

In the last financial year housebuilding in the UK reached a “post-crisis” high yet the number of affordable homes has fallen to its lowest level for 24 years: only 32,110 homes have been classed as affordable, down by 52% on the previous year. Communities secretary, Sajid Javid, is due to publish a housing white paper to help the Government reach its target of 1m new homes by 2020.

**Financial Times, 18 November 2016, p2**

### **Tesco to sell "air rights"**

Tesco has spotted ways in which it can release additional revenue from its property portfolio, which include selling the so-called "air rights" above stores. It plans to redevelop premises by adding flats above its stores or enabling complementary businesses to build on excess parking space. Fifteen large sites have already been identified as suitable for redevelopment. This will not involve Tesco in any capital expenditure because developers will take on the projects.

**retail-week.com, 17 November 2016**

### **Construction – mixed fortunes**

The UK's construction sector is currently seeing two trends. On the one hand housebuilders, such as Bovis Homes, are reporting higher profits this year as demand continues to outstrip supply. On the other, some companies that supply building materials are closing branches or cutting their workforces. SIG, a FTSE 250 company which sells insulation and roofing, has just downgraded its profit forecast by 14%.

**Financial Times, 22 November 2016, p21**

## **Businesses and strategy**

### **Expanding stakeholder orientation**

Stakeholder theory suggests that organisations should be aware of stakeholder needs while at the same time achieving competitive advantage and survival of the business. There have been calls to include a broader group of stakeholders than the usual customer and competitor groups. This would help in a better understanding of the impact of multiple stakeholders on company performance. This study seeks to address the gaps in research by focusing on four stakeholders (customers, competitors, employers and shareholders), who it refers to as "core and essential stakeholders".

**European Management Journal, Vol 34(6) 2016, pp650-660 (Patel et al)**

### **Women bosses – more women on the board**

New research suggests that there will be more women in the boardroom if a company has a female boss. Spencer Stuart, which compiles an annual report on the governance of the biggest listed companies in the UK, has found that on the six boards where there is a female chairman, such as Shire or Land Securities, just under 40% of non-executives (NEDs) are women. Where the woman is chief executive, 35.4% of executives are women. The proportion of female NEDs in the top 150 public companies is 29.9%, up from 17.5% in 2011.

**Financial Times, 21 November 2016, p21**

## **Charities and NGOs**

### **IoF looks to accreditation programme**

The Institute of Fundraising (IoF) is to consult with members regarding an accreditation programme for charities and agencies who undertake public fundraising. The IoF says it has noticed an improvement in street fundraising practices over the past six months. Having conducted over 2,000 mystery shops this year, it reveals that the total number of breaches of rules recorded by mystery shoppers had fallen by 62% from an average of 38 per month in 2015/16 to 17 per month in the period from April to September 2016.

**institute-of-fundraising.org.uk, 16 November 2016**

### **RNLI the first to adopt an opt in approach**

The Royal National Lifeboat Institution (RNLI) is to become the first major charity to use an opt-in approach for communicating with supporters. From 1 January 2017, those who have opted in will be invited to share lifesaving rescue stories with friends and family, which the charity believes will help to save lives by raising awareness and attracting new supporters. RNLI has joined forces with celebrity supporter, Ben Fogle, to create a short film which shares the story of a rescue at sea. Will Stephens, RNLI Head of Lifesaving says: "We believe that moving to an opt-in approach is the right thing to do. The respect and trust of our supporters is of utmost importance to us".

**rnli.org, 22 November 2016**

## **Economy**

### **Britain trails in infrastructure spending**

Britain invests less on infrastructure than any other advanced economy except for Greece and Portugal. This is according to the TUC, which says that the UK ranks 33<sup>rd</sup> out of 35 OECD members. The TUC wants the Government to embark on a "significant and sustained programme of infrastructure spending with a focus on regional investment". Top priorities are: broadband, housing, transport and green energy, it says. The UK ranked 20 out of 21 on investment in information and communication.

**The Times, 16 November 2016, p42**

### **Spending up, savings down**

New research suggests that families are only able to maintain their spending by dipping into their savings and that they are more worried about their personal finances than they have been for three years. The IHS Markit survey reveals concerns about inflation and pessimism about future finances. It has found that overall spending may be on the rise, but that this is because households are using their savings. The survey also recorded the biggest fall in savings during November for six months.

**The Times, 17 November 2016, p49**



### **Middle-aged are “dis-saving”**

Former deputy governor of the Bank of England, Sir Charlie Bean, predicts that interest rates will start to rise again as the population ages and savers in their 40s and 50s retire and start to spend their savings. Speaking at the UBS European Conference, he said that the middle-aged do most of their saving leading up to retirement and then they “dis-save” (spend their savings) when they retire.

**The Daily Telegraph (Business), 17 November 2016, p5**

## **Energy and utilities**

### **Global electricity access**

According to the International Energy Agency (IEA), 1.2 billion people (16% of the global population) had no access to electricity in 2014. Sub-Saharan Africa has the least access to electricity, with 65% of its population being off grid. However, in India 81% of the population is connected, which is nearly double the proportion in 2000. Meanwhile China has just completed the largest electrification process ever.

**The Economist, 19 November 2016, p91**

### **Renewable energy platform for businesses**

Energy supplier, Good Energy, has launched an online marketplace called Selectricity. The aim is for businesses to be able to choose how and when their electricity is supplied by linking them up with local renewable energy generators. The tool, which was partly funded by the Government, is the first peer-to-peer electricity service of its kind in the country.

**utilityweek.co.uk, 17 November 2016**

## **Environment**

### **Hottest year on record**

This year is likely to be the hottest since records began in the 19<sup>th</sup> century, according to the World Meteorological Organisation. Global temperatures are an estimated 1.2 °C above pre-industrial levels and 0.88°C above the average for 1961 to 1990. The figures have been released to coincide with the latest UN climate talks in Morocco, which aim to implement the Paris climate treaty.

**New Scientist, 19 November 2016, p7**

### **Fewer plastic bags on Britain’s beaches**

Since the 5p charge was introduced on plastic bags last October, the number of bags found on Britain’s beaches has nearly halved, according to the Marine Conservation Society. This year the charity’s volunteers found less than seven bags per 100m of coastline, the lowest recorded over the last ten years. However, the number of drinks containers, such as plastic bottles and cans, has risen by 4%. The number of plastic bags is expected to fall even further in the coming years.

**The Times, 22 November 2016, p12**

## **Fashion**

### **Fashion designer won’t work with Melania**

Michelle Obama has become popular among fashion designers who have been keen to dress her. Now French designer Sophie Theallet has said she will never dress the incoming first lady, Melania Trump, because the presidency does not reflect her brand values. In an open letter posted on Twitter last week Theallet said that her brand, “stands against all discrimination and prejudice” and that the rhetoric used in Trump’s presidential campaign is, “incompatible with the shared values we live by.” She has called on other fashion designers to follow her example.

**huffingtonpost.com, 18 November 2016**

## **Financial services**

### **Property and casualty insurance**

Property and Casualty (P&C) insurance operate in a highly competitive market. They also have a long purchase cycle and limited customer engagement so it is hard for them to stand out from the crowd. TV presence is an advantage for large national brands that are providing an essential service. P&C brands need to have strong visibility on TV to catch consumers at the “point of consideration”, generate awareness and build loyalty. This article looks at the US and UK markets; sets out some rules for memorability; and identifies the most effective category advertisers, namely Direct Line and Churchill.

**Admap, November 2016, pp21-23**

### **New machines dispense cash on tap**

Next month customers of Barclay’s Bank will be able to withdraw cash by simply tapping their smartphones or contactless cards on the cash machine before entering their PIN. The new machines, which use near-field communications, will be located in Barclay’s branches. The bank claims that the system is more secure than slotting a card into a machine where there is a risk of having the card’s details stolen.

**The Times, 22 November 2016, p20**

## **FMCG**

### **Beverages**

#### **Retro drinks make a comeback**

Lambrusco, the eighties tippie, is making a comeback but this year’s Lambrusco is drier and more full-bodied than the sweet version that most people are used to. Other retro drinks making a comeback this Christmas are: Babycham, Asti, the Snowball, Blue Nun and Dubonnet.

**The Daily Telegraph, 18 November 2016, p22**

### **Mezcal the next big thing?**

Mezcal is a liquor distilled from the agave, a plant native to Mexico, which is also used to make tequila. In February Diageo struck a deal with Mezcal Unión, a Mexican brand, to ramp up distribution in the US. Pernod Ricard is also creating a mezcal brand which will be marketed in the US. Global sales of the liquor, which grew by 23% last year, are expected to be boosted by millennials' growing interest in artisanal products.

**Bloomberg Businessweek, 24 October 2016-6 January 2017, p66**

### **Heineken teams up with Deliveroo**

Heineken has formed a partnership with Deliveroo to provide the first "direct-to-consumer retail route" for an alcohol brand. The deal will involve the launch of a new Heineken brand, called Brew House, through which consumers can order beer and cider via the Deliveroo app. It will initially be available at 15 sites in London although a nationwide rollout is expected by the end of the year. In theory customers should be able to get a beer delivery within 20 minutes.

**marketingweek.com, 18 November 2016**

### **Cosmetics and toiletries**

#### **Molton Brown – sensory perceptions**

In this interview, Beatrice Descorps, Molton Brown's global VP of marketing, argues that in a few years' time the concept of beauty will have shifted from being not so much about the way you look as about well-being. Brands must "take a renewed focus on sensory experiences and authenticity". Sensory stimulation is demonstrated at Molton Brown's Regent Street store where consumers can try out products to background music. Victoria Buchanan of the Future Laboratory believes successful brands will be those that use the best combination of scent, touch and experience. This article includes a section on the power of scent on people's perceptions.

**Campaign, 18 November 2016, pp32-33**

### **Estée looks to millennials for inspiration**

Estée Lauder has an ageing customer base and a company board on which just three members are under the age of 50. In a bid to engage with the world of online shopping and social media, it is turning to its millennial employees to help it decide what the "next big thing will be". Two years ago it started funding "retail immersion days" for young employees to visit big brand pop-up shops. The company has already created "millennial advisory boards" which offer advice to executive teams. Estée has also been following a strategy of acquiring up-and-coming cosmetics brands and turning them into "global powerhouses".

**Financial Times, 21 November 2016, p14**

## **Food**

### **Egg sales the highest since 1980s**

Egg sales in Britain have risen by 4% over the past year, resulting in egg consumption reaching its highest level since the 1980s, according to the British Egg Industry Council. In the 52 weeks to the end of October an additional 204m more eggs were sold year-on-year.

**The Grocer, 19 November 2016, p48**

### **Premier holds off on price rises**

British food manufacturer, Premier Foods, says it can absorb higher prices because it isn't exposed to the fall in the Pound in the same way that some of its competitors are. Chief Executive, Gavin Darby, believes that Premier has a competitive advantage in that 89% of what it buys is in Sterling. Nevertheless the company is suffering from pre-tax losses for the first six months of the year. Darby says that in the short-term the company can absorb price rises through making efficiencies and reducing promotions. He has also ruled out a "Toblerone-style" initiative of reducing the size of products!

**Financial Times, 16 November 2016, p21**

## **Government and public sector**

### **Brandidates**

The authors present a view of political candidate brands in consumer democracies, with an emphasis on the US and UK. They primarily seek to tackle two questions: firstly, what socio-cultural conditions are present during the emergence of branded political candidates or "brandidates" and; secondly, how does branding enable political candidates to connect with "voter-consumers" in new ways? They outline cultural and social trends that underlie the emergence of candidate brands before going on to discuss three strategies which give brandidates an advantage during campaigning. Obama, Trump and Blair are mentioned in the article.

**Journal of Customer Behaviour, Vol 15(3) 2016, pp299-313 (Kaneva and Klemmer)**

## **Health and pharmaceuticals**

### **Coordinating medical records**

Although people shop and bank on the internet, most do not manage their healthcare online. The UK Government is trying to rectify this. Current rules dictate that GPs should allow patients to view their medical records online and by 2018 they should also have access to hospital records. Yet the NHS has no unified IT system and some hospitals do not even have a full electronic record of a patient's treatment. One company working to unify patient records is Patients Know Best (PKB). Patients can authorise their doctors to write in the PKB file to create one centralised system. Hospitals have begun to pay

more attention to managing data but there are hurdles to cross.

**The Economist, 19 November 2016, pp30-31**

### **Health expenditure**

In 2015/16 the UK Government spent £117.2 billion on the NHS in England, representing a 3.4% increase compared with the previous year. According to the OECD, UK government spending on health as a percentage of GDP ranked 12<sup>th</sup> out of the 35 OECD countries for 2015. The Government estimates that UK public spending on health was 7.4% of GDP in 2015/16, which is up slightly from 7.3% in the previous year.

**researchbriefings.parliament.uk, 11 November 2016**

## **IT and telecoms**

### **Telecoms equipment market slows**

Nokia has warned that the telecoms equipment market will shrink further next year before returning to slow growth. It predicts that the telecoms market will grow by about 1% over the next five years to 2021. The company hopes to increase its sales faster than the rest of the market by expanding into new areas, such as energy, transport and the public sector. It aims to achieve 13% annual sales growth over the next five years.

**Financial Times, 16 November 2016, p18**

### **Apple's goes low-tech for latest product**

Apple's latest product is a coffee-table book which celebrates 20 years of Apple design: *Designed by Apple in California* chronicles Apple's story, from the 1998 iMac through to the iPhone in 2007 and later products, such as the Watch and Pencil. The book, which costs between \$199 and \$299, has attracted mockery from some quarters!

**Financial Times, 16 November 2016, p16; The Times, 16 November 2016, p3**

### **Apple and Samsung losing share**

In recent months Apple and Samsung have accounted for less than a third of all phone sales, signalling that they may be losing their dominance in the market. Samsung has recorded its biggest-ever decline in market share, from 23.6% last year to 19.2% this year, while Apple has posted three consecutive quarters of sales declines. Competition from China has been growing in the shape of Huawei, Oppo and BBK.

**The Daily Telegraph (Business), 18 November 2016, p5**

### **Samsung shifts towards car connectivity**

Samsung is to pay \$8 billion for Harman, a US company and the world's largest supplier of smart parts for "connected cars". It helps to link drivers to the internet and chip-enabled devices. Harman's audio and other services are used in 30m cars. It is

predicted that by 2022 this type of car connectivity will be worth \$155 billion, up from \$45 billion now. Although the acquisition provides Samsung with big opportunities, it has strong competition from companies that are already progressing at speed, such as Apple and Google.

**The Economist, 19 November 2016, pp69-70; Financial Times, 16 November 2016, p18**

## **Leisure and tourism**

### **Internationalising sport**

Sport, which used to be a fairly localised activity, has become an international experience in which the event might be spread over a number of days. A study of teams in Europe and North America aims to identify the main strategies a sport team brand could use to successfully internationalise. Five strategies are proposed: "glocalisation", "storytelling", "sportainment", "co-branding" and the involvement of "fan-actors". Using these strategies, a conceptual model is created called the Integrated Marketing Strategy on the Internationalisation in Sport (IMSIS).

**Journal of Brand Strategy, Vol 5(2) 2016, pp218-231 (Richelieu)**

### **Drones put on light show**

Intel has been using a Disney venue to showcase its latest drone technology. Some 300 drones have been used above a Disney lake to create a holiday entertainment show. The drones can twist and turn to create a colourful aerial display, enough to rival any firework display. Intel envisages a future where drones fly in fleets to accomplish tasks, such as search and rescue. The software, built by Intel, allows one pilot to have control over an almost limitless number of drones.

**techcrunch.com, 16 November 2016**

## **Materials and mining**

### **Metals – post-election**

Mining companies are wary of Donald Trump's election victory, despite it being followed by rising commodity prices, notably for copper and iron-ore. Large mining companies, such as Rio Tinto and BHP Billiton, are predicting economic uncertainty, political instability and more oversupply to the market next year. Trump's intention to spend on US infrastructure may increase demand for copper and steel, but his protectionist trade policy could make it harder for foreign goods. This in turn would damage demand for metals in China. In any case oversupply in the copper market is expected to continue for some years.

**The Economist, 19 November 2016, p69**

### **Ethically-produced jewellery and safe mining**

ESRC-funded research into ethically produced jewellery has had positive results: the sourcing of



gold from Fairtrade mines has increased the number of miners working in safe conditions, with no one under the age of 18 working underground. It has also led to the development of new jewellery lines using Fairtrade gold and ethically-sourced diamonds. Another outcome has been the launch of the Fairtrade Ambassador Scheme, which encourages retailers to stock Fairtrade gold wedding and engagement rings.

**esrc.ac.uk, November 2016**

## Media

### Books

#### EU ruling on e-lending

Publishers and booksellers associations are unhappy about an EU Court of Justice ruling that digital books can be lent by libraries as long as authors receive the same remuneration as they do for physical books. The Federation of European Publishers says that e-lending is "very different" from print book lending and a digital copy could in theory be borrowed by any number of users. The European and International Booksellers Federation claims that the ruling is "likely to lead to serious disruptions on the nascent e-book market".

**The Bookseller, 18 November 2016, p9**

#### "3D audio" extract

HarperCollins, has collaborated with entertainment group, Global, to create the first "3D sound" book extract to be recorded in binaural sound. The technique uses two microphones instead of one so that listeners feel that they are at the centre of the action. Mills & Boon's *A Royal View of Convenience* is the first book to have received this treatment.

**The Bookseller, 18 November 2016, p8**

### Games

#### Harnessing the effects of cybersickness

"Cybersickness", which mimics motion sickness, is an unfortunate side-effect of virtual reality. However, researchers at the University of Augsburg in Germany can see the positive side of it. The team has invented a VR game entitled *Drink & Drive* in which players race round a track picking up diamonds. If they hit a can of beer their in-game blood alcohol level rises and changes start to take place which imitate the effects of drinking and increase the feeling of cybersickness. The researchers believe that such effects can actually enhance the VR experience.

**New Scientist, 19 November 2016, p26**

### Internet

#### Influence of websites containing games

An increasing number of websites contain persuasive serious games and advergames but their effects on behaviour are not well understood. This

field study shows that interactivity connected with this type of website produces positive effects on immediate behaviours when it comes to purchases (in this case energy-saving light bulbs). It was also found to influence the use of the light bulbs at home; the memory of the website's arguments; and other knowledge-related factors, when measured two weeks later. The use of a digital signature for a commitment to behave in a certain way through a web page was shown to produce positive behaviour. The authors discuss the psychological processes involved and their practical implications.

**International Journal of Advertising, Vol 35(6) 2016, pp949-969 (Courbet et al)**

#### Steps to tackle ads on fake news sites

Facebook and Google are both taking steps to tackle fake news. Facebook has updated its policies to ban ads on fake news sites while Google says that its AdSense system will not place ads on sites carrying fake news. This follows the prominence given to some fake news stories during the presidential election campaign. Facebook has been criticised for not extending its new policy to its news feed algorithms which have been accused of sharing some fake election news on its site. The *FT* takes an in-depth look at the problem of fake news stories.

**Financial Times, 16 November 2016, p4; The Guardian, 16 November 2016, p9; Financial Times, 22 November 2016, p11**

### Magazines

#### Hearst considers its options

US-owned magazine publisher, Hearst, has seen a number of senior employee departures over the past month. One factor could be a decision by the US parent company to integrate its international magazines under US leadership in the "One Hearst" initiative. The company aims to reduce costs in its magazine business as advertisers continue to shift spend from print to digital. Last year the price of *Cosmopolitan* was reduced to £1 in the hope of ramping up advertising and achieving a bigger digital audience. However, although print circulation rose by 58%, ad yields increased by just 30%.

**Campaign, 18 November 2016, p25**

### Newspapers

#### Hard times for *Wall Street Journal*

The *Wall Street Journal* (WSJ) has suffered a fall in advertising that "has been much faster than anyone expected", according to Editor in Chief, Gerry Baker. In its most recent quarter the WSJ experienced a 21% plummet in ad revenue. The decline has prompted the newspaper to redesign its print edition into a slimmer offering. Baker says that the newspaper has been "reoriented" around "digital first" publishing, in the last quarter it averaged nearly one million daily digital subscribers. However, over 1m print copies are still being published and it

continues to attract a “significant amount” of print advertising.

**Financial Times, 16 November 2016, p16**

## **Social media**

### **Facebook stops race-based advertising**

Facebook is to prevent advertisers from using an ad-targeting tool which allows them to exclude groups based on their race. It intends to create an automated system that can identify and disable discriminating advertising.

**Campaign, 18 November 2016, p5**

### **Snapchat to float**

Snapchat's parent company, Snap Inc., has filed for a stock market listing which could value the company at between \$20 and \$25 billion. Snapchat claims to be more popular than TV among millennials while its disappearing messages have also made it popular with celebrities.

**The Daily Telegraph (Business), 16 November 2016, p5**

## **Television**

### **Violence in TV ads**

Some TV commercials contain violence but this has received less attention than some other media research. This study examines violent content in Super Bowl commercials shown between 2001 and 2009. Some 21% of the ads were found to contain an element of violence. The relationships between the contextual factors and commercial likeability are explored.

**Journal of Marketing Communications, Vol 22(6) 2016, pp602-625 (Cheong and Combs)**

### **Reruns suffer from original programming**

In the US rebroadcasting older TV shows used to be a highly lucrative business, but the rerun business is being threatened by the boom in original programming. Netflix, Amazon and Hulu are only interested in reruns of certain TV dramas because people enjoy binge-watching them. The number of seasons and episodes of TV series is being reduced as viewers look for quality rather than quantity. Perhaps programme makers should be looking for the next *Big Bang Theory*, which has supposedly made over \$1 billion in revenue since its reruns began in 2011.

**Bloomberg Businessweek, 24 October 2016-6 January 2017, pp68-71**

### **Children go online rather than watch TV**

Children aged five to 15 are spending more time online each week (15 hours) than they do watching TV (13 hours 36 minutes) as internet use rises and TV viewing declines. Even children aged three to four are spending an average of 8 hours 18 minutes a week online and are watching less TV than last year. The research shows that “children's lives are

increasingly digital, with smartphones and tablets commanding more attention than ever” according to Jane Rumble, Director of Market Intelligence at Ofcom.

**The Times, 16 November 2016, p11**

## **Video**

### **Video stats**

The *UK Online Video Advertising Market Report*, an annual study by Collective, examines developments in online video over the past year. It is based on the opinions of over 100 video buyers in London agencies. A page of infographics provides topline findings from the report.

**Admap, November 2016, p8**

## **Packaging**

### **Achieving standout**

Some 88% of food purchases are made on impulse which means that packaging appeal can be as important as what is inside the pack. Here the author speaks to some British brands, including Copperpot (a maker of Cornish fudge), Boostball (a start-up making high-protein snacks) and Organix (an established maker of children's food) to find out how important the right packaging is for their brands.

**packagingtoday.co.uk, 21 November 2016 (Batey)**

### **The shrinking state of chocolate**

Last week we reported on the controversy surrounding Toblerone's missing triangles of chocolate. Now it appears that bags of Maltesers are also shrinking: a major supermarket has reportedly confirmed that bags of Maltesers have been reduced from 121g to 103g. As if that weren't enough, bags of Galaxy Counters, also owned by Mars, have been reduced from 126g to 112g!

**packagingnews.co.uk, 21 November 2016; The Daily Telegraph, 18 November 2016, p2**

## **Retailing**

### **Britain – a nation of online shoppers**

Britain does a greater proportion of its retail spending online than just about any other nation. Online shopping has continued to grow this year: it is predicted that by 2020 online sales could grow by 50% to be worth £63 billion. This change in the way people do their shopping is damaging some industries, boosting others and creating whole new sectors. For example to succeed in the new environment, retailers have had to become logistics experts: this year Britain's retailers will send out 1.2 billion parcels compared with just 920m in 2014. Meanwhile physical stores are closing and the retail industry could lose up to a third of its jobs by 2025...

**The Economist, 19 November 2016, pp27-28**

### **Black Friday not all it seems says Which?**

According to an investigation, by Which?, 49% of electrical goods sold on Black Friday actually cost less in the months leading up to and the months following Black Friday. It claims that some goods are up to £99 more expensive on Black Friday (25 November) and warns customers that things are not what "they're cracked up to be".

**The Daily Telegraph, 16 November 2016, p12**

### **Retail sales see fastest growth since 2002**

In October British retail sales achieved their strongest growth in 14 years. Sales rose by 7.4%, which was significantly higher than forecasts of 5.3%. There have now been 42 consecutive months of year-on-year growth despite fears over Brexit. October's performance was helped by clothing and footwear sales as shoppers turned to autumn ranges following the warm weather in September. Food stores also reported strong growth while online spending rose by 26.8% year-on-year.

**The Times, 18 November 2016, p2; The Daily Telegraph (Business), 18 November 2016, p1**

### **Lidl swaps price drop for tweets**

Lidl is inviting customers to tweet about a product in return for a price reduction. The first product, a lobster, will have its price reduced according to the strength of the conversation - Twitter users will have just two days in which to drive down the price. Lidl says it will choose a different festive product for every week leading up to Christmas. It claims that its *Social Price Drop* promotion is the first time a supermarket has used crowdsourcing to decide on the price of a product.

**campaignlive.co.uk, 21 November 2016**

### **Most-talked about Xmas ads**

The most talked-about supermarket ads this Christmas are from M&S and Sainsbury's, according to Brandwatch. *Mrs Claus* from M&S achieved 40,000 Twitter mentions between its launch on 12 November and 16 November. Women accounted for 76% of the audience. Sainsbury's "Greatest Gift" ad achieved 32,000 mentions with 58% female and 42% male mentions. The M&S ad attracted 83% of mentions expressing happiness vs Sainsbury's with 91% for happiness. Waitrose was in third place with 9,495 mentions.

**The Grocer, 19 November 2016, p6**

## **Services**

### **Drones – lighting the way**

Plans to fit spotlights to drones could help people who have to walk home in the dark. Direct Line, the insurance group, is the developer of the "Fleetlights" technology which could be useful for pedestrians, motorists or cyclists. The drones have already been tested in Sussex to light pedestrians' way on a

dangerous stretch of road. People who needed a drone escort service could request it using an app. However, before the service can take off there will need to be changes to the law.

**The Times, 17 November 2016, p4**

### **The Post Office network**

Post Office outlets in the UK have nearly halved over the past 30 years with numbers remaining more stable over the past few years. The Post Office network had 11,634 outlets by the end of March 2015. This House of Commons Library briefing paper offers a breakdown of the Post Office network size since 1981 including an analysis by type and region.

**researchbriefings.parliament.uk, 15 November 2016**

## **Transport and travel**

### **High-speed in the UAE`**

A collaboration between Hyperloop One of Los Angeles and Dubai's Roads and Transport Authority could result in the possibility of completing the 160-kilometer journey from Dubai to Abu-Dhabi in just 12 minutes. Travelling at speeds of up to 800 kilometres per hour, the high-speed pneumatic transport will pass through sealed tubes with reduced air pressure.

**New Scientist, 19 November 2016, p26**

### **Emission-free flight – a while before take off**

The HY4, built by an international team, claims to be the first zero-emission passenger aircraft. The plane is fuelled by a hydrogen tank, which sits behind the passenger. The manufacturer, a Slovenian company called Pipistrel, had previously won the Green Flight Challenge, a competition organised by Nasa and sponsored by Google. It is unlikely that any serious emission-free passenger flights will take place any time soon, however, since the plane has limited range and little space.

**Wired, December 2016, pp138-145**

### **TfL to track Tube users**

Transport for London (TfL) is conducting a four-week trial in which London Underground passengers will be tracked using signals from their phones. TfL hopes that the data can be used to improve services and overcrowding as well as boosting advertising revenues. For example, it could use the data to identify the busiest spots where advertisers could be charged a premium. Privacy campaigners, not surprisingly, are concerned about the initiative.

**The Times, 21 November 2016, p25**

### **JLR – a drive into electric market**

Jaguar Land Rover (JLR) has announced its first electric car, the Jaguar I-PACE. However, it has come late to the game in a market where Tesla is challenging traditional carmakers. JLR's traditionally

conservative approach to key technologies may harm its prospects. It is also noted that, for the first time, Jaguar is outsourcing the manufacturing and batteries of the new car because its existing factories don't have the spare capacity.

**Financial Times, 16 November 2016, p19**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Nick Baker	Quadrangle	Verve	Managing Director, Research & Consulting	research-live.com
Nikki Clarke	GPI	Linpac	Group Marketing Manager	packagingnews.co.uk
Phil Smith	Kraft	ISBA	Director General	research-live.com
Lynsey Sutherland	Bloomsbury	Orion Publishing Group	Head of Marketing for Fiction	The Bookseller
Lindsay Terrell	Faber & Faber	Penguin General	Campaigns Manager	The Bookseller
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Open Air

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[www.rnli.org.uk](http://www.rnli.org.uk)

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