

Cutting Edge: Our weekly analysis of marketing news

30 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

Ageism

The average age of people in advertising, specifically employees at IPA member agencies, is 33.7, a figure which has remained the same since 2009. So where do all the older employees go? To throw more light on the issue, *Campaign* and MEC undertook a survey to investigate ageism in marketing and advertising. Some 79% of respondents agreed with the statement that: "I think the industry I work in comes across as ageist". Separate research among consumers reveals that 31% of the public would like to see older people in advertising. Robert Campbell, founder of Rainey Kelly Campbell Roalfe/Y&R, describes age as the ad industry's: "big rhino in the corner". This article explores the issues.

Campaign, 25 November 2016, pp30-32 (Kemp)

Images of animals

Many adverts contain animals – and animations of animals – but the Committee of Advertising Practice is urging advertisers to consider their creativity carefully. The Copy Advice team has issued some guidance on the topic covering humour and animal testing; it also urges caution if what they are showing is potentially harmful and might be emulated. See the CAP website for more information.

www.cap.org.uk/News-reports/Media-Centre/2016/Insight-Featuring-animals-in-ads.aspx

Agencies

Working parents

Advertising industry support group, NABS, has created an online film which focuses on the challenges faced by parents who work in advertising. The *Little voices* film features real

working parents from the ad industry backed up by animated drawings which express the frustrations felt by children. This follows research from NABS which shows that 60% of people know of someone who has left their job because of the pressure of being a working parent. Achieving a work-life balance is nigh-on impossible, but it appears that flexibility at work may be moving up the business agenda!

Campaign, 25 November 2016, pp2-3

Brands and branding

The art of brand building

The author addresses the problem of building a brand which not only reflects the company vision but which will also have the necessary longevity. She explores the practical side of creating a strong, recognisable brand that is respected across the company and cites both successful and unsuccessful examples of brand building among well-known names. There is a particular focus on how Corotherm International (a supplier of metals to the energy sector) has built its brand globally. Topics include choosing a name for the company or product; the slogan or strapline; the company's look; and the ethos and vision.

Journal of Brand Strategy, Vol 5(2) 2016, pp126-131 (Ward)

Brand personality – impact on brand love

The authors test the effect of two aspects of brand personality (excitement and sincerity) firstly, on brand love; and secondly, on store brand loyalty and positive WOM in online retailing. A proposed model is tested using data from 500 respondents. The results suggest that the two dimensions of brand personality and brand love have a positive effect on store brand loyalty and positive WOM. They also indicate that sincerity and excitement have a direct influence on store brand loyalty but not on positive



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www.cim.co.uk/charteredcpd

WOM.

Journal of Brand Management, Vol 23(5) 2016, pp97-113 (Roy et al)

Children

The sexualisation of under-18s

The Committee of Advertising Practice and Broadcast Committee of Advertising Practice are in consultation regarding the sexualisation of under-18s to prevent adults from perceiving under-18s as sexual beings, or for under-18s to feel they should view themselves in this way. The ASA has the power to block inappropriate and sexual images of 16 and 17-year-olds, but advertisers are still unclear about what images are or are not acceptable. American Apparel received an ad ban in 2014 for two ads that "inappropriately sexualised school-age girls" and another in 2015 for "inappropriately sexualising" a young model wearing a thong bodysuit.

thedrum.com, 26 November 2016

Conferences and events

Incentive travel trends

Despite this year's shocks – terrorist attacks, Brexit, Donald Trump and the falling value of the pound – *C&IT's* latest research on incentive travel suggests that reward and recognition trips are still high on the corporate agenda. Its survey, which elicited the views of corporates and agencies, identified the top four incentive travel trends for the coming year. These are: that more incentives are expected in 2017 than in 2016; recognising and rewarding sales performance is still a major aim; there is a growing trend for personalisation; and political stability and security are at the top of many people's list when it comes to choosing an incentive destination.

Conference & Incentive Travel, December 2016, pp28-29

Annual budgets

Annual meetings and events budgets have fallen for the third year in a row, according to the latest *British Meetings & Events Industry Survey* (BMEIS). Budgets fell by 8% in 2016, with average annual budgets decreasing from £202,000 to £185,000 even though average event numbers have risen from 33 to 37. Overall, annual budgets have fallen by 13% since 2014. Richard Waddington, chair of the Event Marketing Association (EMA), explains that, while budgets are being reduced, EMA members report increasing workloads and event activity. This article examines the trends.

Meetings & Incentive Travel, November 2016, pp35,37 (Channon)

Consumer behaviour

Do touch screens affect choice of food?

People can order food via a range of devices, including desktop, laptop and mobile phones. The authors question whether the interface that consumers use to order food can affect their choice of food. Five studies reveal that a touch interface,

such as that on an iPad, compared with a non-touch interface, drives the choice of an "effect-laden" choice (such as chocolate cake) over a "cognitively superior" one (such as fruit salad). The authors refer to this as the "direct touch" effect. They conclude that this effect is brought about by the enhanced mental stimulation of the product interaction as consumers can directly touch the image of the product on the screen.

Journal of Marketing Research, Vol 53 October 2016, pp745-758 (Shen et al)

Customer relations

Customer loyalty – determining factors

Loyalty is a key factor affecting company performance. Various studies have come up with models which analyse the relationship between loyalty and its main determining factors: perceived value (PV); satisfaction; and perceived switching costs (PSC). The authors set out to validate a model of the direct and indirect relationships between these factors and loyalty. They then go on to analyse the influence of customer psychographic characteristics (in this case a tendency towards loyalty based on customer involvement with the service and the propensity for switching) on the proposed model in the insurance industry. Four key findings are set out.

European Management Journal, Vol 34 (6) 2016, pp701-713 (Picón-Berjoyo et al)

Direct marketing

Just five seconds to get that message across

Research from Pitney Bowes has found that consumers are unwilling to waste more than a few seconds on irrelevant marketing communications. The research asked participants how much time it takes them "to realise that marketing communications you've received is irrelevant to you?" In response, 32% said one to five seconds; 27% said immediately; and 18% said six to ten seconds. When asked how marketing communications could be improved, respondents favoured promotions and discounts, followed by "better targeted communications that meet my needs".

research-live.com, 29 November 2016

Law

A plum ruling for keywords

The High Court in London has ruled in a case involving keyword advertising by Victoria Plum and Victoria Plumbing, who are competitors. The judge ruled that Victoria Plum's trademark rights were infringed by Victoria Plumbing when the latter displayed keyword ads on Google. The ads were displayed when users typed words identical or similar to Victoria Plum trademarks. He also ruled that Victoria Plum was liable for passing off when it used keyword ads based on the term "Victorian

plumbing”, which forms part of Victoria Plumbing’s web address. Iain Connor of law firm, Pinsent Masons, says the case “demonstrates that the issue of keyword advertising is still a problem for brand owners” but that “the court will provide remedies to those affected by competitor advertising which causes confusion in the market place.”

out-law.com, 24 November 2016

Uber ruling could impact app businesses

This week Uber will try to persuade the EU Court of Justice that it is a digital service which connects drivers with passengers rather than a transport service. If the Court rules that its business is transportation, this could set a precedent for other app-based businesses. They too may be forced to conform to regulations which other, more conventional businesses have to conform to. Uber has experienced increasing scrutiny from authorities who believe that its rapid growth has occurred without the need to observe local licensing, insurance or other rules.

thedrum.com, 27 November 2016

Marketing

Customer-centricity vs marketing strategy

Increasingly companies are adopting a customer-centric approach because it will give them a better understanding of what customers want; it can also lead to business success and an enhanced reputation. In this article the author questions whether a customer-oriented culture is more important for business success than getting the marketing strategy right. He argues that the word “orientation” suggests a bias, in this case towards the customer. Yet a balance is needed to ensure that other objectives are not given lower priority, notably marketing strategy, which helps businesses to identify the key foci of business success. Although it is important to recognise the value of a customer-oriented culture, one should also recognise its limitations and instead focus on its role in an integrated marketing strategy.

Admap, November 2016, pp44-45 (McDonald)

Product launches

Social media is rapidly becoming the most popular medium for product launches with 74% of marketers choosing social media over sales promotions (55%), e-mail (53%), press (39%), PR (39%) and TV (36%), according to research from Five by Five. This article discusses the shift to social media spurred on by shrinking timescales between the concept and the product launch and the rise of disruptive brands. It also touches on the idea that launch marketing might become a separate discipline.

Marketing Week, 24 November 2016, pp22-23

Public relations

Creating a CSR reputation

The author investigates the channels used by companies to communicate their corporate social responsibility (CSR) messages and tests the effectiveness of these channels (press releases, corporate websites, CSR reports, corporate Facebook pages, and TV advertising) in forming companies’ CSR reputations. A study of the 101 companies in the Reputation Institute’s 2014 CSR ranking, of the 100 most highly regarded companies across 15 countries, found that corporate websites and CSR reports were the most common channels for CSR communications. However, press releases, which impact news articles, and corporate Facebook pages, were the only effective channels for forming CSR reputation.

Corporate Communications: An International Journal, Vol 21(4) 2016, pp435-449 (Lee)

Sponsorship

Brand associations

Brand association with sport has been around a long time but the basic principles are the same, namely that sponsorships should be integrated within the whole company and align with business strategy. These days brands need to ensure that their sponsorship is effective within the context of the wider marketing strategy. Most successful sponsorship brands use one of four approaches: “synonymous across a sports vertical”; “use clear messaging in all their campaigns”; “showcase a brand capability”; or “promote a concept”. This article looks at some sponsors that use these approaches: Heineken, MasterCard and Emirates.

thedrum.com, 25 November 2016 (Treadaway)

Murray brand will attract more sponsors

Andy Murray has risen to the top of world tennis but his earnings have been far below those of, for example, Novak Djokovic and Roger Federer. The view is that he has focused on his tennis rather than being distracted by sponsorship deals which often require attendance at corporate events. In fact he devotes just one week a year on promotional work. Murray’s earnings will rise considerably now that he has attained number one position and he is in talks with two new corporate sponsors.

Financial Times, 28 November 2016, p2

Agriculture, fishing and forestry

NFU backs dairy producer organisations

The NFU wants new dairy producer organisations (POs) to be created following the publication of an EU report which looked into the impact of the 2009 Milk Package. It concluded that POs can increase farmers’ bargaining power and have also been

shown to improve farmers' supply chain position in some EU countries. NFU dairy board chair, Michael Oakes, said the report reflects the NFU's stance on "fairer, more balanced milk contracts" and "stronger producer representation".

farming.co.uk, 25 November 2016

GM crops

When Bayer announced its takeover of Monsanto in September, its Chief Executive, Werner Baumann, promised to create a "global leader in agriculture". Success will rest on its ability to expand its genetically modified (GM) seeds business. Monsanto has been the GM market leader since 1996, when the first commercial GM crops were planted. The amount of GM crops planted last year fell slightly and it is unlikely that the market will grow in the near future. The biggest boost to the industry will come from GM varieties of rice and wheat which have not yet been commercialised. This article contains infographics showing the distribution of GM crop development around the world.

Financial Times, 28 November 2016, p19

Building industry

Chancellor boosts housing spend

In his Autumn Statement, chancellor Philip Hammond pledged £7.2 billion to help build new homes over the next five years. Housing, which has received a significant amount of government support since the recession, is often considered to be a key driver of productivity. The chancellor claims that his proposals would more than double annual capital spending and drive the largest affordable building programme since the 1970s. Russell Gardner, head of real estate at EY, says that the "headline numbers are eye-catching" but he doesn't believe that a new home can be built for just £23,000.

The Times, 24 November 2016, p10

Businesses and strategy

Frontier economies

Global businesses looking for high growth are running out of options as emerging economies (such as Brazil, Russia and China) slow down. Now multinationals are turning their attention to low-income, high-risk countries (such as Vietnam, Myanmar and Rwanda) as markets for selling goods and services as well as platforms from which to export elsewhere. In some places first movers can achieve great rewards if they target the right sectors using the right strategies. The first step when identifying opportunities within a so-called "frontier" economy is to examine the competitive environment of its industries along two dimensions: how profitability is determined by competition between companies; and does the industry focus on exports or domestic sales. The authors propose a framework

to help companies work out whether and where to compete and how to win in those areas.

Harvard Business Review, Vol 94(12) 2016, pp40-48
(Musacchio and Werker)

Charities and NGOs

Top charities on social media

The Social CEOs Awards has produced a list of the top 30 charity CEOs on social media; the data is presented here in the form of an infographic. Those named have been praised for "using social to manage stakeholders, show thought leadership and lead from the front". The overall winner for the Awards was Ruth Ibeguna, CEO of youth leadership charity RECLAIM. Research shows that 67% of millennials and 61% of Gen Xers consider senior leaders to be more trustworthy when they are transparent on social media.

charitydigitalnews.co.uk, 24 November 2016

Rather go naked campaign

Actress Alicia Silverstone has posed naked for an anti-wool ad launched by American campaign group PETA (People for the Ethical Treatment of Animals). She is featured on a billboard holding a sheep mask with the words: "Wear your own skin. Let animals keep theirs".

The Daily Telegraph, 23 November 2016, p13

Durable consumer goods

Electrolux to focus on consumer

Jonas Samuelson, chief executive of Swedish appliance maker Electrolux, wants the company's focus to shift back to the consumer. In the past, appliance manufacturers have tended to focus on their relationship with the retailer but, as consumers have become empowered by the internet, the emphasis is now on consumer needs. Samuelson, who applied this type of thinking when he headed up Electrolux's European business, will now try to do something similar with the rest of the group.

Financial Times, 28 November 2016, p18

Economy

Demonetisation in India

Businesses in India are still trying to understand how the country's recent demonetisation, in which Prime Minister Narendra Modi declared 86% of bank notes invalid, is going to affect them and are responding in different ways. Digital payment companies report that demand for their services has increased by several hundred percent but consumer goods companies could suffer a long-term downturn. This article examines how banks, consumer goods, property and ecommerce are coping.

Financial Times, 28 November 2016, p20

Autumn budget – JAM today, gone tomorrow

UK chancellor Philip Hammond's Autumn Statement has been the first big financial statement since the Brexit vote in June. It was delivered in a climate of huge uncertainty in which the Government has been unclear about the nature of Brexit. He has also had to support Theresa May's promise to help the JAMs ("just-about-managing" families). In reality the JAMs, who did not feature heavily in the budget, are likely to lose out still further due to the worsening economic outlook. Meanwhile the Office for Budget Responsibility, a fiscal watchdog, believes that the economy will grow by 2.4% less by 2020 than it had predicted before the referendum.

The Economist, 26 November 2016, pp21-22

Energy and utilities

Water information website

A new website has been created so that UK water customers can see how their water company is performing and compare it with others. The Discover Water website provides information on water quality, public health, customer service and environmental aspects of water and sewerage services. The website claims to be the first of its kind in Europe.

water.org.uk, 25 November 2016;
www.discoverwater.co.uk

GB Energy runs out of gas

GB Energy Supply, a small energy company with 160,000 customers, has ceased trading because its business has "become untenable". It cites increases in energy prices over recent months combined with its inability, as a small supplier, to buy energy at the best wholesale prices. Ofgem has assured customers that it has procedures in place to ensure that their energy supply will continue and that outstanding credit balances are protected. It will also appoint a new supplier to take over the customers.

bbc.co.uk/news, 27 November 2016; ofgem.gov.uk, 26 November 2016

Environment

Third runway will impact emissions targets

The Committee on Climate Change, a body that advises the UK Government on emissions targets, has warned that plans for a third runway at Heathrow will lead to a 15% increase in aviation emissions by 2050. This would mean imposing additional emissions reductions on other sectors, such as steel-making, automotive and home heating. However, the Department for Business, Energy and Industrial Strategy claims that "a new runway at Heathrow can be delivered within the UK's carbon obligations". One of the biggest issues facing the UK is its "leaky" housing stock. Since the Government abandoned its Green Deal programme, it has had no overall plan for reducing emissions

from existing homes.

bbc.co.uk/news, 24 November 2016

Alternatives to Black Friday

Environmental charity, Hubbub, wanted to encourage people to occupy Black Friday with something other than shopping. This was after its survey showed that 96% of respondents would rather do something else on the day. Hubbub's survey of 2,000 Britons revealed that 40% felt pressured to join in with Black Friday, while half claimed that they ended up buying things they didn't need. Hubbub's *#BrightFriday* campaign encouraged people to pledge what they would do as an alternative to Black Friday. Some businesses have used Black Friday to focus on their sustainability causes. For example, outdoor clothing specialist, Patagonia, is donating all global Black Friday proceeds to green causes.

businessgreen.com, 25 November 2016

Fashion

Fashion chains lose out with e-commerce

Fashion retailers Topshop, Dorothy Perkins and Evans have been placed joint bottom in a ranking of the UK's top 50 retailers for e-commerce, according to a report by retail analyst Summit. The report suggests that UK retailers are missing out on two billion Pounds in online revenue every year as a result of slow websites and a lack of guest checkouts. Topshop scored just 13% for customer service, due to low response times and limited contact options for customers

fashionunited.uk, 29 November 2016

European clothing retailing

This report on clothing retailing covers the 19 leading economies of Western Europe which account for around 95% of all European retail sales, excluding Russia. Total consumer spending data for clothing, including expenditure through all channels, is supplied for each country. This year, Mintel's exclusive consumer research covered the UK, France, Germany, Italy and Spain. In each of these markets, they asked consumers about their attitudes to clothing size and fit, their interest in sizing and fitting services and their reasons for returning items bought online.

Clothing Retailing – Europe, Mintel, October 2016

Financial services

PayPal – customer champion

In the past Michael Schulman has experimented with living as a homeless person on the streets of New York, as well as experimenting with the concept of paying bills and transferring money without a bank account or credit card. When Schulman joined PayPal as CEO in 2014, the

company's new strategy was influenced by his greater understanding of the problems faced by less affluent people. He wanted it to become a "customer champion" company by reorganising it into just two groups: merchants and consumers. PayPal has also developed a suite of products to target different markets, such as Venmo for millennials, Xoom for international digital payments and PayPal Working Capital, which lends money to small businesses.

Harvard Business Review, Vol 94(12) 2016, pp35-38 (Schulman)

FCA warns insurers over big data

Andrew Bailey, head of the UK's Financial Conduct Authority, has told insurers that there should be limits to the way in which big data is used. The industry could use data to help make decisions about individual behaviour but not to make assumptions about groups of people. He also warned that the information should not be used to impose differential pricing on people depending on whether they shop around or stay with one provider.

Financial Times, 23 November 2016, p20

FMCG

Beverages

Heineken to focus on cider

The Stassen cider plant in Belgium is Heineken's "cider innovation centre" where it develops new ciders. The company entered cider-making when it acquired Scottish & Newcastle, owner of HP Bulmer, in 2008, making it the world's biggest cider maker. Although cider contributes just a small proportion of the company's volumes, it is set to become "the second strategic pillar of the company", according to Global Director for Heineken Cider, Sharon Walsh.

The Times, 28 November 2016, p45

Teatox

The Grocer devotes a feature article to the popularity of detox teas which are all the rage among those wanting to lose a bit of weight. However, there have been serious concerns about the safety of some products and there have been calls for the removal of "dangerous laxatives" from the teas. Some brands, such as Bootea, have already fallen foul of the Advertising Standards Authority. This article examines the issues and profiles some of the main players.

The Grocer, 26 November 2016, pp36-39

Cosmetics and toiletries

British brands

Over a period of seven years Neal's Yard Remedies has increased its international turnover by 205% and has opened 15 stores in Japan alone. Other

natural or handmade beauty products are flourishing overseas. Lush, which has been a success in Russia, has increased its revenue by 12% in the first three months of 2016. British beauty brands, which have strong identities as well as perceived quality and luxury, are well-received in overseas markets. An infographic provides an analysis of the global cosmetics market.

The Times (The Beauty Economy), 24 November 2016, pp8-9

Food

Robot-made pizza

Silicon Valley start-up, Zume Pizza, has programmed robots to make pizzas which are then placed in a van and baked while they are in transit to the customer. The ovens finish cooking just as the pizza arrives at its destination. Zume has already patented the process and plans to expand its operation with \$6m from investors. Tech entrepreneurs have tended to focus on delivery services for the food industry, while restaurants have been slow to invest in technology because labour is relatively cheap. However, actually making the food, as Zume is doing, is something new. It may be some time before it makes an impression on the share of big brands, such as Domino's and Pizza Hut.

The Economist, 26 November 2016, pp61-62

Cadbury's pulls out of Fairtrade

Seven years ago Cadbury's announced that its Dairy Milk chocolate would be made from Fairtrade Cocoa, a move that fitted well with its Quaker heritage. Now the company has pulled out of the Fairtrade scheme and is planning its own "sustainability programme". The company's US owner, Mondelez, claims that this will enable it to help more farmers in the developing world. Instead of the Fairtrade logo, Cadbury's chocolate will carry the logo of Mondelez's "Cocoa Life" scheme. Critics refer to it as the "Cadbury's fudge" and say that it may confuse the consumer. *The Grocer* asks, in the light of Cadbury's action, whether Fairtrade is finished.

The Daily Telegraph, 28 November 2016, p9; The Grocer, 26 November 2016, pp14-15

Christmas pudding prices rise

You can expect to pay more for your Christmas pudding this year but not your turkey dinner. The weaker pound following the Brexit vote has led to a 21% rise in the cost of Christmas pudding ingredients. In contrast, the wholesale cost of turkey dinners is just 1% higher this year.

Financial Times, 29 November 2016, p15

Government and public sector

When appearances matter

Two up-and-coming areas of research in political marketing are: the influence of celebrity endorsers; and the effect of facial similarity on voting behaviour. Previous research has suggested that, in certain circumstances, famous faces can have a positive influence on voters' opinions. Research has also shown that changing the appearance of a candidate by combining their facial features with those of a voter or celebrity can lead to better evaluations of a candidate. This study examines how pairing, rather than combining, facially similar and dissimilar celebrity endorsers with an unknown candidate can affect voters' attitudes and intentions. It reveals that facial similarity or dissimilarity can play an important part in influencing the voting behaviour of young and "politically unsophisticated" voters.

Journal of Customer Behaviour, Vol 15(3) 2016, pp221-237 (Wood and Shen)

Dissolved-company records to be kept

Companies House has abandoned proposals to delete over 2.5m company records after a public outcry. The intention had been to reduce the time the records of dissolved companies were kept from 20 years to just six. Police investigators, lawyers, bank compliance teams and others all use Companies House data and many searches relate to dissolved companies. Companies House had previously argued that retaining and providing access to information on dissolved companies could breach data protection law.

theguardian.com, 24 November 2016

Health and pharmaceuticals

F1 teams up with big data

GlaxoSmithKline is using a data algorithm developed by Formula 1's McLaren Applied Technologies team to help reduce the risk of leakage from its Ventolin asthma drug. GSK isn't the only health-related venture that McLaren is involved in – it has also partnered with Birmingham Children's hospital to use its expertise in analysing data during a motor race to collect vital data from patients, such as oxygen levels. Although big data analysis is already being used for sales and marketing purposes in the pharmaceutical industry, it also has huge potential in research and clinical trials.

Financial Times (Special Report: Innovation in Healthcare), 29 November 2016, pp1-2

Electronic tattoo for health monitoring

An electronic tattoo could be used for medical monitoring, such as detecting irregular heartbeats. The skin patch, which contains sensors, could also

be placed on the throat so that it could pick up vibrations in the voice even in a noisy environment. It has even been used to play Pac-Man by voice control!

New Scientist, 26 November 2016, p26

IT and telecoms

Factors in mobile app usage

Smartphone apps form an important part of mobile marketing strategies yet have received little attention in the literature. This study seeks to: firstly, address the gaps in knowledge by identifying factors affecting smartphone app usage; and secondly, to test a model based on the technology acceptance model (TAM) which predicts the factors that are associated with the use of technology. The study is aimed at app developers, app advertisers and app providers.

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

LingLong announces DingDong

Chinese company, Beijing LingLong, has unveiled the country's first voice-activated smart home speaker, the DingDong. The equivalent of Amazon's Echo or Google Home, the speaker is said to understand Mandarin, Cantonese and basic English and can communicate with 95% of China's population. The device can be used to control light switches, thermostats and home appliances as well as the usual internet, traffic information, online shopping, and music streaming. However, outside China the LingLong's DingDong has attracted more social media attention because of its name rather than its technology! Juniper Research predicts that China's smart home market could be worth \$22.8 billion by 2018.

bbc.co.uk/news, 24 November 2016

Support for industry urged

There have been various estimates of the size of the software industry in the UK – the latest says it is worth over £125 billion to the UK economy and employs 2.6m people. The research was carried out by the Economist Intelligence Unit for the trade body BSA. Victoria Espinel, President and CEO of the BSA | The Software Alliance, is urging authorities to support the industry: "Unlike traditional industry sectors, software doesn't need an external catalyst for change – it is the catalyst."

www.dataiq.co.uk/news/ps125bn-software-industry-calls-regulatory-support

AI system that can lip read

An AI learning system devised at Google's DeepMind and the University of Oxford has been trained to lip read. It can supposedly perform twice as well as a human lip-reader on previously unseen material.

New Scientist, 26 November 2016, p26

Leisure and tourism

Face-recognition to monitor tourists

Wuzhen, a historic tourist town in eastern China, is to use face-recognition technology on people as they check into their hotels. If people leave the town and then re-enter, the software will check that they are a hotel guest before allowing them in. The software has been developed by internet giant Baidu. If the system is successful, Baidu plans to expand its use to other tourist areas and theme parks.

New Scientist, 26 November 2016, p25

UK domestic tourism

"A weak Pound, economic uncertainty over Brexit and concerns over safety in some destinations abroad are all likely to help the domestic market in the coming months", according to John Worthington, Senior Analyst at Mintel. This report on UK domestic tourism covers: short breaks and how they can encourage diversification; staycations for Londoners; designer property rental; and turning challenge into opportunity.

Domestic Tourism – UK, Mintel, October 2016

Media

Books

Children's books in China

More Chinese publishers are entering the children's book market to take advantage of its double-digit growth. This year there has been a 15% year-on-year rise in the value of children's book sales. Of the 578 state-owned publishing houses, 547 now have children's divisions, up from about 300 eight years ago. Growth is attributed to the rise of the middle classes coupled with a relaxation of China's one-child policy. However, some experts warn that mass production may lead to identical offerings in the children's market. Publishers are advised to understand what the next generation of children want and to focus on quality content.

The Bookseller, 25 November 2016, p17

Games

In-game advertising outcome

The author explores a largely ignored aspect of in-game advertising, namely the game's outcome (winning or losing) and its impact on consumers' information processing. The primary objective of this research is to investigate the effects of in-game advertising outcome and performance feedback on players' motivation. The second aim is to examine the effects of in-game advertising "outcome-induced" motivation on players' implicit and explicit memory. A conceptual framework setting out the various relationships is developed and tested.

Journal of Interactive Marketing, Vol 36 November 2016, pp134-147 (Ghosh)

Internet

Adblocking

According to IAB UK, around 21% of adults use adblocking software. Yet publishers complain that the adblockers, such as AdBlock Plus, are reducing their ad revenues. Christian Dommers, business development head of Eyeo (AdBlock Plus's operator), is tasked with forging agreements with ad networks, buyers and media operators. In this interview he explains why he thinks that the increased use of adblocking software is due to bad advertising.

thedrum.com, 25 November 2016

Newspapers

Plan to pool newspaper ad sales

Six national newspaper publishers, who aim to pool their ad sales in a plan dubbed "Project Juno", want to finalise the details of the joint venture by early 2017. They will have to submit their proposal to the Competition and Markets Authority. The publishers – News UK, DMGT, Trinity Mirror, Telegraph Media Group and Northern & Shell – are fierce rivals but are forming the alliance because of the steep fall in ad sales, which are predicted to drop by 12% this year and 10% in 2017. Group M, the UK's biggest media buyer, has cast doubts on the idea, but WPP says that "some joint selling would be acceptable".

Campaign, 25 November 2016, p5

Social media

Tech giants commit to UK despite Brexit

Next year Facebook wants to expand its UK workforce by 50% when it opens a new London HQ in Fitzrovia. Some 500 employees will be hired including marketers, sales people, engineers and project managers. Google chief executive, Sundar Pichai, has recently confirmed that his company is "committed to the UK". It plans to hire another 3,000 employees in Britain.

Campaign, 25 November 2016, p3

Packaging

ASA cans the Can Song

A Heinz baked beans TV ad, which shows how to use the tin for drumming purposes, has been banned following nine complaints that it promoted "unsafe practice". The ad, which encourages viewers to "Learn the #CanSong", shows people of all ages using the tins to drum out the song. Critics say that this could be dangerous for children. The ASA ruled that it was not always clear that the cans were being tapped on "safe" surfaces. Heinz argued that it had posted video tutorials on social media sites showing how to safely perform the song.

packagingnews.co.uk, 23 November 2016

Retailing

Iceland takes steps to recover its name

The Icelandic Government is taking legal action against British retailer, Iceland, due to a dispute over the use of the name "Iceland". The frozen food specialist has been trading under the name Iceland for 46 years and owns the European trademark for the name. Icelandic officials, who claim that the retailer has been defending the name Iceland aggressively, have commenced legal action at the European Union Intellectual Property Office. They argue that the country's businesses cannot promote themselves in Europe "in association with their place of origin – a place of which we are rightly proud and enjoys a very positive national branding".

bbc.co.uk/news, 24 November 2016; The Guardian, 25 November 2016, p39; Financial Times, 25 November 2016, p15

The secondary market

In 2015 \$261 billion-worth of goods were returned by Americans out of \$3.3 trillion of goods sold. Returned goods might be damaged or stale so resale is not always an option. This poses a huge problem for retailers and manufacturers. Although many goods end up in landfill, others are sold on the secondary market where they are mined for parts or revamped for resale, often with the label cut out so that the brand name is protected. The secondary market was worth over \$486 billion in America in 2014, and is set to keep growing as more goods are purchased online.

The Economist, 26 November 2016, pp62-63

Morrison to revive Safeway brand

Supermarket Morrisons is to reintroduce the Safeway brand, 12 years after it acquired the chain of that name. However, the brand will not be used for stores; instead it will be applied to products that will be sold to wholesalers. Morrisons also plans to revive its convenience store business starting with a trial of ten Morrisons Daily convenience stores based in Rontec petrol stations. This comes just 14 months after Morrisons sold its loss-making M Local stores.

The Daily Telegraph (Business), 23 November 2016, p3; Financial Times, 23 November 2016, p22

Services

Lettings agencies lose tenants' fees

In his Autumn Statement, chancellor Philip Hammond, banned fees that property letting agencies can impose on tenants. Agencies argue that the fees cover administrative costs. In Scotland, where a ban on fees to tenants was introduced in November 2012, some agencies started charging fees to landlords instead of tenants while others have put up rents.

The Economist, 26 November 2016, p22; Financial Times, 25 November 2016, p21

Transport and travel

Emirates woes impact Airbus

Emirates owns 86 (nearly half) of the world's Airbus 380s, a plane that has helped to make the airline into the largest carrier in the world. With a hub in Dubai, Emirates has grown by connecting European and Asian destinations, but now low oil prices and terrorist attacks are affecting demand. Since April the airline's earnings have fallen by 75%. Airbus's fate is linked to that of Emirates and the aircraft manufacturer is having to look for new buyers in China and Japan.

The Economist, 26 November 2016, p63

The VW transformation

Volkswagen is taking steps to rebuild its business following the emissions scandal. Herbert Diess, chairman of the VW brand management board, has announced a "radical" three-stage strategy in which "very few things will stay as they are". The company has announced Transform 2025 Plus as the name of its restructuring strategy. It also aims to become the industry leader in electric vehicles leading up to 2025 as well as playing a major part in the "transformation" of the automotive industry, which will include driverless cars, shared ownership and connected technology.

The Daily Telegraph (Business), 23 November 2016, p5

Buzz phrases

Shrinkflation

This refers to the post-Brexit referendum trend for reducing the size of food packs while charging the same price. Confectionery makers, such as Mondelēz, (which reduced the size and shape of Toblerone) have been keen exponents of the practice, but Nestlé has promised to do everything it can to avoid further cuts in pack sizes. Last year it reduced the size of Kit Kat Chunky from 48g to 40g. A spokeswoman for Nestlé said that the company was "used to dealing with all of the variables that could affect our cost pricing, including fluctuations in currency".

The Grocer, 26 November 2016, p42

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Lucille Essey	Jack Morton China	Jack Morton Worldwide	VP, Executive Creative Director & Show Director	Conference & Incentive Travel
Marie Coupteau Lepreste	HRG	BCD Meetings & Events	Director of Meeting and Events, France	Conference & Incentive Travel
Alison Jones	Big W	Carat	Chief Client Officer	Campaign
Matt Lee	British Sugar	Symington's	Chief Commercial Officer	The Grocer
Lilian Sor	Abbott Mead Vickers BBDO	Grey London	Head of Strategy	Campaign

Promotions

Name	Company	Previous title	New title	Source
Sally Oliphant	Abrams & Chronicle	Head of Publicity and Marketing	Director of Publicity and Marketing	The Bookseller
Joe Petyan	J Walter Thompson	Executive Partner	Regional Director, Europe	Campaign
Tabitha Ward	Abrams & Chronicle	Head of UK Trade Sales	Director of Trade Sales	The Bookseller
James Whitehead	J Walter Thompson	Executive Partner	Chief Executive	Campaign
Elisabeth Junck	House of Garrard	Brand Manager	Marketing Manager	fashioninsight.co.uk

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Sources

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Harvard Business Review**

The Journal of Brand Management*

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Journal of Customer Behaviour

Journal of Marketing Communications** (18 month embargo)

Journal of Marketing Research**

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