

Cutting Edge: Our weekly analysis of marketing news

7 December 2016

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

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Marketing trends and issues

Advertising

Ad referral

Advertisers are designing ads with a view to creating viral activity, particularly within social networking sites. However, little is known about the social processes which occur when ads are shared. This study examines the social processes involved when ads go viral within the social web. Two proposed referral decision-making processes are tested: referral and referral acceptance. The results indicate that brand relationships and interpersonal relationships influence the referral of ads within social networking sites, while brand relationships interact with sharing motivations to affect decisions.

Journal of Interactive Marketing, Vol 36 November 2016, pp31-45 (Hayes et al)

Paid vs owned media

The relative importance of paid advertising media and digital owned media (websites and social sites) for a brand's strength is debateable. This article reports on a US study which finds that the effectiveness of paid and digital owned media in generating increased sales varies depending on category. The extent of the impact varies over time for paid media but reaches the point of diminishing returns more rapidly than with digital owned media. The study also found a synergy between paid and digital owned media. Case studies included automotive, TV/ISP, department stores and quick-serve restaurants.

Admap, November 2016, pp10-13 (Jayson)

Favourite Christmas ads

John Lewis's *Buster the Boxer* has become the favourite Christmas ad for this year with 52% of respondents liking it, according to *Campaign's*

Adwatch Likeability poll. Aldi's ad, which features an animated carrot, is in second place with a likability score of 41%. Sainsbury's, which was in second place last year, has fallen to fourth place with its *The greatest gift ad*.

Campaign, 2 December 2016, p2

Global ad expenditure

Group M has predicted that global ad spend will rise by 4.4% in 2017 to reach \$547 billion, with digital accounting for a third of this. In 2016, digital contributed 72 cents to each new ad dollar and TV 21 cents. Next year digital will have 77 cents share of the dollar and TV just 17 cents. The US and China are contributing to half of all net growth in 2016 and 2017, with China slightly ahead of the U.S. Group M Futures Director, Adam Smith, says that "digital remains the engine of advertising growth and disruptor-in-chief of the entire marketing economy."

research-live.com, 5 December 2016

Agencies

Saatchi targets diversity

Saatchi & Saatchi is to offer an additional £3,000 to new employees with the objective of attracting people from more diverse backgrounds. The agency wants to allow people from outside London to consider a career in advertising but might not otherwise be able to afford it. It has also partnered with Mobo, an organisation which promotes black music and culture, in an attempt to attract a more ethnically diverse workforce.

Campaign, 2 December 2016, p5

A successor to Martin Sorrell?

Johnny Hornby, founder of The&Partnership, is reportedly in the frame to take over from Sir Martin Sorrell at WPP when he retires. WPP owns 49% of The&Partnership, an agency which offers a full



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service approach by bringing together media buying, data analytics, PR and other disciplines into one team for each client. Hornby believes that he would have to prove that his business model “offers the way forward” before he could head up WPP.

The Times, 30 November 2016, p53

Publicis top for growth

Publicis Groupe achieved the strongest growth out of the “big six” holding companies in the industry, according to this year’s Kingston Smith annual survey of agencies. Publicis’ operating profit rose by 25.8% to reach £1.1 billion, although its acquisition of Sapient in February almost certainly contributed to much of this growth. Havas achieved the second-strongest growth, helped by 13 acquisitions made in 2015 while McCann Worldwide achieved the third-highest growth in operating profit, up by 10.6%. This article includes an analysis of the industry together with results from the survey.

Campaign, 2 December 2016, pp8,32-35

Brands and branding

Relaunching a global brand

A marketing organisation faces a big challenge when relaunching a global brand after it has been absent from advertising for several years. Such a move requires ideas for regaining consumers’ attention and disrupting an organisation’s marketing mix. The author argues that a disruptive element in a brand’s relaunch can be very effective, provided that this element is linked to the brand’s positioning and “DNA” as well as having a “compelling and coherent” story. Here he describes the relaunch of Swiss financial services company UBS.

Journal of Brand Strategy, Vol 5(2) 2016, pp132-141 (Daun)

Tackling a franchise brand crisis

One of the main characteristics of franchising is a shared brand between the franchisor and franchisees. A major question for franchises is how a franchisor should communicate effectively to stakeholders to protect the franchise brand in the event of a crisis. Two studies examine what and how a franchisor should communicate to stakeholders following a brand crisis. Specifically they look at whether a franchise owner’s separation statement (that each franchise is independently operated and owned) can be effective in building brand trust and discouraging brand avoidance.

Journal of Brand Management, Vol 23(5) 2016, pp1-23 (Shin et al)

Conferences and events

Many planners don’t use event technology

In a survey of event organisers by Global Business Travel Association (GBTA), 43% of respondents said they did not use event or meetings management technology or software when planning events, while

42% said they thought technology would not improve their processes. For organisations that only have one major event a year, it is hard to justify the technology since event software packages can be expensive. However, some organisations simply haven’t bothered to investigate the benefits and value that technology can deliver.

Association Meetings International, December 2016, p14

Copenhagen – the priciest event destination

Copenhagen has knocked London off its perch to become the most expensive destination for meetings and events, according to research by BDRG Continental. The declining value of the Pound has helped London to become more competitive for overseas event organisers, but London’s image as one of the most expensive destinations hasn’t changed. An event in London still costs nearly double (averaging £2,924) that of an event in, for example, Istanbul (£1,602). An event in Copenhagen costs on average £3,014. The next most expensive cities were found to be: Hamburg, Brussels, Milan, Dublin and Lisbon.

Meetings & Incentive Travel, November 2016, pp48-49

Consumer behaviour

Defaults and transparency for the consumer

Defaults are a powerful way of influencing consumers’ decisions but this raises concerns about ethics and responsibility. Some people have argued the case for transparency – disclosure about how the defaults are intended to influence choices could help to prevent the consumer from being manipulated. A series of experiments show that default disclosure alters how fair consumers consider defaults to be, but does not make defaults less influential because consumers don’t know how to counter the processes that make defaults affect their judgement. By encouraging people to state their preference for the default or its alternative, one can shift the focus away from the default.

Journal of Marketing Research, Vol 53 October 2016, pp865-880 (Stefel et al)

Codesign and customer bonding

Configuration toolkits help customers to codesign products which meet their needs. Little is known of the emotional benefits of codesign for the customer and the company. This research focuses on the effects of codesign activities on the emotional link between the customer and the product (customer-product attachment) and the customer and the company (customer-company identification). Two studies based on customers of a bicycle manufacturer reveal that codesign influences customer-product attachment and customer-company identification. An emotional link with the company can also enhance codesign expenditure.

Journal of Interactive Marketing, Vol 36 November 2016, pp15-30 (Teichman et al)

Customer relations

Understanding the customer journey

Understanding customer experience and the customer journey has become a key business objective. Customers can interact with companies through many touch points via various channels and media and customer experiences have become more social. This environment has led businesses to integrate business functions, and even external partners, so as to create positive customer experiences. The authors seek to better understand customer experiences and the customer journey in the context of more complex customer behaviour.

Journal of Marketing, Vol 80 (6) 2016, pp69-96 (Lemon and Verhoef)

Quality top for brand loyalty

Research suggests that product quality is the main reason that UK consumers stay loyal to a brand. Nearly three-fifths of UK internet users, aged 18 to 59, named it as one of their top two reasons for brand loyalty, according to a survey by Clarabridge. Affordability was cited by just 32% of respondents as a loyalty driver. In fact cost was absent from the list of factors that might persuade them to switch brands, while 66% said they might switch if the quality deteriorated. Customer service was cited as an important consideration in both cases. The findings have been backed up by other research.

emarketer.com, 1 December 2016

Companies should identify their super-users

"Super-consumers" make up just a tenth of customers yet account for 30% to 70% of sales and nearly 100% of customer insights, according to a book entitled *Super-Consumers* by Eddie Yoon. Companies can strengthen their connection with super-consumers by identifying them and rewarding them for their loyalty. Spotify, for example, identifies what fans are listening to and then sends them ticket offers. The danger is that companies can become stuck in one business model. However, super-consumers are also good at solving problems: research suggests that around 80% of breakthroughs in scientific instruments have come from "lead-users" rather than manufacturers.

The Economist, 3 December 2016, p59

Direct marketing

Aligning e-mail with IoT

Marketers shouldn't overlook fundamental strategies such as e-mail marketing. After all e-mail is an essential activity associated with the smartphone, the device that is central to Internet of Things' (IoT) campaigns. This article considers the steps that marketers should take to ensure that e-mail campaigns align with IoT environments. These include using advanced analytics; establishing basic e-mail metrics to eliminate weak links in the

customer experience campaign chain; labelling the links; and using "webhooks".

dmnews.com, 4 December 2016

E-mail branding

It is possible to become really creative with your e-mail branding provided you go about it in the right way. The author provides some top tips for e-mail design aimed at helping your e-mail branding to make an impact and to be engaging. Design does of course have to be integrated with overall marketing campaigns and brand guidelines. In other words there is an emphasis on consistency. This article covers marketing banners, call to action, e-mail signature and tracking engagement rates.

dma.org.uk, 2 December 2016 (Bassett)

Law

Britain ratifies unified patent agreement

On 28 November the UK Government announced that it will ratify the Unified Patent Court Agreement (UPCA). This follows a period of uncertainty following the Brexit vote. The UPCA will establish a single unified court with jurisdiction over patent enforcement in all participating states. For the UPCA to come into effect, 13 states of the EU (including the UK, Germany, and France) must ratify the agreement. Eleven states have so far ratified it. The UK is designated to be the "seat" of the Life Science/Chemistry branch of the central division of the Unified Patent Court. However, questions remain about Britain's post-Brexit role in the UPC.

lexology.com, 30 November 2016

CMA disqualifies company director

A senior executive at a UK business, which was fined for breaching competition laws, has been disqualified from being a director of another UK company for five years by the Competition and Markets Authority (CMA). The director had entered into an agreement with another UK business not to undercut each other's prices for posters and frames sold on Amazon UK. This is the first time the CMA has obtained such a disqualification under the Company Directors Disqualification Act. Michael Grenfell, director for enforcement at the CMA, said: "Breaking competition law can harm consumers, businesses and overall economic performance. In this case, people shopping online were entitled to believe retailers were competing on price".

out-law.com, 2 December 2016

Marketing

The value of marketing

Marketing departments increasingly feel the need to demonstrate their value to the business. This poses a challenge because marketing tends to use attitudinal, behavioural and financial performance metrics which do not necessarily correlate with each other. The fact that these metrics may contradict

each other means that the scope and objectives of marketing may differ a great deal across organisations which in turn leads to confusion over its effectiveness and efficiency. The authors look at the various factors that affect research and practice before investigating how marketing analytics can improve marketing decision making at different levels of an organisation.

Journal of Marketing, Vol 80 (6) 2016, pp173-190 (Hanssens and Pauwels)

Marketing in the Insight Economy

The author argues that we are entering the "third wave" of marketing: the first was the Attention Economy, which saw the rise of brands and mass advertising; the second was the Information Economy, which provided technology and big data; and now we are in the "Insight Economy". In order to be successful today marketers cannot rely on previous strategies and tactics. Instead they should focus on six areas: putting customers first; building trust, respect and loyalty; create innovations that disrupt customer expectations and the market; developing "hyper evolutions" of products and services; sharing authentic values with customers; and combining business and brand. TXU Energy and Weightwatchers are cited as effective and less effective cases.

Journal of Brand Strategy, Vol 5(2) 2016, pp202-208 (Raj)

Market research

Importance-performance analysis

Importance-performance analysis (IPA) has become increasingly popular in the realm of management research. Originally introduced in 1977 (Martilla and James) in the context of the automotive industry, it compares the importance and performance of a series of attributes. The authors examine the shortcomings of current IPA research, in particular the fact that "importance" is rarely seen as a multi-dimensional attribute. They recommend that future IPA research should be adapted to the type of importance measure used, because "stated" and "derived" importance are quite different from each other.

International Journal of Market Research, Vol 58 (6) 2016, pp775-778 (Mikulic et al)

Public relations

Industry-wide crisis history effects

In this study the authors examine whether two crisis history types (organisation-specific and industry-wide) have the same effect on the public's perception of the organisation during a crisis. They also consider whether there is any significant difference in public responses between the high and low levels of issue involvement in the two types of crisis. The findings indicate that an industry-wide crisis history can offset the negative effects of a

crisis, while an organisation-specific crisis history intensifies the damage. This suggests that crisis history types should be considered when diagnosing appropriate crisis response strategies.

Journal of Communication Management, Vol 20 (4) 2016, pp347-362 (Lee and Kim)

Good communication

A survey of businesspeople, conducted for *Harvard Business Review* this year, found that 81% agreed that poorly written material wastes time. The majority described what they read at work as: imprecise, poorly organised, filled with jargon and too long. It also found that there is a lack of training among new employees on how to write clearly. "Vague" writing leads to failure in communications as well undermining leadership by showing a lack of concise thinking. In contrast, well-thought out ideas that are clearly expressed, convey an impression of strong leadership which can enhance productivity, because people understand what is expected of them. Businesses could run more smoothly if they promote "brevity, clarity and directness".

Public Relations Strategist, Vol 22(3) 2016, p5

Agriculture, fishing and forestry

Food producers want access to single market

A group of 75 large food producers and grocers in the UK, including Sainsbury's, Dairy Crest and Weetabix, have written an open letter to PM, Theresa May, stating that "For our sector, maintaining tariff-free access to the EU single market is a vital priority". The letter was coordinated by the National Farmers Union, which believes that Brexit offers a considerable opportunity for farming and food production but that Britain must have, "the best possible access to the single market and continued access to a competent and reliable workforce".

Financial Times, 2 December 2016, p3

Cool containers to be installed in cities

Agricool, a French start-up, has raised €4m to make shipping containers into self-contained farms that can be located in cities. The company plans to install 75 containers, called Cooltainers, around France. Starting next year it hopes to produce around 91 tonnes of strawberries in the containers, which it claims are up to 120 times more productive than a field of the same size.

The Grocer, 3 December 2016, p35

The future of food

This special report on the food industry includes an article on Silicon Valley start-up, Soylent (soy plus lentils), which is making a success out of creating foodstuffs that don't involve meat. Rivals include

Ambronite, which is creating a meat substitute from plants, and Memphis Meats, which is cultivating meat from live animal cells. The report also covers agricultural science; sustainable farming; mergers in the seeds sector, notably Bayer and Monsanto; and how eco-labelling is boosting sustainable fishing.

Financial Times (Special Report: The Future of the Food Industry), 30 November 2016, pp-3

Building industry

Strongest growth since March

The Markit/CIPS *UK Construction PMI* reached 52.8 in November, up from 52.6 in October (where anything above 50 indicates growth). David Noble, Group CEO at the Chartered Institute of Procurement & Supply, said this was "the strongest level of new business growth since March...after a summer of uncertainty" following the Brexit vote. However, the weaker Pound has led to the strongest cost inflation since early 2011, with higher prices being reported for materials including bricks, blocks and slate. Despite this, headcounts are increasing and there is a continued demand for subcontractors.

constructionenquirer.com, 3 December 2016

Spanish construction looks up

When Spain's economy took a downward turn, so did its construction industry: house prices fell by 45.2% from 2007 to 2015. Now that the economy has started growing again, the construction industry has turned a corner – in the third quarter of 2016 office rents rose by 9% in Madrid and 14% in Barcelona while home sales have increased by 10%. However, the recovery in Spain's real estate has come in stages, as this article explains.

Financial Times (Special Report: Spain Business and Innovation), 30 November 2016, p4

Businesses and strategy

Knowledge management and TQM

Total quality management (TQM) allows management to be oriented towards stakeholders and performance, while knowledge management is associated with business success and the ability of a company to adapt. The authors consider whether both management approaches are compatible and complementary. The hypotheses proposed in the authors' research model are tested on 225 Spanish companies with experience in TQM, using evaluations based on the EFQM Excellence Model.

European Management Journal, Vol 34 (6) 2016, pp661-673 (Calvo-Mora et al)

Corporate survival

A much-quoted statistic is that 80% of companies that existed before 1980 are no longer in business. Since no one seems to know if this is strictly true, the authors (two Dartmouth professors) decided to

take a serious look at corporate longevity. They concluded that recently listed companies are failing more quickly. They also discovered that, although newer firms have innovative business models, such as digital business services that can be launched quickly making them more agile, they cannot survive for long unless they constantly innovate. Digital companies are far more susceptible to imitation than companies that own factories with products and supply chains. The researchers suggested three strategies that could enable newer firms to increase their longevity.

Harvard Business Review, Vol 94 (12) 2016, pp24-25 (Govindarajan and Srivastava)

Charities and NGOs

Amnesty point finger at palm oil users

Amnesty International claims that owners of brands, such as Kit Kat, Colgate and Dove, use palm oil which is produced by child labourers working in dangerous conditions. Amnesty has traced the oil back to palm oil producer Wilmar which employs children in Indonesia. The charity has produced a 100-page report as well as a video in which it points to "appalling human rights abuses...with children as young as eight". Seven of the nine companies named in the report admitted to using the palm oil, but claimed that "traceability" had affected their awareness of the situation.

theguardian.com, 30 November 2016; The Times, 30 November 2016, p23

Spinning a yarn

Designer, Agata Oleksiak, has overseen the knitting of a bright pink house – "Our Pink House" – by refugees. The project has been undertaken to publicise the plight of the 6.6m homeless Syrians around the world. The house, which was constructed in Finland, uses over 100,000 metres of pink yarn which has been crocheted by women from Ukraine and Syria. Oleksiak has been using yarn to raise awareness of various issues since 2002.

Wired, December 2016, p84

Durable consumer goods

Simple gifts for children are better value

Parents often feel pressured to buy their children the latest "must-have" gift. However, a new survey suggests that simple toys can provide just as much entertainment. The research found that small outdoor toys, such as a bat and ball, are used on average 53 times a year, making them the best-value toys at 42p a play. The second best value toys are action figures and craft kits at 44p per play. Games consoles, although used the most, are the worst value gift at an average of £2.21 or £1.30. The study was carried out by 118 118 Money.

The Daily Telegraph, 5 December 2016, p3

Economy

Record levels of credit card debt

Data from the Bank of England reveal that credit card debts reached record levels in October, fuelled by credit card companies offering 0% interest rates for lengthy periods. Households in Britain have £66.2 billion-worth of credit card debt, with total unsecured consumer credit rising by 10.5% in the year to October. The Bank of England warns that the economy will slow down next year as the fall in the Pound leads to inflation and affects household incomes.

The Daily Telegraph (Business), 30 November 2016, p1

Fiscal easing

The OECD believes that many countries will undertake fiscal easing over the coming years. If the new US president increases spending and reduces taxes as promised, this could boost global growth by 0.3% in 2018. In Britain the Government has given up on its target of creating a budget surplus by the end of the decade. Ireland has been cutting public spending since the financial crisis, but now has a six-year plan for infrastructure spending. Meanwhile Italy's 2017 budget looks set to increase investment and lower corporate income tax.

The Economist, 3 December 2016, p77

Africa to set up free trade area

Last year three of Africa's largest regional economic groups came together to form the Tripartite Free Trade Agreement. However, Africa's leaders have a more far-reaching goal, which is to create a free trade area for the continent, aimed at stimulating commerce and growth and creating employment. The African Union and United Nations are currently hosting the first conference on the Continental Free Trade Area (CFTA), the name given to the pan-African trade initiative. It hopes to finalise the structure of negotiations which, it is hoped, African heads of state will approve next month.

Financial Times, 2 December 2016, p7

Services sector continues growth

The level of new work in the UK's services sector has increased for the fourth month in a row, with many companies reporting that the fall in the Pound has helped to fuel demand from overseas. The *Purchasing Managers' Index* reading for the services sector reached a ten-month high of 55.2 in November, up from 54.5 in October.

The Times, 6 December 2016, p42

Energy and utilities

From nuclear waste to batteries

Scientists have developed a way of converting nuclear waste into radioactive black diamonds which can be used in batteries: these could last for 5,000

years! They could be used to power items such as pace-makers and spacecraft components which need to have longevity. The scientists have been talking to NASA about the technology and are also due to liaise with big tech companies about the use of their discovery in connected devices.

The Times, 2 December 2016, p3

New turbine blade factory in Hull

Siemens is busy making wind turbine blades in a new £310m factory in Hull. The plant, which is part of a "green port" built by Siemens, will comprise a workforce consisting of 97% local people. For the next two or three years the blades will go to offshore wind farms, but the company hopes to start exporting as the cost of the technology comes down.

The Guardian, 2 December 2016, p34

Energy suppliers – the big freeze

E.ON has become the third of the "Big Six" energy suppliers to freeze its prices for the Winter season. It plans to maintain its residential standard energy prices until April 2017. SSE and British Gas have already said they will not raise prices. Independent supplier, Good Energy, has adopted a similar policy.

utilityweek.co.uk, 1 December 2016

Environment

Coffee cup recycling not up to scratch

Costa, the biggest coffee shop chain in Britain, has been accused of failing to live up to claims made about its cup recycling scheme. Costa had recently announced a "ground-breaking initiative" to help solve the problem of coffee cups going to landfill. It aimed to collect cups in stores and send them to a specialist recycling plant, but has admitted that only 14% of cups are actually being recycled. Costa and other coffee chains are under pressure to improve recycling since claims were made in March that just one in 400 disposable cups are being recycled.

The Times, 30 November 2016, p11

Organic food might not be good for the Earth

Supermarket foods rarely give an indication of their environmental impact even though farming is the second-largest cause of greenhouse gas emissions. Even food labelled as "organic" is not necessarily better for the planet: since yields are lower, organic crops require more land which leads to greater destruction of forests. The author argues that GM crops could in fact help to reduce carbon emissions. He believes that climate labels should be placed on foods so consumers can judge for themselves whether organic is better than GM or vice versa.

New Scientist, 3 December 2016, p21 (Le Page)

Fashion

Burberry rejects Coach

A potential "super merger" between British fashion house Burberry and US fashion company Coach is unlikely to take place after Burberry reportedly rebuffed Coach's advances. Coach may have had better luck at the beginning of the year when Burberry's shares were falling from a slowdown in Asia. Since then Burberry has recovered and confidence in the company has been restored following the appointment of Marco Gobbetti, who will join the business as Chief Executive next year.

fashionunited.uk, 5 December 2016

Financial services

Creating touchpoint value

Financial services companies are often faced with a lack of interest in their products and services coupled with a resistance to switch supplier. They also suffer from a lack of trust. This paper reveals some insights from three CMOs working in financial services. The framework for the discussion is based on the Wharton Future of Advertising Program's "All Touchpoint Value Creation Model". This article sets out the model in the context of financial services.

Admap, November 2016, pp18-20 (Wind et al)

Loyalty doesn't pay says FCA

HSBC, Co-operative Bank and Ulster Bank have been named as the meanest in Britain because they have been paying just one sixtieth of the interest offered by some comparable rival products. The banks were identified in a Financial Conduct Authority (FCA) project called "Sunlight" which aims to shame financial institutions into treating their customers better. The FCA is concerned that loyal customers are treated the worst and that competition is not working.

The Times, 2 December 2016, p4

Vegans unimpressed by new fiver

After the Bank of England revealed that the new £5 note contains animal fat in the form of tallow, over 25,000 vegetarians and vegans signed a petition demanding that the animal material should be removed from the production process. The Bank of England is due to print 440m of the new notes which are expected to last five years longer than paper ones. The Bank says it is in talks with the manufacturer, Innowia, to look for "potential solutions".

The Times, 30 November 2016, p19; The Guardian, 1 December 2016, p16

FMCG

Beverages

Alcohol consumption

In this special report, *New Scientist* examines the health implications of alcohol consumption. It reports that many young adults are choosing to become teetotal or are drinking less. The move away from alcohol was first noticed in those born between the early 1980s and mid-1990s (the Millennials), but the trend has continued among the post-millennials (Gen Z). However, the health benefits are unlikely to manifest themselves for a few years. Moreover, the effects of advertising shouldn't be underestimated – the alcohol industry markets on social media and its viral campaigns are far-reaching.

New Scientist, 3 December 2016, pp33-39

Enjoy the price of fizz while it lasts!

Champagne prices in Britain have fallen by 7% since June, which contradicts the general post-referendum inflation trend. However, Tim Eales, insight director at IRI, believes that a combination of cheaper alternatives and the lower value of the Pound will ultimately lead to price rises for wine in the New Year. Ian Thomson, owner of Skinny Prosecco, also predicts that pricing in the UK will increase over the next 12 months.

The Grocer, 3 December 2016, p30

Tropicana – less juice, same price

Last week we reported on "Shrinkflation", the trend for reducing the size of food packs while maintaining the price. Now it has been revealed that Tropicana has cut the size of its one-litre cartons by 15% to 850ml while keeping the same price. Tropicana claims that it always labels its packs clearly "so that the customer knows exactly what they are buying".

The Sunday Telegraph, 4 December 2016, p9

Food

Nestlé invents reduced sugar process

Nestlé, maker of Kit Kat and Yorkie chocolate, has found a way to reduce the amount of sugar in some of its bars by 40%. The new process is said to make the sugar dissolve faster so that less is used, but the taste buds perceive the same level of sweetness. Nestlé, which will be patenting the process, plans to use the faster-dissolving sugar in its products from 2018.

The Guardian, 2 December 2016, p11; The Daily Telegraph, 1 December 20-16, p1

Non-EU food and drink exports rise

Britain's food and soft drink exports to non-EU countries rose by 19.2% year-on-year, reaching £1 billion in the third quarter of 2016. This is according to the Food and Drink Federation which says that

non-EU exports now account for 28.4% of total trade in the sector. Infographics provide a view of UK exports and a ranking of the top ten food exports, which is headed up by chocolate, followed by salmon and cheese.

fwi.co.uk, 3 December 2016

Bacon-flavoured seaweed

Researchers at Oregon State have discovered a type of seaweed with twice the nutritional value of kale and which tastes like bacon when it is fried. The strain is a type of red algae that normally grows along the Pacific and Atlantic coasts. No analysis has yet been carried out to find out whether it would be practical to commercialise the seaweed, but it could be attractive to the vegan and vegetarian markets.

independent.co.uk, 5 December 2016

Everyday biscuit sales are crumble

The British are losing their taste for biscuits as biscuit sales fell by almost a million packets a week (48.4m) over the past year, according to Kantar Worldpanel. The value of everyday biscuit sales fell by almost £26m in the year to October. Instead people have been turning to savoury snacks, healthy options and treats, such as Oreo and Jaffa Cakes.

The Grocer, 3 December 2016, p32

Tobacco

Prediction of cigarette "phase-out"

The chief executive of US tobacco company, Philip Morris, has predicted a "phase-out period for cigarettes". André Calantzopoulos was speaking at the launch of the new iQOS, a product which he claims is less harmful than traditional smoking. The company has invested \$3 billion in the iQOS, which heats tobacco but releases fewer toxins, unlike vaporisers or e-cigarettes, which heat a liquid containing nicotine. Vaporisers and e-cigarettes still form just a very small part of tobacco companies' incomes.

The Guardian, 1 December 2016, p5; The Grocer, 3 December 2016, p4

Big Tobacco loses court appeal

A UK court appeal by "Big Tobacco" against the removal of branding from cigarette packs has been defeated. The tobacco companies had attempted to overturn the High Court's judgement in May that plain tobacco packaging should be introduced. The Companies can request a further appeal in the Supreme Court. Plain tobacco packaging, which removes one of the last branding channels for tobacco, came into force in May despite years of lobbying from the tobacco industry.

The Times, 1 December 2016, p48

Government and public sector

Tackling political disengagement

Major problems for the political process and political marketing in the UK are falling levels of engagement (voter turnout) and declining membership of mainstream political parties. This paper explores the extent to which political marketing may be one of the factors in this disengagement trend. It goes on to look at the "Corbynmania" movement of 2016 and suggests steps that the Labour Party can take to progress from the "neo-tribal euphoria" of the Corbyn movement to developing a brand community for the Labour Party. It also advocates wider use of this "bottom-up" approach as a way of influencing engagement with the democratic process in the wider context of politics.

Journal of Customer Behaviour, Vol 15 (3) 2016, pp283-297 (Richardson)

Lessons from Trump?

Donald Trump is an avid Twitter user, having gained over 229m mentions (compared with Hillary Clinton's 127m) over the past 18 months. Richard Edelman, chief executive of Edelman, believes that Trump's use of Twitter shows the power of "peer-to-peer" communication, but others would argue that that only 20% of adults in the US have a Twitter account. The author argues that Trump was able to test out his opinions on Twitter: "The louder his supporters cheered, the more Trump said the crazy things that excited them" and the more votes he received. The lesson for brands is to "identify the audience, listen to them and then, crucially, let them change you".

Campaign, 2 December 2016, p26 (Pemberton)

Calls for Government to recruit data scientists

The charity, Nesta, and the Local Government Association (LGA), have produced a report stating that the Government Digital Service should use £4m of its £450m budget to pay for the recruitment of data scientists. They would be employed at local authorities to exploit the "treasure trove of data" and improve public services. The report, entitled *Wise Council: Insights from the Cutting Edge of Data-Driven Local Government*, reveals how local authorities are already using data to create more effective services.

dataiq.co.uk, 1 December 2016

Health and pharmaceuticals

Outsourcing in the private sector

GenesisCare, the largest provider of cancer and cardiac services in Australia, plans to invest up to £100m in the UK over the next 12 months. It is one of a number of private companies that is capitalising on the trend for NHS outsourcing of clinical services.

It will open cancer centres in Windsor, Brighton and Cambridge as well as expanding in Spain and China. The private sector currently has £20 billion in NHS contracts, representing a fifth of the UK's healthcare budget, according to the Centre for Health and the Public Interest.

Financial Times, 30 November 2016, p18

Creating healthy lifestyles

A third of adults believe that they are healthier now than they were a year ago, which reflects the UK's growing interest in healthy living. However, there are barriers to a healthy lifestyle: it is hard to adopt and maintain healthy habits and healthy food is perceived as costly. Brands and retailers should make it easier for people to make healthy decisions, such as using loyalty schemes to reward them for making healthy choices. This report covers the following topics: health messages for men, the growing interest in mental health and incentivising healthier habits.

Healthy Lifestyles UK, Mintel, October 2016

IT and telecoms

Smartphone fall shakes up component sector

Gartner predicts that smartphone sales will rise by just 7% this year, half the growth of 2015. Slowing sales will have repercussions for the huge industry which supplies components in countries like Japan, Taiwan, South Korea and China. Apple alone, which has reported its first annual fall in iPhone sales volumes, relies on over 200 suppliers for its products. Component makers are shifting to other areas. Sony, for example, is looking at cars and the Internet of Things by focusing on image sensors where it already has 40% market share by value.

Financial Times, 2 December 2016, p17

Nokia brand to be revived

A new Finnish tech group, HMD Global, aims to use the Nokia brand in a new set of Android products due to be launched in 2017. Nokia is still one of the best-recognised smartphone brands despite withdrawing from the consumer devices market. In May Nokia entered into a licensing deal with HMD to use the brand to develop new phones. HMD marketing director, Pekka Rantala, believes that Nokia could return as an "easy-to-use and reliable brand for consumers" who are "tired of the spec wars".

Financial Times, 2 December 2016, p17

IoT – acting ethically

The author raises the issue of ethics in relation to the use of the Internet of Things (IoT) and artificial intelligence (AI). He was on the Ethical Uses of Data panel at the recent IoT Solutions World Congress. Here he sets out three takeaways from the event: that individuals care about privacy; that compliance

will no longer be enough for AI and IoT; and that machines will have to act ethically, not just reasonably.

lexology.com, 30 November 2016 (Coraggio)

Leisure and tourism

Addressing the decline of golf in Japan

Golf-playing in Japan has fallen by over 40% since its peak in the 1990s. Golf courses exceed demand but Japan has over 2,300 of them, half the total number in Asia. Some have closed while others have been converted into solar panel plants. Japan's ageing population means that those in their 60s and 70s account for half of all players, while there is declining interest among businesses and younger people. Some clubs are trying to change their image by offering new services and relaxing dress codes. One resort has even trialled a drone service which delivers balls and snacks to golfers on the course!

The Economist, 3 December 2016, p58

The UK cruise industry

The cruise industry experienced "excellent" growth in 2015 due to increased capacity. This capacity is predicted to expand even more over the next few years, giving travel brands an opportunity to target the affluent parts of the population as well as older consumers who tend to account for the majority of cruisers. Research suggests that more could be done to encourage families to cruise while travel agents are well placed to offer their expertise in the cruising sector.

Cruises UK, Mintel, October 2016

Materials and mining

Disintegrating plastics

For around 50 years people have been buying and throwing away plastic objects which can survive in landfill for many years. Recycling plastics is not always a satisfactory solution due to their toxicity and limited use. Scott Phillips of Penn State University has been developing plastics that break down in ultra-violet light. They could be used in components that are not exposed to sunlight. A team at the University of the West of England is also looking at ways to "make plastics vanish". There might soon be a big market for these processes – new EU laws could dictate that gadgets must be designed so that they disintegrate at the end of their lives.

New Scientist, 3 December 2016, pp40-41 (Ceurstemont)

Media

Books

Annual rankings

The Beano Annual 2017 is predicted to be the best-selling children's annual this year, with sales up 15%

year-on-year. The weekly comic, which has a readership of over 400,000, lends its appeal to children, and adults who buy it for nostalgic reasons. Its publisher, Parragon (part of DC Thomson), has six out of the top 20 best-selling annuals in volume terms. Duncan Hamilton, licensing director, describes how DC Thomson is always on the lookout for "hot new properties in terms of brands" but warns against overselling because this could damage the brand's reputation.

The Bookseller, 2 December 2016, pp16-17

Film

Combining YouTube with the movies

Film-makers have a problem because teenagers would rather watch YouTube clips than a whole film. Awesome TV, a Los Angeles company, believes the answer could be to combine the two. The company manages over 200 social media stars who between them have over 30m followers. This has attracted investment from DreamWorks and the Hearst Corporation. Last year they launched Awesome Films which is using video stars alongside traditional actors in films such as *Shovel Buddies*, which has been released simultaneously in cinemas and on demand.

Wired, December 2016, p88

Games

Has Pokémon gone?

Pokémon Go's summer of success may be over – daily user numbers on iPhones in Britain have fallen from 1.7m to around 53,000. Players have apparently been getting bored rather than responding to the cold weather, according to Mobile Action. It is rumoured that the app's developer, Niantic, is to release a big upgrade with 100 new pokémon. However, some experts believe that the game will not regain its former popularity.

The Times, 3 December 2016, p37

Newspapers

Regional publishers

One of Britain's biggest regional publishers, Newsquest, has recently invited readers to start writing and contributing stories. This is just one example of the extreme measures that struggling local newspapers have been taking in order to survive. The three biggest players, Trinity Mirror, Newsquest and Johnston Press, have managed to increase their web traffic over the past seven years but the challenge is to turn these audiences into revenues and profits, particularly when faced with growing competition from Facebook and Google. The emergence of new "hyper local" titles around the country, such as the *Peckham Peculiar*, suggests people are still interested in local news.

Financial Times, 5 December 2016, p23

Social media

Facebook CMO looks to the future

Gary Briggs became Facebook's first CMO in 2013, having most recently been VP of consumer marketing at Google. He is a strong advocate of the fundamentals of marketing, believing that "There's too much of a focus on what's new for the sake of it". He also stresses that Facebook is "a young business that is developing all the time" but it is close to reaching its maximum number of ads on pages and this might affect revenue growth next year. Facebook is also pursuing chat bots, AI and machine learning but Briggs is particularly impressed by augmented reality, although there are barriers to overcome, such as smartphone battery life.

Marketing Week, 1 December 2016, pp20-21

Social networks to tackle extremist images

Facebook, Twitter and YouTube have come together to create a database of terrorist images and videos. This follows criticism that they have allowed their platforms to become recruitment tools for Isil. By collaborating they believe they can be more effective in identifying extreme propaganda and removing it. MPs had accused social media sites of not tackling terrorism because they were afraid of damaging their brands. News organisations that use disturbing images for legitimate reasons will not be censored.

The Times, 6 December 2016, p12

Packaging

Luxury packaging

Luxury packaging reflects the status and prestige of the product. Good packaging may help to compensate for a disappointing product, but unsuitable packaging will probably detract from a good product. Last year the luxury packaging sector was worth just under \$14.8 billion and is expected to grow by 4.4% annually over the next five years, compared with overall industry growth of 3.3%. This article examines luxury packaging which it describes as "an integral component within the overall product proposition". It also covers sustainability and the premium wines sector.

FlexoTech, November 2016, pp58,60 (King)

Marmite offers free personalised jars

Marmite recently introduced a limited edition offer allowing consumers to order free, personalised jars. The freebies, which could be obtained by tweeting a name or a message for the jar, were available for the first 100 tweeters on Friday 2nd December.

marketingweek.com, 30 November 2016

Retailing

Iceland visits Iceland to thaw the freeze

Last week we reported that the Icelandic Government was taking legal action against Iceland,

the frozen foods retailer, because of a dispute over the name "Iceland". Now a high-level delegation from Iceland (the retailer) is to fly to Reykjavik to begin negotiations with Iceland (the country). The retailers claim to have had a long history of "close and friendly involvement" with Iceland. It also owns three shops in the country, sponsors the national football team and exports products to Icelandic retailers.

The Daily Telegraph (Business), 30 November 2016, p3

Amazon heads offline...

Amazon has created a drive-through grocery store in Seattle where customers can order their goods online and then have them brought to their car. This marks another inroad by Amazon into the grocery market. Its delivery service, Amazon Fresh, has already expanded into 17 markets. This latest move could prove hard for Walmart, which has a fifth of the US food and drink market but is struggling to reverse a decline in its grocery business. Nevertheless, over 80% of US retail sales are offline which is why Amazon is branching out. It is also increasing its physical presence in other areas, such as books.

Financial Times, 30 November 2016, p20

...with physical stores

In a separate article the *FT* reports on the "Amazon Go" store (due to launch next year), which uses sensors to monitor what shoppers have placed in their baskets. Shoppers download an app with a barcode that is scanned when entering the store. As they take goods from the shelves they are tracked by sensors which means that they can be automatically tallied as they leave the store without any further action on the part of the shopper.

Financial Times, 6 December 2016, p15

Shop prices lower but not for long

Shop prices fell by 1.7% during November according to the latest BRC-Nielsen *Shop Price Index*. Non-food deflation reached 2.3%, as fashion and electricals retailers cut prices for Black Friday. Retailers have not yet passed on the higher cost of sourcing goods from overseas to consumers. British Retail Consortium Chief Executive, Helen Dickinson, warns that prices are likely to rise next year. Nielsen Head of Retailer and Business Insight, Mike Watkins, believes that fresh food is "likely to be impacted sooner" due to supply chain costs.

retail-week.com, 5 December 2016

Services

Accenture acquisition may be first of many

The news that Accenture has acquired Karmarama has led to speculation that there will be a spate of takeovers of creative agencies by consulting groups. Jon Wilkins, Executive Chairman of Karmarama, says

that the takeover will allow the agency to make more services available to global clients. Meanwhile Deloitte, KPMG and EY have been busy buying agencies in the areas of digital, design and user experience.

Campaign, 2 December 2016, p1

Airbnb for dogs

Research suggest that most Americans regard their dogs as family members; in some big cities owned dogs now outnumber children. Not surprisingly companies are capitalising on the trend and spending on pet products has risen by 40% over the past ten years. A group of start-ups has found a new opportunity in the form of an Airbnb for dogs: firms, such as Rover and DogVacay, allow people to pay for their dog to stay in a person's home. This model may have its advantages, but these companies could have problems expanding overseas since home-stays for dogs are springing up in other countries, such as Australia, and Britain.

The Economist, 3 December 2016, p57

Big Mac – death of its creator

Michael Delligatti, creator of the Big Mac, McDonald's famous burger, has died at the age of 98. One of McDonald's first franchisees, Delligatti invented the burger in 1967. Following its success in his own restaurant in Pennsylvania, McDonald's started selling the Big Mac nationwide and it is now sold in over 100 countries. The Big Mac will turn 50 next year and McDonald's is busy experimenting with new sizes such the Mac Jr. and Grand Mac.

Financial Times, 2 December 2016, p19

Airbnb imposes time restrictions on rentals

Airbnb is to reduce the number of nights it will allow people to let their properties each year to 90 nights unless they have received "change-of-use" planning permission from their local authority. This change applies to London and Amsterdam where Airbnb hopes to placate regulators. It is also in negotiation with regulators in New York and San Francisco. Last year a quarter of Airbnb rentals in London were let for more than 90 nights so the company is likely to lose a significant amount of revenue.

Financial Times, 2 December 2016, p15

Transport and travel

BA wants digital pills for flyers

British Airways hopes to issue travellers with "digital pills" which can tell cabin staff how the passenger is feeling during the flight. For example the tablets could send information about whether the person is feeling hungry, unwell or uncomfortable. BA has filed a patent for "digital pills or other ingestible sensors" that can detect temperature, stomach acidity, body movement and other conditions.

The Times, 30 November 2016, p19

Britain's road congestion worst in Europe

New research by Inrix reveals that Britain's roads are the most crowded in Europe and that gridlock is likely to cost the economy nearly £62 billion over the next ten years. The M25 near Heathrow is the worst traffic trouble spot with traffic reduced to crawling pace for 7.5 hours a day while the most congested roads overall are in London. The chancellor has announced £1.3 billion investment in England's road network, which has been described by the FairFuel UK campaign as "sticking plaster politics".

The Times, 30 November 2016, p24

Electric car charging network to be launched

Four European carmakers – VW, Daimler, BMW and Ford – have collaborated to launch a charging network for electric cars with the objective of increasing sales, to achieve CO₂ emissions targets and to avoid being fined by the EU for not meeting objectives. The joint venture partners hope that the project will create the industry standard for European charging.

Financial Times, 30 November 2016, p20

Written by CIM's Knowledge Services Team

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On the Move

| Name | From | To | New title | Source |
|----------------|----------------|------------------------|---|----------------|
| Jeff Jarrett | Kimberly-Clark | Mondelez International | V-P and Global Head of E-Commerce | Campaign |
| Natalie Jerome | HarperCollins | Kings Road Publishing | Brand and Licensing Director | The Bookseller |
| Rob McNamee | n/a | EC Designs | Business Development Manager | FlexoTech |
| Fran Owen | Atlantic | Vintage | Joint Publicity Director, Chatto & Windus | The Bookseller |
| Bob Rupczynski | Kraft Heinz | Mondelez International | V-P and Head of Global Media and Digital | Campaign |

Promotions

| Name | Company | Previous title | New title | Source |
|-------------------|-------------------------|---------------------------------|---------------------------|----------------------|
| Hugh Cameron | PHD UK | Chief Brand Development Officer | Chairman | Campaign |
| Tammy Einav | Adam & Eve/DDB | Managing Director | Joint Chief Executive | Campaign |
| Hannah Glenny | Penguin Random House UK | Senior Communications Manager | Head of UK Communications | publishingtrends.com |
| Mat Goff | Adam & Eve/DDB | Managing Director | Joint Chief Executive | Campaign |
| Androulla Sergiou | Boohoo | International PR Coordinator | Senior Press Officer | fashioninsight.co.uk |

Cutting Edge: Our weekly analysis of marketing news

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www.dma.org.uk

www.dmnews.com

The Economist*

www.emarketer.com

European Management Journal

www.fashionunited.uk

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www.fwi.co.uk (Farmers Weekly)

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The Journal of Brand Management*

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Journal of Communication Management+

Journal of Customer Behaviour

Journal of Interactive Marketing

Journal of Marketing**

Journal of Marketing Research**

www.lexology.com

Marketing Week **

Meetings & Incentive Travel

[Mintel Press Release](http://MintelPressRelease.com)

New Scientist** (1 month embargo)

www.out-law.com

Public Relations Strategist**

www.research-live.com

www.retail-week.com

[The Sunday Telegraph](http://TheSundayTelegraph.com)

The Times

www.utilityweek.co.uk

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

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