

# Cutting Edge: Our weekly analysis of marketing news

29 March 2017

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

#### 3D printing

This article asks what brand advertisers can do to connect with consumers through 3D printing. A report by services firm, EY – *How will 3D printing make your company the strongest link in the value chain?* – reveals that just 24% of companies have had experience of 3D printing. Despite the innovative technology, the concept of 3D printed marketing remains unexploited. A report from McKinsey – *Are you ready for 3D printing?* – argues that additive manufacturing is likely to change the way companies bring their products to market and respond to customer needs. Tahaab Rais of FP7/MENA believes that creative agencies should bring 3D printing in-house so that they can “foster creative entrepreneurship”. Globally, brands such as Coca-Cola, Warner Bros. and VW, have been experimenting with 3D marketing campaigns.

**Gulf Marketing Review, March 2017, pp42-44**

#### Furry creatives

MPC Creative, which created the furry animals in *The Jungle Book* and John Lewis’s campaign, *Buster the Boxer*, is creating a division dedicated to creating furry creatures. The company has had growing demand from brands who want to make 3D characters that are not just available on a big screen. MPC has created Animated Character Engine, a software program that allows brands and agencies to create video clips of animated characters and post them online.

**Campaign, 24 March 2017, p5**

### Agencies

#### The future of agencies

Pressures, such as technological change and shorter time-scales, have led agencies to change the way they work. This is discussed in a new report from the IPA and Econsultancy, entitled *The Future of Agencies*. One of the main themes is the conflict between “systems and empathy” within agencies: agencies can offer value to clients through systems, such as data and technology; but also give value in terms of “empathetic qualities”, such as “human-centred” insight and creativity. This article considers this issue and describes Safestore’s (a self-storage company) new relationship with agencies.

**marketingweek.com, 23 March 2017 (Bacon)**

#### Advertisers want speed and agility

A study by ISBA and agency specialist Oliver has found that 62% of advertisers are “shifting towards stronger relationships with fewer suppliers.” Advertisers want their agencies to be faster and more agile which might mean an agency presence on-site, according to 45% of advertisers or an in-house ad team, according to 44%. When selecting an on-site agency advertisers are looking for speed and agility (86%), improved cost efficiencies (68%), collaboration (64%) and operational control (54%).

**emarketer.com, 23 March 2017; bizreport.com, 23 March 2017**

### Brands and branding

#### Brand communities – doing good

Brand communities and CSR help to create equity for brands and bonds between community members but little research has been undertaken into the capacity for brands to encourage their communities to take part in prosocial behaviour. The authors conduct a study of two brand communities and one non-brand based product community, using data



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from a crowdsourcing project aimed at curing medical diseases. They find that brand community participation reduces the likelihood of joining such a project while participation in a non-brand based product community increases the likelihood of joining. Willingness to help other community members also plays a part in the likelihood of joining.

**Journal of Interactive Advertising, Vol 37 February 2017, pp32-43 (Thompson et al)**

### **Brand building**

Les Binet and Peter Field showed that marketing can be categorised as brand building and sales activation. The problem with brand-building campaigns is that they take longer to register and don't have the immediate results of sales activation activities. Binet and Field proposed that the measure of marketing's financial contribution should be "return on marketing investment" (ROMI). The author suggests that a "share of voice to brand share growth" model could be a viable alternative and proposes a model that combines emotional share of voice (ESOV) with emotional response to the ad. The three things needed for a brand to achieve long-term profitable growth are set out. A case study of John Lewis's Christmas campaign is included.

**Market Leader, Quarter 2 2017, pp36-39 (Kearon)**

### **Conferences and events**

#### **Can the US maintain its dominance?**

Martin Sirk, CEO of the International Congress and Convention Association (ICCA), points out that the USA maintains its top spot in host country rankings for international association meetings. This is despite it having spent less on marketing and sales than other major rival nations. Three factors are instrumental in the US's success: the intellectual prowess of its universities and other teaching centres; the multicultural representation in its labs and lecture rooms; and a reputation for freedom of thought. However, new visa policies may threaten the country's dominant position and many associations may choose alternative destinations where delegates won't face barriers.

**Association Meetings International, February 2017, p46 (Sirk)**

### **Consumer behaviour**

#### **Online reviews – shopper behaviour**

Unfavourable consumer reviews can discourage online shoppers and hurt the brand. This study, using product reviews from Amazon.com, reveals that price was the most commonly discussed product feature among consumers; that consumers found two-sided reviews to be the most informative; and that "no action" was the most common outcome of two-sided and negative reviews. This indicates

that dissatisfaction may not necessarily result in negative action on the part of shoppers.

**Journal of Marketing Communications, Vol 23(2) 2017, pp113-134 (Muralidharan et al)**

### **Experience and fulfilment**

Millennials have grown up in a world of choice, where shopping does not necessarily mean visiting a physical store and "always on" is just a fact of life. They present a new challenge for brands and marketers are struggling to work across the many touchpoints available. The author offers a simpler framework by suggesting that Brand Experience and Purchase Fulfilment are the two fundamental areas for shoppers who want to know the meaning behind brands and gain instant access to products.

**Journal of Brand Strategy, Vol 5(3) 2016-17, pp250-255 (Kraemer)**

### **Customer relations**

#### **Customer experience**

Customer experience is key to retaining and winning customers. Many companies focus on improving current customer journeys, but the focus should be on addressing needs rather than improving a process. It can be useful to learn from what other industries are doing to create the best experiences, such as Amazon's Dash button; Swedish telecom operator Telia's connected car solution; and Swedish insurance company Folksam, which is incentivising customers to drive more safely. The article also looks at how companies and brands in the GCC and Middle East can use a "best" customer experience strategy to retain customers.

**Gulf Marketing Review, March 2017, pp56-60**

#### **Measuring return on additional amenities**

Companies often try to become more competitive by offering additional services (referred to here as amenities) for their customers. Return on investment from adding amenities comes from two possible sources: revenue from increased initial choice and revenue from repurchase (when people return for more). The authors propose an ROI model to show how service amenities can lead to financial return from these two sources. Applying the model to hotel amenities, they discover that returns vary according to amenity and that returns on one amenity can vary across brands. The model provides a useful decision tool for managers when deciding which amenities could be most profitable.

**Journal of Marketing Research, Vol 54 February 2017, pp96-110 (Hamilton et al)**

#### **Loyalty card holders upset over coffee**

Waitrose is to restrict its free coffee offer by insisting that loyalty card members make a purchase before they can receive a free drink. The cost of supplying all those free drinks contributed to reduced profits for the supermarket last year as well

as making its cafes overcrowded. Waitrose's complimentary coffee proved so popular that it became the second largest provider of convenience coffee last year. Loyalty card customers are unimpressed by the change in strategy...

**The Times, 22 March 2017, p19**

## **Direct marketing**

### **Kinetic e-mail enhances click rates**

One way of achieving stand-out in a consumer's busy inbox is to use kinetic e-mail, according to new research from Experian Marketing Services. Kinetic e-mail uses a coding technique allowing the creation of high-impact interactive e-mails. Giving recipients areas of the e-mail to explore – a bit like a website but without having to leave the e-mail – increases both engagement and clicks. Experian's *Q4 2016 Email Benchmark Report* reveals that kinetic e-mails increase unique click rates by up to 18.3% and click-to-open rates by over 10%.

**bizreport.com, 23 March 2017**

## **Law**

### **Protecting 3D trademarks**

Chivas has achieved a trademark victory in relation to the shape of its Royal Salute bottle in China, a country where it is hard to obtain 3D trademarks. Chivas has four 3D-registered trademarks for its Royal Salute whisky bottle. The Court decided that Yantai Ao Wei Wine Ltd, which makes and sells Elysee 21 YO whisky, had infringed Chivas' trademark by using an almost identical bottle. The court referred to the shape of Chivas' bottle as a "unique decoration of a well-known commodity", as provided for in the Anti-unfair Competition Law.

**internationallawoffice.com, 27 March 2017 (Yan and Jin)**

## **Marketing**

### **Reconsidering marketing comms**

The author reflects on the declining power of television and the fragmentation of the media. He argues that it could be time to consider "switching off TV" and "turning on touchpoints". This means reducing the emphasis on TV as the primary vehicle for marketing communications, and instead considering all the points of contact between a buyer and seller that a brand might experience with its target consumers. This paper looks at how brands can shift their spending to new creative vehicles. It advocates the "70/20/10"Rule" which says that 70% of marketing communication should be "tried and trusted", 20% should be "proven but not tried" and 10% should be "breaking new ground".

**Journal of Brand Strategy, Vol 5(3) 2016-17, pp266-274 (Bird)**

### **Marketing automation in B2B**

Marketing automation is well-established as a way of integrating prospect and customer relations through

the customer lifecycle. Yet many features of it are being underutilised by marketers. Research by marketing automation provider, CommuniGator, reveals that marketing automation is still relatively new to B2B marketers: 18% don't use it at all, while the 45% who do use it are only using the core features or just a few features. Over 68% of marketers are using marketing automation to drive e-mail campaigns, yet many of the techniques available are not being taken advantage of.

**Database Marketing, February-March 2017, p11**

### **CMOs – shifting priorities**

Marketing has become more business-critical as a function than ever before – today's chief marketing officer is heavily involved in the overall business proposition by overlapping with areas including technology and sales. A survey of CMOs and marketing executives, by OC&C Strategy Consultants and Experian, has revealed three major strategic issues which CMOs are struggling with: the shift to mobile; data and targeting; and building a "fit-for-future-purpose" marketing function. This article defines the problem, how to cope with it and what the CMOs say about it.

**Campaign, 24 March 2017, pp12-13**

### **Virtual reality**

Virtual reality may be an impressive medium but marketers are advised to use it as a "novelty" because people could get bored if there's no reason for it to be there. When using VR, marketers should focus on elements that can't be conveyed through words or video – those "you had to be there" moments, according to Francesca Panetta, executive editor of virtual reality at *The Guardian*. She emphasises that storytelling shouldn't be sacrificed to the visual power of VR because a compelling narrative is what keeps people engaged. She offers some tips on the format and on the technical aspects of VR.

**Advertising Week, 20-24 March 2017, pp218-219 (Dempsey)**

## **Market research**

### **The value of field experiments**

Many published articles discuss how the results of their research can be applied to real-world situations by extrapolating the results of lab data. Yet results obtained using field experiments, which study behaviour in the relevant environment, can be taken at face value. Here the author tries to inspire a shift in marketing research to increase the quantity of findings derived from field research. She demonstrates the value that field experiments can bring to the table and discusses factors for researchers to consider when designing, planning and running field research.

**Journal of Marketing Research, Vol 54 February 2017, pp140-143 (Gneezy)**

## Public relations

### Reputation management

Matt Brittin, EMEA president at Google, has apologised for advertising being placed alongside extremist content but experts believe that Google hasn't really addressed the issue. Brittin's statement that "pennies not pounds" were involved led Phil Smith, ISBA Director-General, to highlight the reputational damage to brands. Meanwhile Chris Daly, CIM's Chief Executive, says that on social media "people can be maligning your brand and there's nothing you can do about it"; this makes it imperative for brands to distance themselves from hate content. A survey for *Campaign* found that 63% of respondents were less likely to buy a product if it had appeared next to extremist content. Richard Huntingdon, Chairman of Saatchi & Saatchi, reminds marketers that "all media creates a context for communications" and that marketers seem to have forgotten the importance of context.

**Campaign, 24 March 2017, pp2-3**

## Sponsorship

### Sponsorship decline

There has been a distinct drop in the number of sponsors at the Chelsea Flower show this year which has a direct effect on the number of show gardens there are. Blue chip sponsors, such as Harrods, L'Occitane and *The Telegraph* have all stepped back this year. *The Telegraph* won a prize last year but says that its "objectives are changing". Jackie Fast, from the sponsorship agency Slingshot, also believes that companies are assessing the benefits they get from sponsorship more scientifically and are looking for return on their investment.

**Financial Times, 25-26 March 2017, p3**

## Agriculture, fishing and forestry

### Food and farming warn on Brexit deal

Industry groups from the UK's food and farming sector, including the National Farmers Unions of England and Wales, have written to the Government's Brexit department, the Department for International Trade, Defra and the business department warning about the effect that a "hard Brexit" could have on trade, including increasing food prices. The groups said their membership employs nearly 4m Britons and generates over £100 billion for the economy every year. They also said they: "Cannot operate in isolation" because of a reliance on imported feeds and other products for farms, out of season fresh foods for retailers, and products for food and drink manufacturers.

**farming.co.uk, 27 March 2017**

## Building industry

### Construction goes to the wall in US

America's Customs and Border Protection agency has issued invitations for companies to submit bids for President Trump's wall along the border with Mexico, which could cost up to \$25 billion. Over 700 companies have already registered to be suppliers, including some with Hispanic ownership. Shares of US construction firms have risen as a result of Trump's promise to spend \$1 trillion on infrastructure.

**The Economist, 25 March 2017, p66**

### Construction equipment forecasts

According to Off-Highway Research, the market for construction equipment, diggers, bulldozers and trucks, grew by 1% last year, the first growth since 2011. However, the good news is that they are forecasting growth of 9% this year, fuelled by an increase in spending on infrastructure in China, India and America. Total revenue last year was \$70.1 billion which is still 30% lower than at its peak.

**Financial Times, 27 March 2017, p20**

### RICS warns of Brexit labour loss

The Royal Institution of Chartered Surveyors (RICS) has warned that thousands of workers could disappear from the construction industry when the UK leaves the EU. Its data analysis has revealed that 8% of construction workers (176,500 people) are non-UK EU nationals. RICS says it is vital for the UK to gain continued access to the single market. The Mayor of London's office has recently released figures showing that 100,000 construction workers in London are from the EU, accounting for a quarter of the total workforce.

**Construction News, 24 March 2017, p5**

### The rise of the robo-brickie

In America the new Sam (Semi-Automated Mason) is capable of laying 3,000 bricks a day compared with 500 laid by the average brickie. Construction Robotics, the company responsible for Sam, says that it plans to introduce the robo-brickie to Britain. A third of Britain's construction workers are thought to be aged 50 or above which means that 620,000 could retire over the coming decade. Automation of the building industry is a very real possibility...

**The Times, 27 March 2017, p19**

## Businesses and strategy

### Services implementation and financial health

Companies often enter the services arena as a result of either declining performance or to enhance their financial position. There has been a lack of research on whether a healthy financial position is a prerequisite for successful service transition. This

study suggests that an increasing focus on services can lead to success for companies in both types of situation. However, different resource and knowledge sources should be used to implement the service transition, depending on the financial state of the company. Healthy companies should target customers as a knowledge source, while those in a less positive financial situation should forge strong links with suppliers.

**Industrial Marketing Management, Vol 60 January 2017, pp101-111 (Böhm et al)**

### **Innovation – getting stakeholder buy-in**

Even simple product or service innovations can become complicated in many industries because companies often operate in an environment containing powerful, interconnected stakeholders. This means that it is difficult to focus exclusively on the customer. The authors describe six steps in an ideation process that they have developed for a pharmaceutical company. This process should help companies to decide which innovations could create problems with stakeholders and which will have a better chance of success.

**Harvard Business Review, March-April 2017, pp102-107 (Ihrig and MacMillan)**

### **Poor management**

In a recent speech the Bank of England's chief economist, Andy Haldane, said that Britain's productivity problems were the result of bad management, but that managers themselves may not be to blame since many company bosses don't recognise the problem. He identifies an elite group of well-managed, innovative "frontier companies" that are in the top 5% by productivity performance. These companies are widening the gap between themselves and poorly managed companies.

**Financial Times, 23 March 2017, p4**

## **Charities and NGOs**

### **Campaign evaluation**

Campaign measurement is a complex business yet campaigners are under pressure to demonstrate value and prove a return on investment. It is particularly difficult for campaigns to demonstrate change in attitudes or behaviour. Sport England claimed that 1.6m women became more active as a result of its *This Girl Can* campaign but how did it measure this? Coventry-based charity Grapevine, which supports disadvantaged people, has taken a new approach: participants in its project were asked to become actively involved in the evaluation since they were the ones best placed to recognise its value. Grapevine used this approach to show that it had delivered value far above expectations.

**Third Sector, March-April 2017, p59**

### **Stronger charities – acknowledging their role**

The House of Lords Select Committee on Charities has just published its report, *Stronger charities for a stronger society*, in which it praises the important role that charities play in society. It argues that for the sustainability of charities to be maintained, their contribution must be recognised by the Government, the regulator and their beneficiaries. Charities must also ensure that their governance is strong enough to enable them to face a challenging future.

**parliament.uk, 26 March 2017**

## **Durable consumer goods**

### **Western brands – sparkling future on WeChat**

China's online platform, WeChat, has 850m monthly users and is "the most important platform for luxury brands", according to L2, a business intelligence company. China's jewellery market is worth \$103 billion and local brands are using WeChat to help them compete in the sector. Now some western brands are entering the fray. Last year Cartier launched a storefront on WeChat, one of the first western jewellers to do so. Western brands considering a WeChat store are doing so at a time when Chinese people are shifting to more Western tastes in jewellery.

**Financial Times (Special Report: Watches & Jewellery), 23 March 2017, p12**

### **Dyson – supersonic performance**

Dyson has reported another successful year, thanks to sales of its hairdryers and vacuum cleaners. The company reported profits up by 41% and revenues by 45%. Demand for its products has been high despite the £300 cost of its new Supersonic hairdryer which became a UK bestseller within a month of launch. Much of Dyson's expansion took place in Asia last year, with many Chinese people switching from brooms to cordless vacuum cleaners, according to Sir James Dyson. The company has also opened Dyson Demo stores where people can test out its "intelligent technology" and has founded a new university, the Dyson Institute of Technology, due to open in September.

**The Times, 27 March 2017, p40**

## **Economy**

### **Pay falls below consumer price index**

Data from the Office for National Statistics reveal that British households are feeling the pinch due to the 15% fall in the Pound since the referendum and the 2.3% inflation recorded last month by the ONS. This compares with an average earnings rise in January of 2.2%, the first time that pay has been below the CPIH (consumer prices index including housing costs) rate of inflation since October 2014.

**The Times, 22 March 2017, p2**

### **Nearly a third of jobs to be taken by robots**

A new report from PwC claims that nearly a third of British jobs could be taken by AI and robots within 15 Years. Up to 30% of existing roles could be automated by 2030 with the highest risk industries being waste management, transport and manufacturing. This may not result in greater unemployment – UK employment is at its highest level since records began in 1971, despite the advance of technology. PwC estimates that other countries will be more affected by automation, with 38% of jobs affected in the US and 35% in Germany.

**The Daily Telegraph (Business), 24 March 2017, p5**

## Energy and utilities

### **Peak oil demand – not just yet!**

Cuneyt Kazokoglu of FGE, an energy consultancy, argues that most cars will be powered by oil for at least the next two decades, despite the rise of the electric car and the prediction of peak oil demand. The number of passenger vehicles is expected to reach 1.8 billion by 2040, but only 10% will be electric cars and a further 20% will be hybrids. Although battery prices may be falling, the situation is complex, as Kazokoglu explains.

**Financial Times, 22 March 2017, p28**

### **Tidal power – waved aside on cost?**

A lot of the pioneering work on tidal power has been accomplished at the European Marine Energy Centre in the Orkneys. A report on the potential of tidal power, chaired by former energy minister, Charles Hendry, endorses the idea of tidal lagoon power. It states that Britain is well-placed to exploit tidal energy, yet the Swansea Bay tidal lagoon, a pilot for generating electricity, appears to have been shelved due to cost. Tidal energy is much more expensive than either nuclear or offshore wind and the government is hesitating over its implementation...

**The Economist, 25 March 2017, p30**

## Environment

### **Ecotricity top for customer service**

Ecotricity has topped the Citizens Advice customer ratings league which ranks 18 of the biggest energy suppliers on factors such as complaints, bill clarity and ease of switching. Dale Vince, founder of Ecotricity, says that customers are looking for “greenness, customer service and price” and that greenness and good customer service are “both driven by ethics, not the bottom line”.

**utilityweek.co.uk, 22 March 2017**

## Fashion

### **Athleisure boosts sportswear brands**

The Chinese Government has backed the boom in fitness as it seeks to tackle the growth of obesity

and other lifestyle-related diseases in the country. This has helped local sportswear brands as well as Adidas and Nike, which are increasing their market share. Adidas’ sales in China rose by 28% last year while Nike’s sales reached double-digit growth in the last quarter. The likes of Nike and Adidas are regarded more as fashion labels than sportswear in China.

**Financial Times, 23 March 2017, p19**

### **Weaving a fashionable web**

Adidas’ Futurecraft Biofabric shoes are made from synthetic spider silk grown by German start-up AMSilk. Spider-silk products are a growing trend as witnessed by the collaboration between the North Face and Spiber, a Japanese Company, to make the Moon parka from spider silk. Patagonia is also collaborating with Bolt Threads to make a spider-silk jacket. Large-scale production of spider silk has so far proved impossible but now laboratories can replicate it.

**Wired, April 2017, p82**

## Financial services

### **RBS – more cut backs**

Royal Bank of Scotland is to close 150 branches, leaving it with just over 1,000 branches and the loss of hundreds of jobs, as it responds to a massive customer shift to mobile and online banking. The bank, which is 72% owned by the British Government, has just reported its ninth annual consecutive loss. RBS claims that transactions in its branches have fallen by 43% since 2010, while online and mobile transactions have risen by over 400%. This is part of a general trend in which over 1,000 UK bank branches have closed over the past two years.

**Financial Times, 24 March 2017, p23**

### **Shaking up bank data**

Banks have a valuable cache of data about their customers, which has enabled them to get away with poor service and to fight off new rivals. But now a new set of European regulations, known as the Second Payment Service Directive (PSD2), are due to come into force in January 2018. These will force banks to share data with licensed third parties with the agreement of account holders. Banks complain that their profits and customer relationships will suffer. American banks are concerned that their data monopoly will be similarly threatened.

**The Economist, 25 March 2017, pp16,72**

### **The new £1 coin**

Today the UK launches its new, 12-sided pound coin. The new coin is designed to be the hardest coin in the world to counterfeit. It contains a hidden security feature that only the Royal Mint knows

about. The Treasury estimates that there are nearly half a billion old £1 coins hidden away in piggy banks or nooks and crannies and that 200m of these will never be cashed or spent.

**The Times, 28 March 2017, p17**

## FMCG

### Beverages

#### Fever-Tree in dark spirits

Fever-Tree, the tonic maker, is planning to expand its mixer products into the dark spirits market, such as rum, whisky and brandy, which account for around 60% of the global spirits market. In the US, the biggest dark spirits market, there is a shift towards the "premiumisation" of spirits. In 2005, when Fever-Tree was founded, there were just 50 craft distillers in the US but there are predicted to be 1,500 by the end of this year.

**The Daily Telegraph, 22 March 2017, p8**

#### Posh water

Svalbardi sells bottled water from Norwegian icebergs at £80 a bottle in Harrods. The bottled water market is a lucrative place to be, whether one is selling basic or luxury brands. The global market has grown by 9% a year over the past few years to reach \$147 billion, largely because people are eating out more and switching to healthier drinks. At the high end, water has become more like fine wine, with people wanting to know where the water has come from. Euromonitor predicts that the desire for "posh" water will grow.

**The Economist, 25 March 2017, pp62,64**

### Cosmetics and toiletries

#### No more unibrow

Seeing a gap in the market has set Michael Malinsky, the man behind Wunderbrow, on the right path to success. Noting that there was trend for fuller eyebrows through online search trends, he bought, along with two other entrepreneurs, a hair loss product called KeraFiber and set up a direct supply route. Testing the market with just 500 units and ignoring all media but digital, they sold out in three hours. Since 2015 they have sold 2m units and, according to Mintel, the market for eyebrow products is growing fast. Influencers on Instagram and YouTube capture the perfect target audience and the company is now developing eye creams and face powders that promise the perfect "selfie-finish".

**Financial Times, 27 March 2017, p14**

#### Beauty acquisitions – authenticity sells

The millions of Millennials who make beauty product purchase decisions on the basis of likes, follows and reviews from influencers, led to 52 acquisitions in the beauty care industry last year. Some of the targets were small, private brands with huge social

media followings. At one time large cosmetic companies were only interested in large acquisitions but now they target the smaller, innovative brands which consumers are attracted to. Consumers also like the authenticity which comes with "an interesting backstory from a photogenic founder who applies the personal touch".

**Bloomberg Businessweek, 27 March-2 April 2017, pp19-20**

### Food

#### Changing the nature of food waste

Over 70% of edible food doesn't get as far as the supermarkets due to "aesthetic rejection" or not being ripe at the right time. FoPo, a Bremen-based food engineering start-up, has developed a way of changing food into powder. It claims that freeze-drying the food can help to retain up to 90% of nutrients. It can be used in smoothies, sauces or baked foods. Four apples or three bananas can make 100g of flavoured powder and extends the food's shelf life from two weeks to two years!

**Wired, April 2017, p71**

#### Lessons for small food businesses

James Averdieck, founder of *Gü* the desserts company, has a new venture, called the Coconut Collaborative, which makes yoghurts, desserts and ice cream from coconut milk. Coconut milk can be quickly broken down by the body and isn't stored as fat, which makes the food range attractive to the health conscious, vegans and those with food intolerance. Averdieck says that the key to success is getting "a lot of people to buy your stuff, to get momentum". He proposes five strategic targets that small food businesses should aim for.

**The Daily Telegraph (Business), 24 March 2017, p8**

## Government and public sector

#### Outsourcers – ailing but demand continues

Aspects of public services, such as those of hospitals, prison services and police forces, are increasingly being outsourced to companies such as Capita and G4S. The growth of such companies has been rapid since the 1980s but their problems have been stacking up. As well as some high-profile resignations, they have had to face the minimum wage and the Brexit vote which has led to contracts being put on hold. These companies are also notable for having expanded too quickly by acquiring smaller rivals in sectors and countries where they have little knowledge. However, demand for outsourcers is likely to continue since, once a service is outsourced, it is difficult to bring it back in house.

**Financial Times, 23 March 2017, p19**

### **ONS launches data science campus**

This week the Office for National Statistics (ONS) opened its new Data Science Campus in Newport. The £17m investment aims to use new data sources and technologies to provide statistics for policymakers and businesses on the UK economy and society. The Campus will work on projects covering five themes – evolving economy; urban and rural; society; sustainability; and the UK in a global context – under the title of “People, Planet and Prosperity”.

**ons.gov.uk, 27 March 2017**

## Health and pharmaceuticals

### **Freezing fad**

America, which is at the vanguard of the cryotherapy trend, is home to at least 400 cryotherapy spas. At Cryozone in Santa Monica customers pay \$75 to spend three minutes in a cryogenic chamber at temperatures of -110°C for beginners and -132°C for the real enthusiasts. The treatment is meant to calm inflammation and muscle soreness while others claim all sorts of health benefits. However, scientific studies have proved inconclusive as to its true benefits and risks...

**The Economist, 25 March 2017, p40**

## IT and telecoms

### **Salesforce in takeover window of opportunity**

Salesforce, the cloud software group, has been involved in the current consolidation process taking place in the US software sector. Chief Executive, Marc Benioff, says “the acquisition window has really narrowed” as share prices make some targets too expensive. Last year Salesforce acquired Demandware, Quip and Krux and also attempted to buy LinkedIn and Twitter. The company reportedly has other takeover targets in sight.

**Financial Times, 24 March 2017, p16**

### **Apple looks to AR**

With the augmented reality (AR) market set to rise by 80% by 2024, Apple is investing heavily in AR systems. The company has been working on a number of AR products, including digital glasses that can connect to the iPhone while projecting movies and maps onto the lenses. A new app, called Clips, enables people to add filters and special effects to photos and videos, also paving the way for the company’s AR ambitions.

**Bloomberg Businessweek, 27 March-2 April 2017, pp29-30; Financial Times, 22 March 2017, p18**

### **Tattoo that communicates with smartphone**

A team at Saarland University in Germany has designed electronic “tattoos” which can communicate with smartphones and devices, enabling people to log-on, post a “like” or change the volume. The tattoos are thin, touch-sensitive

electronics that change as they are flexed. The scientists hope to develop a method of integrating batteries and chips, enabling them to talk to devices without the need for a larger transmitter.

**The Times, 27 March 2017, p19**

## Leisure and tourism

### **Palestinians try to boost tourism**

The Palestinian Government is encouraging tourists to visit Bethlehem, Jericho, Hebron and other religious sites. Tourism to Israel has been increasing over the past few years but Palestinian lands are not benefiting due to Israel’s military control of the West Bank and its superior infrastructure. Although tourism to Palestinian territory rose slightly last year to 2.4m visitors, it remains below the peak of 2.5m in 2014. Few people stay the night and Palestinian hotels registered just 906,000 stays by foreigners last year, compared with Israel’s 8.5m hotel nights. The Walled Off Hotel, which advertises “floor-to-ceiling views of graffiti-strewn concrete”, was opened recently by Banksy, the street artist. It aims to emphasise the ugliness of the wall that divides the West Bank from Jewish settlement.

**Bloomberg Businessweek, 27 March-2 April 2017, pp14-15**

## Materials and mining

### **Car tyres – market repairs for big five makers**

For years global tyre brands have been slogging it out with Chinese competitors. The top five makers – Bridgestone, Michelin, Continental, Goodyear and Pirelli – used to make up two-thirds of the market but this share has fallen to under a half because of the rapid growth of China’s domestic tyre industry. Ironically the big five are benefiting from certain trends, including the rising price of raw materials, which account for just 30% of their costs vs 60% for China’s companies.

**The Economist, 25 March 2017, pp64-65**

## Media

### **Books**

#### **Foyles looks to digital to improve profits**

Foyles, the London bookshop, has increased its profits to £131,447 for the year to 30 June 2017, up from a paltry £11,108 in 2015. The company attributes the improvement to changes in the business which include an in-store digital ordering system called “Foyles Lite”. It has also enhanced its loss-making e-commerce department and boosted customer service through the appointment of its first Head of Customer Experience, Jeanette Cross, she is to lead a new customer service initiative which sees the company supporting four core values.

**retail-week.com, 24 March 2017; The Bookseller, 24 March 2017, p12**



## Film

### China – tackling box office fraud

China has the second-largest film revenues in the world but now over 300 cinemas in the country have been fined for misrepresenting box office receipts. The Chinese Government has been trying to increase box office sales which rose by just 2.4% last year after growing by 49% in 2015. Sixty-three cinemas have been charged with fraud, which involved raking off more of the proceeds from ticket sales. It is estimated that fraud in Chinese cinemas has taken 10% to 20% of the country's total box office revenues. By addressing the fraud, China could achieve higher box office targets this year.

**Financial Times, 24 March 2017, p10**

## Internet

### US brands suspend Google ads

Following on the heels of advertisers in the UK, some big American brands have suspended their advertising on Google following the scandal over ads appearing next to extremist content on YouTube. The latest batch of brands to take action include Johnson & Johnson, Verizon, AT&T, and GSK, a British company with a strong US presence. This will be a blow for Google which has tried to contain the fallout from the crisis. The US is its biggest market with ad spend of around £54 billion compared with £9 billion in the UK.

**The Times, 23 March 2017, p15; Financial Times, 25-26 March 2017, p16**

### Homophobic ads on Google

Google has allowed homophobic content to appear on YouTube. The ads, which relate to a book called *Hope for the Same-Sex Attracted*, by Ron Citlau, were uploaded by Steven Anderson, a homophobic preacher. Stonewall, the charity, has asked for the ads to be taken down immediately because they suggest that LGBT people can and should be "cured". Google didn't comment on whether the ads would be withdrawn.

**The Times, 22 March 2017, p12**

## Newspapers

### Verifying tool – no more fake news?

*The Independent's* commercial revenue has risen by 50% since it abandoned its print newspaper a year ago. Online traffic rose by 71%, from 56m monthly unique page views in February 2016 to 96m this year. *The Independent* is due to launch *In Fact*, an editorial channel that will act as a "verifying tool for news" on *The Independent* and other media platforms.

**Campaign, 24 March 2017, p5**

## Social media

### eWOM credibility on social networks

Social networks allow brands to spread positive Word of Mouth (eWOM) to help build brand

awareness and generate new business. A better understanding of eWOM credibility is needed so that marketers can generate true customer engagement through credible peer-to-peer communication. To date there has been no framework setting out the factors that make up eWOM credibility online. The authors propose a credibility framework which they call the "4Cs" of eWOM credibility: Community, Competence, Content and Consensus.

**Journal of Marketing Communications, Vol 23(2) 2017, pp149-161 (Moran and Muzellec)**

### Instagram – advertisers exceed 1m

Instagram's monthly active advertisers have risen to over 1m, which is five times the number in 2016. The photo app enables users to communicate with 8m businesses that have accounts, allowing them to buy online or obtain information. Around 80% of Instagram's 600m monthly active users follow a business on its platform. Instagram benefits from being able to sell ads to marketers who are buying advertising through Facebook (Instagram's owner).

**Financial Times, 23 March 2017, p16**

### Snapchat – a third way

Snapchat is set to become more popular with advertisers because of its ability to target the "hard-to-reach" youth audience. More than half the users on the app are under the age of 24, compared with 23% for Facebook and 17% for YouTube. Brands are also keen to see a third player that can rival Facebook and Google, which together account for 58% of the \$141 billion mobile ad market. Sir Martin Sorrell, head of WPP, has recently referred to Snapchat as a "third force" alternative.

**The Guardian, 27 March 2017, p22**

## Television

### TV-on-demand ads cheaper

Research by Channel 4 has revealed that the cost of advertising on TV broadcasters' video-on-demand is about 20% cheaper than on YouTube and a third of the cost of advertising on Facebook. The research also found that broadcaster VOD delivered higher engagement levels, completion rates and watch time for advertisers than VOD ads on YouTube or Facebook.

**Campaign, 24 March 2017, p3; emarketer.com, 22 March 2017**

## Video

### Skippable ads

Skippable online video ads are a common feature of social networks, notably YouTube. This paper looks at the impact of "high-arousal" and "low-arousal" stimuli on the effectiveness of skippable video ads. It is examined in terms of factors such as ad effectiveness, ad attitude, brand attitude and ad intrusiveness. A series of studies reveal that high-

arousal ads are watched for longer and are more effective in congruent contexts. However, user product involvement determines how intrusive both high- and low-arousal skippable ads are.

**Journal of Interactive Marketing, Vol 37 February 2017, pp75-88 (Belanche et al)**

## Packaging

### Customer Experience Centre

Saica Pack, a packaging manufacturer, has created a Customer Experience Centre in Wigan which enables customers to go from concept to prototype in a day. The technology allows up to ten users to create ideas on a large canvas which also connects to remote users. The Centre contains retail environments which have been decorated, shelved and lit to simulate what the packaging would look like in a shop or supermarket. The customer is involved at every stage in the development of the packaging, ensuring that brand and market requirements are met.

**FlexoTech, March 2017, p11**

### Companies fined over packaging waste

Last year over £800,000 was paid out by companies that had breached the UK Packaging Waste Regulations, which aim to reduce the amount of packaging waste that goes into landfill. The 27 companies, donated money to various charities to avoid legal repercussions: Filippo Berio paid out £253,900, Paperchase £19,000 and the National Exhibition Centre £14,858. Businesses that make or use more than 50 tons of packaging a year are legally obliged to ensure that a certain proportion of their packaging output is recovered or recycled.

**The Daily Telegraph (Business), 23 March 2017, p5**

## Retailing

### Ted Baker thrives on good product

Ted Baker has managed to buck the slowdown in the retail sector with a rise in sales and profits. The company's success lies with its wholesale, licensing and international model where it has a large number of concessions rather than actual high street stores. This contrasts with its competitors which are struggling to maintain large numbers of shops at a time when consumer spending is shifting and there is a decline in footfall. Although online now accounts for over a fifth of Ted Baker's UK and European retail sales, founder and CEO, Ray Kelvin, attributes the company's success to product: "if you make great product and people like the brand, you can sell it in shops, online, wherever".

**The Daily Telegraph, 24 March 2017, p4**

### Tesco reacts to Brexit price rises

Tesco has removed over half of Heineken's beer and cider from its shelves following price rises after the Brexit referendum. The supermarket is stocking just

22 of the drink-maker's brands compared with the usual 53. In January Heineken said it would increase prices by an average of 6p a pint, blaming the 15% fall in the value of the Pound. Brands to disappear from Tesco's shelves include Sol, Tiger and Kingfisher. To date Tesco has taken a tough stance on price increases, having removed Marmite and other Unilever brands from its website when the company said it would raise prices by 10%.

**The Times, 22 March 2017, p2**

### Amazon acquisition to conquer the Gulf

Amazon has agreed a deal to purchase Souq.com, a well-known online brand in the Middle East. This is part of Amazon's strategy to take on the Gulf, where the digital sales market is still relatively underdeveloped. Amazon's acquisition will make it into the region's largest e-commerce platform but competition is becoming fierce and it may face resistance from local retailers. Mohamed Alabbar, chairman of Dubai developer Emaar, is to launch Noon, a \$1 billion e-commerce start-up while some large physical stores are working on their own e-commerce strategies.

**Financial Times, 24 March 2017, p21**

## Services

### The future of law – online?

The law court of the future could see judges replaced by computers and the courtroom replaced by the internet. In February, Justice Secretary Liz Truss announced proposals for people with claims of up to £25,000 to use an online digital process instead of going through the courts. This comes at a time when many ordinary people cannot afford lawyers. Although the Bar Council and Law Society in England and Wales support reforms to increase efficiency, Law Society president Robert Bourns warns that an online court "cannot fill the gap created by each court closure".

**The Times (Raconteur: Legal Innovation), 23 March 2017, pp10-11**

### Brexit – UK-EU non-financial services trade

Last week the EU published a report on the implications of Brexit for UK trade with the EU in five services sectors: professional business; digital, creative; air and tourism; education; and health-related travel services. The report outlines how a "good" UK-EU free trade agreement would look for these non-financial services and the implications of trading under World Trade Organization (WTO) rules.

**parliament.uk, 22 March 2017;**

[www.publications.parliament.uk/pa/ld201617/ldselect/lddeucom/135/13502.htm](http://www.publications.parliament.uk/pa/ld201617/ldselect/lddeucom/135/13502.htm)

### Airbnb targets China with name change

Airbnb aims to double its investment and triple the number of employees in China this year in an

attempt to increase market share in a country that has more international tourists than any other country. Airbnb will launch a programme called "Trips", offering guided tours in twelve cities. It is also changing to a Chinese name – Aibiyang – which is apparently easier for Chinese people to pronounce.

**Financial Times, 23 March 2017, p18**

## Transport and travel

### **Renault – high nitrogen oxide emissions**

Renault's diesel cars emit the highest levels of nitrogen oxide of all the big car manufacturers and recent Renault models have produced nine times the legal limit, according to tests by Which?. The latter also found that Jeep, Nissan, Hyundai and Ford produced at least five times the limit. Which? tested the emissions of 278 diesel cars made from 2012 to 2016 and found that there was little change in the emissions of Renault models sold since 2015. French investigators have been accusing Renault of cheating emissions tests for the past 25 years.

**The Times, 22 March 2017, p4**

### **Cathay eclipsed by mainland rivals**

For years Cathay Pacific has been Hong Kong's flagship carrier, enabling it to become Asia's biggest international airline, but there has been a huge increase in air traffic in and out of China, much of which bypasses Hong Kong. China has built up its three state-controlled airlines to become global carriers which are lower-cost than Cathay and take on long-haul flights to global destinations. This month Cathay reported its first annual loss since 2008. Its response is to undergo a "corporate transformation" plan to reduce costs. Meanwhile the number of passenger and cargo airlines on the Chinese mainland has risen by 28% in just five years.

**Bloomberg Businessweek, 27 March-2 April 2017, pp17-18**

Written by CIM's Knowledge Services Team

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## On the Move

<b>Name</b>	<b>From</b>	<b>To</b>	<b>New title</b>	<b>Source</b>
Rosie Ayoub	Survey Sampling	Norstat	Managing Director, Norstat UK	research-live.com
Dom Boyd	Adam & Eve/DDB	Publicis London	Chief Strategy Officer	Campaign
Rebecca Daniels	UBCUniversal	Egmont Publishing UK	Head of Marketing for Books	The Bookseller
Desirée Lopez	TNS BMRB	Flamingo	Head of Behavioural and Social Strategy	research-live.com

## Promotions

<b>Name</b>	<b>Company</b>	<b>Previous title</b>	<b>New title</b>	<b>Source</b>
Tara Al Azzawi	HarperCollins	Marketing Manager	Senior Marketing Manager	The Bookseller
Mark Naples	Datalase	VP for Business Development, Europe and APAC	Chief Marketing Officer	packagingnews.co.uk

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