

Cutting Edge: Our weekly analysis of marketing news

13 January 2016

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Restrictions on junk food ads a possibility

Jeremy Hunt, the UK health secretary, wants to restrict the advertising of junk food to children but culture secretary, John Whittingdale, has expressed concerns about the effect this would have on the broadcasting industry. It is estimated that obesity costs the NHS £5.1 billion a year while 40,000 deaths are linked to obesity. Since 2006 TV programmes which are watched by children cannot be shown alongside ads for products high in fat, salt or sugar. Commercial broadcasters have been lobbying against the introduction of stricter measures. According to the Advertising Association, a ban on junk food ads before 9pm could cost them "a couple of hundred million pounds" a year in lost revenue.

Financial Times, 8 January 2016, p4

Agencies

WPP buys digital agency in South Korea

WPP has announced that it is to buy a creative digital agency in South Korea. The acquisition of Vinyl-I, which has clients such as L'Oréal and Nike, takes WPP further in its quest to develop networks in fast-growing markets and sectors. South Korea is Asia's fourth-largest economy.

Financial Times, 7 January 2016, p20

Brands and branding

Global brand preference in emerging markets

It is important for marketers to understand what creates demand for global brands in emerging markets. The authors examine the cultural elements that contribute to consumers' preference for global brands by conducting two studies on brand preferences in Brazil. The studies test a proposed

model to reveal that global identification affects the impact of personal cultural values on global brand preference. Managerial implications and insights for global brand management in emerging markets are presented.

Journal of Brand Management, Vol 22(9) 2015, pp721-736 (Dalmoro et al)

Africa's best brands

The fourth annual *Brand Africa 100* reveals that MTN is the most admired and the most valuable (\$4,672 billion) African brand for the second year running. Operating across 17 countries, it is also the most pan-African brand among the most admired brands. Apple is the most valuable brand in Africa (\$128,303 billion) while Samsung is the number one most admired non-African brand. Non-African brands continue to dominate the top 100, occupying 77% of places. Meanwhile Nigeria has overtaken South Africa as the leading African country on the list. Africa has four out of the ten fastest-growing economies in the world according to World Bank data and eventually it will be able to compete for a bigger share of its own consumer base. The ability of non-African brands to flourish so successfully in Africa may one day be impacted by an increasingly assertive African consumer who wants brands that reflect their needs.

Marketing Africa, Issue 9 2016, pp68-71

Conferences and events

Making meeting more productive

Organisations devote a huge amount of time to meetings, but they are often a waste of time and money as well as being demotivating and achieving little of value. It is estimated that the cost of wasted meetings to the UK economy every year is £50 billion. Meetings have had a bad press as originally summed up in the 1976 (updated in 2012) Video Arts film, *Meetings, Bloody Meetings*. In this article

David Wethey, author of *Mote: The Super Meeting*, looks at why meetings can be so frustrating and unfocused and describes a way of improving their productivity.

Market Leader, Q1 2016, pp38-41 (Wethey)

Corporate hospitality

Opportunities for corporate hospitality are on the increase and the market is estimated to have reached £1.2 billion in the UK. Good corporate hospitality can improve and create client relationships, raise brand awareness and brand value while delivering a good return on investment. The most successful corporate hospitality takes account of client needs as well as the business's own objectives. The author sets out four principles to consider when planning a corporate hospitality strategy.

B2B Marketing, January 2016, p38 (Clutterbuck)

Consumer behaviour

The cheat-at-the-end effect

Despite today's emphasis on transparency in all things, there seems to have been an epidemic of cheating across politics, business and sport. According to Daniel Eiffron, Assistant Professor of Organisational Behaviour at London Business School and colleagues, people are more likely to cheat when there are fewer opportunities to do so. They reveal that people cheat in patterns at particular points in time. In one study they found that people overbilled the most for tasks which came last and that they overbilled to the tune of 42% more than for previous tasks. This has been dubbed the "cheat-at-the-end" effect. The researchers recommend that managers take a more "diagnostic" approach to cheating check-ups.

London Business School Review, Issue 4 2015, p6 (Johnston)

Customer relations

Gaining loyalty of today's shoppers

Shopper promiscuity has led to retailers making substantial investments in loyalty schemes, such as those recently launched by Waitrose and Marks & Spencer. Craig Ryder, client experience director at KPMG Nunwood, argues that cards alone cannot generate loyalty. It is more about the customer experience and "making the shopping proposition sticky" so that customers want to visit the store. Retailers should focus on meeting customer expectations. Experiences should also be seamless across channels, according to Sarah Davies of Kurt Salmon, who cites Harvey Nichols with its app-only scheme. The conclusion is that multichannel and personalisation are the way forward.

Retail Week, 8 January 2016, p28

Direct marketing

When is the best time to send that e-mail?

There has been no shortage of opinion as to the best time to send an e-mail. The author says that the answer always "remains the same", namely that it all depends on the recipients. Having provided some links to previous views on the subject, he argues that there may not be a best time. This is mainly because e-mail is the most commonly-used app and people tend to check their smartphones between 150 and 250 times a day!

dma.org.uk, 8 January 2016 (Fidura)

Law

Turkey tightens up on social media...

Twitter is taking court action in Turkey after the country's BTK communications technologies authority fined it 150,000 lira (\$50,000) for tweets relating to the Kurdistan Workers' Party (PKK) which Turkey considers to be a terrorist organisation. Twitter, which reportedly failed to comply with the order to remove the offending tweets, has filed a lawsuit in Ankara to try to reverse the fine. Turkey is taking an increasingly tough stance on social media, having temporarily banned Twitter and YouTube on several occasions. Last year the ruling AK Party passed legislation which increased the powers of state bodies to censor the internet.

Financial Times, 8 January 2016, p16

...and postpones new comparative ad rules

Last year Turkey announced reform that would allow advertisers to promote their products and services as superior to those of their competitors by referring to the competitor's trademark or name. This change should have taken effect on 10 January 2016 but the Government has postponed it until 31 December 2016. The rationale behind the delay is that clearer guidelines are needed for comparative advertising – until now direct references to competitors in ads have been forbidden. Advertisers who are geared up to use their competitors' names in their advertising will just have to wait.

lexology.com, 11 January 2016

Marketing

Iran – opportunities for brands

A new nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), was signed with Iran in July last year. It means that the country has accepted strict limits on its nuclear programme while the US and Europe have agreed to relax economic sanctions which have been in place for the last 36 years. It has been estimated that the lifting of sanctions will lead to a 15% increase in Iran's GDP during the next five years. This represents a huge opportunity for brands looking to enter a large, mainly untapped market. This article provides the views of experts on

the difficulties and rewards of entering this new market.

Gulf Marketing Review, December 2015, pp36-40 (Robinson)

Dive and disruption

Sony, BlackBerry and Kodak are examples of companies that have struggled or gone out of business because they failed to adapt in time to a dive in market penetration of their products. A dive is defined as a "sudden and substantial decrease in penetration of a successful current product due to consumer adoption of a new substitute product" (such as Kodak and digital cameras). This paper proposes a metric and model for the dive in penetration of a successful product which has been threatened by a new substitute product. A dive is regarded as a key aspect of disruption.

Journal of Product Innovation Management, Vol 33(10) 2015, pp53-68 (Fenech and Tellis)

Market research

FTC releases report on big data usage

The US Federal Trade Commission (FTC) has produced a report entitled *Big Data: A Tool for Inclusion or Exclusion? Understanding the Issues* which looks at some of the questions businesses should consider to ensure that their use of big data doesn't result in "harmful exclusion or discrimination". The report focuses on how big data is used after being collected and analysed. It illustrates innovative ways to use the data to provide benefits for underserved communities and also looks at the risks resulting from biases and inaccuracies that could harm vulnerable consumers.

research-live.com, 11 January 2016

Public relations

Reputation and reputation-damaging events

Corporate reputation and reputation risk are a growing concern for businesses, not least because of their effect on firm value. This paper provides a survey of the literature on the relationship between reputation-damaging events, corporate reputation and financial performance. It also takes account of the effect on stakeholder behaviour. The study seeks to gain an understanding of these relationships in the light of the causal chain of events. Implications for risk management are discussed.

European Management Journal, Vol 33(6) 2015, pp485-499 (Gatzert)

The value of reputation

New research suggests that 28% of the value of a small or mid-sized company in the UK is linked to its reputation. Of the 22 companies which took part in the study – the *Small and Mid-Cap Sentiment Index* compiled by the Quoted Companies Alliance and BDO – only two-thirds have formal plans in place to

manage their reputations. The total value of corporate reputation for all UK-listed companies was over £1.7 trillion at the end of 2015. This was a year when several companies suffered reputational damage, such as VW and Quindell, an insurance outsourcer. The latter was worth over £2 billion in early 2014 but is now worth just £137m and has been forced to rebrand.

The Daily Telegraph (Business), 7 January 2016, p8

Sponsorship

Football is attached to brands

Last May, the Football Association announced that Emirates would replace Budweiser as the main sponsor of the FA Cup in a three-year deal worth £30m. This was the first time in its 144 years that the competition had been renamed to include a brand. Marketing manager Lucy Roberts-Hartley admits that: "There was perhaps a fear that the media and some fans would criticise it but the world of football has changed now and it is attached to brands". She is now working to get the phrase "Emirate's FA Cup" into the public mind. The brand and its communications have been repositioned to appeal to the youth market. The changes extend to the FA's supplier partners, such as Budweiser, EE, William Hill and Nike.

marketingweek.com, 8 January 2016

Agriculture, fishing and forestry

A shortage of young entrants

At the Oxford Real Farming Conference held last week speakers highlighted the "worrying shortage" of young people taking up careers in agriculture and said that attracting new entrants would be difficult because of Government policy. In order for changes to be made it will be necessary to have reforms in both legislation and taxation.

fginsight.com, 7 January 2016

McDonald's offers Nuffield scholarship

McDonald's is the first major retailer to form a partnership with the Nuffield Farming Trust. The McDonald's Nuffield Farming Scholarship encourages individuals to consider studying agriculture, land management, horticulture or the food chain. Last year McDonald's UK made a series of farming announcements including a commitment to sourcing 100% British potatoes and an extension of its Progressive Young Farmer programme, which is now in its fourth year.

farminguk.com, 12 January 2016

Building industry

Construction rallies in December

The UK's construction industry recovered from a seven-month low of 55.3 in November to reach 57.8

in December, according to the latest Markit/Cips UK *Construction Purchasing Managers' Index*. Cips attributed the recovery to commercial and housing projects while civil engineering has slowed after seven months of expansion. Construction accounts for around 6% of GDP. The recent flooding is likely to increase spending on flood defences in 2016 and the Government has announced £40m of funding for improvements.

The Independent, 6 January 2016, p5

Businesses and strategy

Adapting to complex environments

US public companies are surviving for shorter periods of time and have a one in five chance of being delisted within the next five years. The authors say this is because they are not adapting to an increasingly complex business environment. Companies are like biological species with "complex adaptive systems" that evolve in "hard-to-predict" ways. The authors describe six principles which can help make companies stronger. They argue that, by understanding and implementing these principles, a company can become robust in complex adaptive systems which in turn can help it to survive.

Harvard Business Review, January-February 2016, pp46-55 (Reeves et al)

Cooperation partners for product innovation

Inter-organisational cooperation is generally thought to enhance the development and commercialisation of new products. The authors look at the effect of different types of cooperation partners on product innovation in both new ventures and established companies. Using data from 2,473 firms in intensive innovation environments across 32 countries, they argue that new ventures tend to cooperate through cost-economising and risk-sharing. This means that other new ventures, small firms, academic or research institutions or financial institutions are suitable partners. In contrast, big established companies and public sector organisations make better partners for established companies.

European Management Journal, Vol 33(6) 2015, pp472-484 (Antolin-Lopez et al)

Australia looks to start-ups

Australia has traditionally relied on wealth from its farmland and mineral resources but now that commodity prices have plummeted, the country realises it must do more to encourage innovation. A recent study revealed that only about 0.5% of new businesses are start-ups in the sense of being innovative, ambitious and having the potential for high growth, while just 1.2% of existing businesses can be described as "innovating". Australia lags behind Britain and America in this respect because it doesn't have "other entrepreneurs nearby to connect and work with", says the study. Now the

country has Atlassian, a software company, whose founders are Australia's first tech billionaires. It also has a technology-friendly prime minister, Malcolm Turnbull, who has called for an "ideas boom" to replace the mining slump.

The Economist, 9 January 2016, pp59-60

Women judged on appearance

A new study has revealed that employers who study the social media profiles of job applicants are more likely to assess women on the basis of their appearance while men are more likely to be judged on the content of their Facebook page. The researchers, from the University of the West of Scotland, made an analysis based on the eye movements of men and women as they reviewed Facebook profiles. The reliance on photographs to judge women was the same regardless of whether a man or woman was forming an opinion.

The Independent, 7 January 2016, p17

Charities and NGOs

Behaviour change marketing

Socially responsible marketing (SRM) can be divided into three main categories: that carried out by non-profit organisations, government or organisations which attempts to influence behaviour; marketing by non-profits to brand their organisations, to raise money and awareness and to attract volunteers; and marketing undertaken by corporations to promote a cause or to promote its socially responsible business. This paper, which focuses on the first category, recommends that managers should identify their main stakeholders, understand their influence and take steps to manage this influence to achieve behaviour change and organisational objectives. It identifies gaps in the design of behaviour change marketing activities and makes suggestions that will help marketers manage their stakeholders.

Social Business, Vol 5(3) 2015, pp229-236 (Deshpande)

Alzheimer's ordered to protect patient data

Charities have received something of a panning in the media recently. Now the Information Commissioner's Office (ICO) has issued the Alzheimer's Society with an enforcement notice because of the way that its volunteers have been handling personal data. The accusations date back to 2007 when volunteers stored sensitive information about patients in an unencrypted state on their home computers. They had received no training in data protection. Although the charity has made improvements, the ICO says that more needs to be done.

The Daily Telegraph, 8 January 2016, p8

Durable consumer goods

Hornby turns to young kids' toys

Hornby, well-known for its train sets, is to target five to eight-year old children this year with the launch of battery-operated trains. The company, which is popular with adult train and model enthusiasts, is trying to widen its appeal and turn the business around. Sales have suffered recently from IT and supply issues.

The Times, 8 January 2016, p46

Fitbit in Blaze of glory at CES

Fitbit has launched the Blaze, a new smartwatch, at the Consumer Electronics Show in Las Vegas. Fitbit is facing a barrage of competition as companies from outside the tech sector enter the wearables arena. The main components of Blaze can be swapped to achieve a variety of looks reflecting the increasing importance of personalisation and accessories in wearable technology. CEO James Park says the Fitbit also focuses on just a few areas – time, notifications, health and fitness – rather than trying to do too much as its rival, the Apple Watch, does.

Financial Times, 6 January 2016, p19

I want to be alone!

A group of Japanese furniture-makers decided to create more space for themselves in their small family homes by designing the 'otoko no kakureya' (hiding place for men). It comprises a tiny wooden cubical with a desk, shelves and reclining chair and sales are on the rise. Another way of giving the impression of space is the Solo Theatre, a cardboard box with a slot for the iPhone, which users put over their head. This appeals to Japanese social media users who like the idea of having a space of their own in a country where living spaces are shrinking. Bibi Lab, a design firm, has designed an indoor Bocchi (meaning 'alone') Tent, which is now outselling its traditional tents for outdoor use.

The Economist, 9 January 2016, p60

Economy

Exports fall amid BCC warnings

A survey of 7,500 firms by the British Chambers of Commerce (BCC) has found that manufacturing performed worse than the services sector at the end of last year. It describes manufacturing as "close to stagnation" after a fall in domestic and export sales brought the sector down to below pre-recession levels. The BCC wants the Government to improve skillsets, update infrastructure and give small companies access to cheap credit. It warns that "the UK economy could suffer negative consequences in the face of increasingly global uncertainty".

The Guardian, 7 January 2016, p21

South Africa – a slowing economy

South Africa is expected to have achieved GDP growth of just 1.4% last year, which is its lowest level since 2009. Jacob Zuma's presidency has been marred by accusations of patronage and corruption as well as controversy over his policies, such as changing his finance minister three times in five days. HSBC has predicted a 1% contraction in overall investment in the country and GDP growth of only 0.9% for 2016. Next year the ANC will hold a five-year congress to elect its next leader in time for the elections in 2019.

Financial Times, 8 January 2016, p9

EU membership – UK bosses give their views

New Research by Ipsos Mori among Britain's 'captains of industry' reveals that 87% would like to stay in the EU, but that half would prefer Britain to be part of a European economic community without the political implications. Half of respondents said that leaving the EU would make no difference to Britain's trade with the rest of the world while two-thirds said that the sheer volume of EU regulation was the biggest disadvantage of membership. The results of the survey are set out in a series of graphs.

Financial Times, 11 January 2016, p2

Small firms have highest productivity growth

The Office for National Statistics says that companies with fewer than ten staff have achieved the highest productivity growth of any business in Britain since 2009. The finding is based on an output-per-worker measure. It means that the productivity gap between the largest and smallest businesses has fallen from £12,300 per worker in 2008 to £6,000 in 2015.

The Times, 9 January 2016, p44

Energy and utilities

Consumers don't trust utilities with their data

A survey across nine countries reveals that 97% of consumers don't trust utilities companies with their data. Rachel Lane, director of customer analytics EMEA at Verint which conducted the poll, says that as utility companies face increased compliance, regulation and volatility in commodity pricing, one of their biggest challenges will be to retain and attract customers. She identifies customer experience and customer trust as two factors that will help to improve customer loyalty and attract new prospects.

utilityweek.co.uk, 11 January 2016

Creating an efficient light bulb

The traditional electric light bulb has been banned in many countries because of its inefficiency – around 95% of the electrical energy used is wasted – but now it could be brought back thanks to a team of researchers at MIT. They have found a way of

capturing the infrared heat released by an incandescent light bulb and converting it into visible light, a process which they call "light recycling". It recycles the energy that would otherwise have been wasted.

The Independent, 12 January 2016, p15

Environment

Study argues for carbon tax

A new study argues that applying a £20 a tonne carbon tax would increase UK consumer prices by just 0.9% as long as all costs were passed along the supply chain fully. The report, by the Grantham Research Institute on Climate Change and the Environment and the ESRC Centre for Climate Change Economics and Policy, believes that the true cost to consumers could be even lower since it would encourage green behaviour change, drive business innovation and give the Treasury additional revenues that could be put back into the economy.

businessgreen.com, 11 January 2016

Fashion

Off-price brands – successful model

What differentiates TJ Maxx from other discounters is that it stocks designer labels with huge price reductions. The 'off-price' model used by TJX (TJ Maxx's parent) and Ross (a competitor) involves buying excess clothing produced by designer labels at a deep discount and then reselling them. The strategy is paying off and TJX has become the leading seller of clothing in America as well as in some other parts of the world. Meanwhile other well-known fashion chains, such as Gap and J.Crew, are having a hard time in America as they are vulnerable to fast-fashion and uncertain weather. Kantar Retail says that it is becoming harder for stores to predict which clothes they can sell at full price. TJX and Ross have become an essential part of the "retail ecosystem" by offering a way for brands to clear their stock.

The Economist, 9 January 2016, p58

Keeping in step with smart shoes

There have been some interesting announcements at the Consumer Electronics Show in Las Vegas. The French firm Digitsole has developed what has been called the world's first "smart shoes" because they can be made to tighten around the feet by a simple tap on a phone app. The Digitsole Smartshoe 01 trainers can also heat the shoe's insole to a temperature of 38°C as well as estimating the number of calories burnt by the wearer.

The Times, 7 January 2016, p13

Men can follow the thread

London-based start-up Thread helps men to decide what to wear. It has eight human stylists who

conduct the initial consultation with the client before leaving the rest of the work to the machines. A machine-learning algorithm works through over 31m customer ratings and 3.7 trillion clothing combinations to come up with recommendations for outfits. Thread was founded in 2012 and already has 200,000 customers.

Wired, January-February 2016, p109

Financial services

Santander to offer investment advice

Santander has decided to return to the investment advice market just three years after it and its competitors had fines and increased regulation imposed on them in the interests of increased transparency. Analysts believe that Santander's initiative, which involves the creation of 225 advisors around the UK, is aimed more at improving customer relations than at generating revenues. HSBC is one of the few banks to have continued offering advice to customers who invest £50,000 or more.

Financial Times, 6 January 2016, p21

SMEs more satisfied with challenger banks

A new survey suggests that small businesses who use challenger banks in the UK are likely to be more satisfied with the service than those who use the bigger banks. In the survey of 12,000 SMEs challenger banks emerge as top-ranked lenders while the big banks are rated as below average. The big four banks have an 85% share of the SME market yet have customer satisfaction scores of only about 60%. Last year the Competition and Markets Authority launched an enquiry into business banking. Its interim report suggests that challenger banks are struggling to gain market share because businesses are slow to switch banks.

Financial Times, 11 January 2016, p3

FMCG

Beverages

Diageo ad cleared by ASA

The Advertising Standards Authority has dismissed a complaint from Alcohol Concern that Diageo's Christmas ad for Baileys liqueur "implied that the success of a social occasion depended on the presence or consumption of alcohol". The charity had criticised the ad for its tagline: *It's not Christmas without you...Baileys*. The ASA said that consumers would be likely to interpret the message as a play on words referring to getting together with friends over Christmas.

lexology.com, 8 January 2016

AB InBev promotes smart drinking

As part of its *Global Smart Drinking Goals* AB InBev is to focus its marketing on lower-alcohol and alcohol-free drinks. Marketing director for UK and Ireland Nick Robinson says that the company wants to ensure that, "at least 20% of our global beer volume is alcohol-free or lower alcohol by 2020" and the company's marketing will reflect this. AB InBev has just announced that it will show full ingredient and nutritional information on its beer labels. This follows research by IPSOS Mori which revealed a lack of knowledge among UK consumers of the calorie levels in beer.

marketingweek.com, 7 January 2016

Food

Falling appetite for bacon and sausages

Following the World Health Organisation (WHO) report, which classed processed meat as a carcinogen, sales of supermarket bacon and sausages have fallen by 7.6% year-on-year in the three weeks to 2 January, according to data from IRI. The industry body, AHDB Pork, says the decline may be offset by sales growth among the discounters, which IRI does not include in its data.

The Grocer, 9 January 2016, p5

Britons prefer exotics

There is increasing demand for exotic fruit among the British public, particularly the more recent exotics that have reached the UK market. Volume sales of papaya, persimmon and pomegranate have risen by 20% over the past 12 months while volume sales of pineapple and lychee have fallen by 12% and 42.8% respectively.

The Grocer, 9 January 2016, p42

Cadbury tries to mend cracks in egg sales

Cadbury is beginning to lose its dominant position in the Easter egg market. Last year its best-selling lines lost over £10m in sales while market share slipped from 42% to 40%. The notable loser was Crème Egg which lost more than £6m following US owner Mondelez's decision to replace Dairy Milk with cheaper chocolate, which caused a consumer backlash. Mondelez claims the change of recipe has not affected sales. Sales of Cadbury's Egg n' Spoon also suffered with sales plummeting by £1.2m. Competition in the Easter egg market is beginning to heat up with offerings from Mars, Ferrero and Kinder.

The Grocer, 9 January 2016, pp36,45-52

Government and public sector

Business transformation not just fire-fighting

Business transformation in the public sector is a rare phenomenon. Rising demand for public services

coupled with increased budget constraints leaves little scope for creativity and innovation. Yet there are a few good examples, one of which is the UK's Greater Manchester Fire and Rescue Service (GMFRS) which, over the past decade, has succeeded in making £160m of savings even though its budget has fallen by £22m over five years. This article looks at GMFRS's transformation and the lessons that can be learnt from it.

London Business School Review, Issue 4 2015, pp16-20 (Caulkin and Birkinshaw)

The year ahead in politics and advertising

Campaign looks at the year ahead for politics and what is at stake for UK advertising in this arena. There are obvious macro issues, such as EU membership while other considerations are the increased presence of the Scottish National Party and the question of who will replace Boris Johnson as London mayor. Meanwhile GDP growth is forecast to grow by 2.4% in 2016 and the Government has identified productivity and market competition as key issues for keeping Britain ahead of the game. On the downside cuts in the budget for the Department for Culture, Media & Sport may have a negative effect. The Creative Industries Council is promoting partnerships between government and business with its Create UK strategy.

Campaign, 8 January 2016, p13

Campaign trumps media coverage

US Republican candidate Donald Trump has launched his first TV ad which encompasses all of his "rampant bigotry and xenophobia". *The Independent* looks at the potential impact of the ad, which will cost Trump around \$2m a week when it airs in the run-up to the primary elections. The ad might attract a lot of criticism but, by giving the world a preview of it, Trump has generated a huge amount of publicity and a veritable "tsunami of free coverage". Yet he still has other Republican candidates to beat for presidential nomination and they are spending large amounts on paid media. Last year Democrats, Republicans and independents together spent nearly \$120m on TV advertising.

The Independent, 6 January 2016, pp34-35; Financial Times, 6 January 2016, p5

Health and pharmaceuticals

Gene editing – the growth of an industry

Editas Medicine, which filed for an IPO on 4 January, is one of a clutch of companies that is using a new technology called CRISPR-Cas9, which enables DNA to be cut and edited. Other companies include CRISPR Therapeutics and Caribou Biosciences. Around \$1 billion of venture capital has been invested in new gene-editing techniques over the past two years. This is because the technology has the potential to produce treatments and cures for a wide range of illnesses. Editas' early flotation will

give it a higher profile than its rivals which in turn will help it to recruit and retain good scientists.

The Economist, 9 January 2016, pp56-57

Government revisits sugar tax

A tax on sugary drinks is being considered by the UK Government as a way of tackling obesity after David Cameron had originally rejected the suggestion. Yet research increasingly indicates that higher prices would help to discourage the consumption of fizzy drinks. A study published last week revealed that a 10% tax on sugary drinks in Mexico led to a 12% decline in sales. Alison Tedstone, chief nutritionist at Public Health England, says that eight possible actions to reduce sugar consumption have been suggested to the Government, including controls on advertising, marketing and promotion in addition to the sugar tax.

The Times, 7 January 2016, pp1,10

IT and telecoms

Partnership for next-gen networks

Ericsson and Cisco have joined forces to develop services for next-generation networks. The two will collaborate on network architectures for 5G and IoT in addition to product services for routing, data centre, network and cloud. Customers will be able to access the companies' complementary capabilities in consulting, integration and global service support. A number of mobile operators are supporting the venture. CEO of Cisco, Chuck Robbins, says "the successful companies will be those who build the right strategic partnership to accelerate innovation, growth and customer value".

Mobile Europe, December 2015-January 2016, p10

Cloud computing

The author summarises the advantages of cloud computing in terms of: efficiency and cost effectiveness; mobility and business agility; and data security and disaster recovery. He then goes on to define digital marketing and the impact of cloud computing on it. Finally he asks how marketers can benefit from cloud computing.

Marketing Africa, Issue 9 2016, pp20-21 (Kabuchi)

Apple reduces supplier output

Rumours that Apple sales have peaked could have some basis in fact – there are reports that Apple has asked its suppliers to reduce production by nearly a third. The iPhone 6s and 6s Plus broke records when 13m were sold within three days of their launch in September, yet analysts are now predicting that this could be the first year since the iPhone's launch in 2007 when sales do not rise. Apple is dependent on smartphone sales which generate around two-thirds of the company's revenues and profit.

The Times, 7 January 2016, p41; The Guardian, 7 January 2016, p21

Ask Watson to bring AI to business

IBM's Watson supercomputer is its fastest-growing area for revenues and is also the system through which the company hopes to bring artificial intelligence to the business world. Yet making Watson into a practical tool for business has not been that simple. Critics say that the brand is being used to sell technologies that are not as leading edge as claimed, but clients believe it is better to be in at the start of a new technology. Early adopters may be prepared to put in the work in order to train the system to function in their industries.

Financial Times, 6 January 2016, p9

Virtual reality – not in the real world yet

Sales of virtual reality technology are expected to reach \$1 billion this year for the first time. Despite projected sales of 2.5m for VR headsets in 2016, there are still barriers to the technology becoming mainstream according to research published by Deloitte this week. It believes that the headsets will appear in many homes but that they will remain niche until computing power improves. An article in *Businessweek* focuses on the presence of VR at the Consumer Electronics Show in Las Vegas and reinforces the message that the technology "has some serious hardware requirements".

The Daily Telegraph (Business), 11 January 2016, p3; Bloomberg Businessweek, 11-17 January 2016, pp29-30

Leisure and tourism

This Girl Can

This Girl Can, the Sport England initiative aimed at encouraging women to get active and participate in sport, has been a highly successful campaign. It won nine Golds at last year's Cannes Lions Festival as well as going viral globally. The campaign is regarded as a good example of 'social movement marketing', a communication aimed at changing attitudes through social media and other channels. This article looks at the factors behind the campaign's success and whether the campaign can translate to the Middle East.

Gulf Marketing Review, December 2015, pp64-66 (Ionnadis)

Bingo – a resurgence

Over the past 20 years Bingo has been in decline, to be supplanted by the National Lottery, scratch cards, the internet and online gambling. Bingo players have also been affected by the smoking ban – around 60% of them were smokers. Now the slowdown has eased, helped in part by the reduction in tax on bingo halls from 20% to 10%. Players can enjoy anything from traditional bingo in Southend to Rebel Bingo in Camden, a more glitzy concept which incorporates entertainment and is spreading via word-of-mouth and social media.

The Guardian, 7 January 2016, pp6-9

Media

TV still most popular but new metrics needed

Nielsen wants the media industry to use a common measurement system for content which appears on TV, smartphones and other devices. Its ratings influence the \$78 billion spent on TV advertising in the US each year. However, following criticism of its methods, it is to launch a measurement system that includes digital devices. Nielsen has just published a comparable metrics report at the Consumer Electronics Show which measured video viewing on TV, smartphones and other devices for the year to August 2015. It shows that TV is still the most popular way of viewing content, although smartphones are used more frequently each week.

Financial Times, 7 January 2016, p17

Books

2015 – the rise of print

The Bookseller's usual review of the year can be quite a dismal affair: from 2008 to 2014 the print market contracted by 22% or £403m. In contrast, 2015 saw the first rise in sales for seven years: the market grew by 6.6% to £1.49 billion, up by £92m on 2014. The average selling price of a print book in 2015 was £7.95, the highest since BookScan records began in 1998. Part of print's resurgence was due to books being sold at a higher price and a reduction in the amount of discounting compared with 2014. This article includes rankings for the bestselling books of 2015 and the year's top sellers by format.

The Bookseller, 8 January 2016, pp14-17

Film

Netflix – worldwide strategy

Netflix's strategy of investing in TV programming seems to be paying off. To date the company has signed up a total of 3.2 billion people across 60 countries. During the Consumer Electronics Show in Las Vegas chief executive, Reed Hastings, switched on Netflix services in an additional 130 countries. As well as changing the way in which people watch TV, Netflix is influencing what people watch. When it embarks on the making of a film or TV series, it uses big data analytics to make decisions. Now the challenge will be to match original content to cultural tastes in different countries. Hastings believes that in the next ten to twenty years all TV will be watched via the internet.

The Daily Telegraph (Business), 8 January 2016, p2;
Financial Times, 7 January 2016, p1

Internet

Facebook's Indian plans hit stumbling block

Mark Zuckerberg's Free Basics service has encountered some opposition in India. The programme, which gives people a gateway to the internet, is promoted by Facebook but paid for by local telecoms operators. India is one of the fastest-

growing internet markets outside China but foreign digital services, such as Facebook, are not allowed to operate there. Critics say that Free Basics is a way into the country for Facebook and that it is breaching consumer privacy by acquiring user data. The company has been advertising Free Basics using full-page ads in Indian newspapers. In December the TRAI (Telecom Regulatory Authority of India) suspended Free Basics pending a consultation – the verdict is due later this month!

The Economist, 9 January 2016, p57

Music

Adele trumps Fifa 16

Adele has overtaken the *Fifa 16* computer game as the best-selling home entertainment title of last year. With her new album, *25*, she helped to boost UK music sales by 4%. The album achieved 2.6m CD and download sales, 88,000 more sales than *Fifa 16*. According to the Entertainment Retailers Association (ERA), digital revenues from on-demand channels, mobile gaming and streaming services, produced record-high sales of £6.1 billion for the UK's games, video and music market last year. Despite the rising fortunes of the entertainment sector, Apple's iTunes store saw album downloads fall by 13%.

The Independent, 6 January 2016, p15; Financial Times, 6 January 2016, p4

Streaming lawsuit could have ramifications

US singer-songwriter David Lowry is filing a lawsuit against Spotify because it hasn't paid for many of the songs it streams. Spotify has grown by supplying a legitimate alternative service to online piracy. Lowry claims that it has conducted unlicensed streaming of both his and other songwriters' creations, which make it liable for up to \$150m in damages. This could have repercussions for the wider music streaming industry and might affect other operators including Apple Music. Streaming services could end up paying more for their music catalogues.

Bloomberg Businessweek, 11-17 January 2016, pp30-31

Apple Music reaches 10m subscribers

Apple Music has passed the 10m subscriber mark for its music streaming service, a landmark that took Spotify six years to reach. Streaming is becoming the foremost form of digital music consumption while download sales are in decline. Music is expected to become an increasingly important part of Apple's 2016 product launches; it is likely to accelerate the move to wireless headphones which could make the next iPhone thinner or provide more space for other components.

Financial Times, 11 January 2016, p17

Newspapers

DC Thomson profits up thanks to digital

DC Thomson, publisher of titles including *The Beano* comic, increased its profits by 20% last year. The company, based in Dundee, also publishes *The People's Friend* and other Scottish dailies. Pre-tax profits rose from £24.8m to £30.1m in the year to 31 March 2015. However, while magazine circulation revenues fell by 4.3% and advertising revenues from newspapers were down by 6.4%, digital revenues rose by a healthy 26%.

The Independent, 7 January 2016, p51

Radio

In a good place to increase adspend

Campaign looks at the year ahead for radio advertising, a medium which should be going through tough times due to media fragmentation and competition from other media for advertising budgets. Yet radio seems to be in good shape with revenues rising by 8% in 2014, 4% in 2015 and similar growth expected for 2016. Although much of this growth derives from sponsorships and partnerships, there is still appetite from advertisers to use this traditional medium. This is because people are still listening to radio: the IPA's *TouchPoints 5* survey revealed that radio makes up 21% of adult daily media consumption, a number that has remained steady for five years. With strong brands and a loyal audience, radio is in a strong position to grow its share and increase investment.

Campaign, 8 January 2016, p35

Social media

Marketing effectiveness

It is hard to assess social media in terms of marketing effectiveness and current opinion seems to be that there is no best practice. The #IPASocialWorks project was created because businesses often struggle to establish a connection between social media and business outcomes. The project, which has been developing a knowledge bank of social media effectiveness since 2013, focuses on three main areas: evaluation, insight and personalisation. This article looks at the work that has been done to date on evaluation. It includes a five-point plan for measuring social media and case studies of Reckitt Benckiser and Ikea.

Market Leader, Q1 2016, pp34-37 (Cassidy et al)

Study says Facebook reinforces prejudices

New research suggests that Facebook reinforces the views of users because they tend to gravitate towards news and opinions that match their own. The study, undertaken by Italian institutions and Boston University, has found that Facebook acts like an "echo chamber" where like-minded people share their views and prejudices while allowing biases to remain unchallenged. These "communities of

interest" tend to be formed at the expense of the quality of the information.

The Daily Telegraph, 8 January 2016, p10

Twitter to scrap 140-character limit

Twitter is to do away with its 140-character limit for tweets and replace them with posts of up to 10,000 characters. The 140-character limit was originally intended to make the system compatible with text messaging, but text updates on Twitter have been supplanted by smartphones and tweeting apps. Last year Twitter introduced a 10,000-character limit for its direct messaging service.

The Times, 6 January 2016, p15

Television

Ad revenues

TV ad revenues should increase by 5% in January because of a spike in spending from financial services, travel and telecoms, according to forecasts from ZenithOptimedia. Some media agencies are even expecting a rise of 10% although they predict a slowdown in February. In 2015 broadcasters saw a rise of 14% in ad revenues for January and February and an 8% growth in revenues for the whole year. ZenithOptimedia is predicting a 7% overall rise for this year thanks to the Euro 2016 football tournament. Henry Daghish, MD of Arena, says he expects to see a slowdown in advertising on traditional TV as viewing shifts to Netflix and on-demand viewing.

Campaign, 8 January 2016, p4

Interflora product placement

Interflora is believed to have paid nearly £1m for what is one of ITV's largest product placement deals in which an Interflora shop will appear in *Coronation Street* for a year. One of the characters, Tracy Barlow, will be seen running the florist from 13 January. Since product placement was approved by Ofcom in 2011, ITV has shown 4,000 hours of it. However, the broadcaster may not have benefited from additional revenues since advertisers could have been using existing TV budget for their product placement.

Campaign, 8 January 2016, p5

Packaging

McDonald's announces new-look packaging

This month McDonald's is unveiling new carry-out bags, cups and sandwich boxes. The company says the new look is in line with its vision of becoming a modern, progressive company. The new branding is more visible with large type face covering more of the surface area. It is due to launch in the US prior to going worldwide during 2016. McDonald's says it will source all its fibre-based packaging from recycled or certified sources by 2020.

packagingnews.co.uk, 8 January 2016

Retailing

Pinterest introduces price alert service

Shoppers on Pinterest will now be notified – through an in-app and e-mail service – when their buyable pinned products have been reduced in price. They will then be able to click on the link, go directly to the product and purchase it. Pinterest introduced the new tool following research into user behaviour which showed that shoppers will wait for the price of an item to fall before buying it.

Retail Week, 8 January 2016, p20

Harvey Nichols reflects luxury retail trends

Harvey Nichols has announced reduced pre-tax profits for the 12 months to 28 March, down 55% to £6.3m. The department store has attributed the slump to the significant investment it has put into improving staff, stores, marketing and technology. The store also admits that “the trading climate for luxury retail will continue to be uncertain”, which means that retailers will have to differentiate themselves and offer a strong customer proposition. Luxury retailers have also been affected by the weakening Chinese market and the strong pound in the UK.

The Daily Telegraph (Business), 6 January 2016, p3

Sainsbury's takes on Amazon

Sainsbury's has traditionally regarded other supermarkets as its main competitors but now that Amazon is targeting the grocery market, it has decided to respond by making a bid for Argos. The latter will give Sainsbury's a good distribution network without it having to go to the expense of upgrading its own infrastructure. Sainsbury's has fallen behind other supermarkets with regard to online operations but Argos has invested millions in its distribution network which offers same-day collection. Analysts are not altogether positive about Sainsbury's strategy and Home Retail, owner of Argos, has rebuffed Sainsbury's initial approach. Sainsbury's has until 2 February either to announce a bid or to withdraw.

The Independent, 7 January 2016, p53; The Guardian, 6 January 2016, p21; The Daily Telegraph, 6 January 2016, p5

Phone app runs village store

When Robert Ilijason became tired of having to drive miles to his nearest village shop in Sweden, he came up with his own solution. He hit on the idea of opening unmanned village stores where customers can use a phone app to unlock the door and buy goods 24 hours a day by scanning bar codes with their phones. The bill is then calculated and settled up at the end of the month. Apple is in the process of approving the app for sale.

The Times, 7 January 2016, p31

Weather dampens retail performance

Changing weather patterns are playing havoc with British retail businesses. Britain has experienced its second unseasonably warm autumn which has hit clothing retailers who had stocked up on warm clothing well ahead of the season. The newspapers focus on Next, usually regarded as the barometer of the clothing sector, whose 500 stores saw sales fall in the lead-up to Christmas. Separately DIY stores complained that the wet summer had led to a fall in garden furniture sales. Similarly the rain has kept beer drinkers away from pub gardens.

The Times, 6 January 2016, p41; The Independent, 6 January 2016, p51

Services

Parcels – volumes up but revenues squeezed

The UK parcel market has grown to nearly £9 billion, up by 6%, thanks to the popularity of online shopping but, because of fierce competition in the delivery sector, carriers are receiving less for their services. While the B2B segment is in decline, the B2C parcel industry is flourishing. UK logistics companies have been expanding their delivery networks, vehicle fleets and technology to grab a bigger share of the market. It is a crowded marketplace – Royal Mail claims there is 20% spare capacity in the parcels industry while Ofcom reports a fall in prices of 1% for last year.

Financial Times, 6 January 2016, p21

PO to extend Sunday trading

The British Post Office wants to become the biggest retail chain to open on Sunday by the end of the year. It currently opens over 3,000 branches on Sundays but wants to tap into the convenience trend so that PO branches are open when the rest of the retailer's business is operating. Post Office is part way through a £2 billion modernisation programme to place branches “at the heart of communities”. Last year new branches were opened in a pet shop, a church, a butcher's, farm shops and bars.

The Grocer, 9 January 2016, p12

Transport and travel

New car sales set record

Sales of new cars in 2015 are expected to total 2.6m, beating the 2.58m record set 12 years ago, according to the Society of Motor Manufacturers and Traders (SMMT). The Ford Fiesta proved to be the most popular car in Britain in 2015, accounting for more than 5% of new car sales. The figures also demonstrate the popularity of the 'crossover' vehicle, also called 'faux-by-fauxs', because they are smaller versions of 4x4. The sales boom has been driven by low-interest rates and the willingness of motorists to use purchase schemes. Growth is likely to continue since the introduction of new equipment

and high-tech aids make even five-year vehicles appear old hat!

The Times, 7 January 2016, p35

UK scores badly for airport delays

The UK's airports are among the worst in the world for passenger delays due to lack of runway capacity, according to a list compiled by aviation data company OAG. The league table shows that seven British airports are among the worst for delays. More than a third of Gatwick's flights were late last year and it ranks just 192 out of 196 for the number of aircraft (65%) arriving or departing within 15 minutes of schedule. Heathrow was also in the bottom 33 in this respect (at 74.6%). The most punctual airport was Tokyo Haneda (91.3%) followed by Munich, Germany (87.7%). The best airline for punctuality was airBaltic, a Latvian carrier (94.4%).

The Times, 7 January 2016, p17

Ford steers towards autonomous vehicles

Speaking at the Consumer Electronics Show in Las Vegas, chief executive of Ford, Mark Fields, claimed that self-driving cars will be the most important development in motoring since horses were replaced by cars. He also said that: "Driving with a steering wheel is as antiquated as wanting to ride a horse". He used the venue to announce a deal with Amazon to integrate its voice-activated Alexa and Echo into Ford's cars so that drivers can perform tasks like ordering the car to open the garage door and turn on the lights. Fields has set a target for Ford to have an autonomous vehicle on the road by the end of this year but some experts believe that autonomous vehicles won't be fully adopted until 2030.

The Guardian, 8 January 2016, p11

JLR – takes China's place as largest market

Jaguar Land Rover (JLR) has suffered from a slowdown in the Chinese market. By 2014 China was JLR's most important market, generating 28% of sales but last year sales fell by 24% and the country now accounts for less than a fifth of group sales. The UK has stepped up to the mark: in 2015 over 100,000 vehicles were sold for the first time in JLR's domestic market which has become the largest in the world for the group. Meanwhile US sales rose by 25% and European sales by 28% last year.

The Times, 9 January 2016, p47

Written by CIM's Knowledge Services Team

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Name	From	To	New title	Source
Phil Bird	GfK NOP	Sample Answers	Managing Director	research-live.com
Tim Myhren	Grey	Apple	VP of Marketing Communications	Campaign
Thaer Namruti	Acxiom	Starcom Mediavest Group	Senior VP for Precision Marketing Strategy	Campaign
Cristian Samoilovich	Uber	Ryanair	Head of Public Affairs	Financial Times
Loiuse Whitcombe	Lida	Havas Helia	Group Managing Director	Campaign

Promotions

Name	Company	Previous title	New title	Source
Maryam Hamizadeh	Haymarket Media Group	Director of The Clothes Show	Director of Exhibitions	fashioninsight.com

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The Bookseller**

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www.farminguk.com

[The Financial Times](http://TheFinancialTimes.com) ~

The Grocer

[The Guardian](http://TheGuardian.com)

Gulf Marketing Review

Harvard Business Review**

[The Independent](http://TheIndependent.com)

The Journal of Brand Management*

Journal of Product Innovation Management** (12 month embargo)

www.lexology.com

London Business School Review

www.marketingweek.com

Market Leader

Marketing Africa

Mobile Europe

www.packagingnews.co.uk

www.research-live.com

Retail Week

Social Business

The Times

www.utilityweek.co.uk

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