

# Cutting Edge: Our weekly analysis of marketing news

2 March 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

#### Ad expenditure and brand affinity

The authors investigate the relationship between advertising expenditure and perceptions of popular brands by mothers and children in the US. They find that advertising expenditure on traditional media positively relates to brand affinity for mothers and children, while product placement has a positive relationship with children's brand affinity but not with mothers' brand affinity. Marketers of the top children's brands tend to channel most of their advertising through TV and magazine ads suggesting that they consider traditional media to play a key part in targeting the youth market. The advertisers were found to spend disproportionately more on targeting Hispanic and African Americans.

**International Journal of Advertising, Vol 35(1) 2016, pp42-60 (Kim et al)**

#### The birth of corrective advertising

The practice of 'propping' for the purpose of advertising shoots was commonplace in the 1960s. For example, mashed potato would be coated with resin to make it look like ice cream which would otherwise melt too quickly to be used. In 1968 marbles were used in a bowl of Campbell's new Chicken & Stars soup as a way of preventing the solid ingredients from sinking to the bottom. Unfortunately the US Federal Trade Commission got involved which led to a raft of legal actions and the emergence of a new concept in cases of deception, known as 'corrective advertising'.

**Campaign, 26 February 2016, p13**

#### ASA updates complaints procedure

The Advertising Standards Authority (ASA) has updated its procedures for deciding whether an

advertiser has breached the UK Advertising Codes. In cases where a complainant supplies evidence to support their objection to an advert, they must agree to it being shared with the advertiser; this will enable the advertiser to have a fair opportunity to respond. The complainant's evidence will only be disclosed after the advertiser has given an initial response in support of their claims.

**lexology.com, 25 February 2016; asa.org.uk**

### Agencies

#### The client-agency relationship

The relationship between agencies and brands increasingly has to respond to diminishing budgets, evolving technology, fragmenting markets and rising consumer power. The role of agencies is changing as marketers require them to be more flexible and work collaboratively across disciplines. Disney and media agency OMD have created Team Orchestra, a function that sits within the agency and brings in experts from other parts of parent company, Omnicom as and when needed. Other brands mentioned in this article are Diageo and Direct Line Group. A case study of Gatwick Airport is included.

**Marketing Week, 25 February 2016, pp27-29**

#### IPA sets new four-year targets

Agencies and media owners are being encouraged to use the extra day in February (29<sup>th</sup>) to promise to achieve four targets over the next four years. They can submit their pledge by visiting [wewillmaketheleap.com](http://wewillmaketheleap.com) and then tweet that they have signed up. The IPA's goals for 2020 are for: 40% female representation in senior positions; 15% black, Asian and ethnic-minority representation in senior positions; the elimination of unconscious bias through training; and raised awareness of flexible or agile working. The IPA, Twitter, Campaign and Adam & Eve/DDB are backing the campaign.

**Campaign, 26 February 2016, p5**



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## **Brands and branding**

### **Brands involved in supermarket price wars**

Many brands are caught up in retailer price wars which affect both the brands' and the retailers' positioning, making the performance of individual brands difficult to predict. The impact on brand performance after the price war, when prices return to normal, is also difficult to predict. This study tracks brand sales and share before, during and after a lengthy price war in the Dutch grocery market. It reveals that price wars are not revenue, sales or share generators for most brands unless the prices remain permanently reduced. It also finds that returning prices to their former level without additional price promotion can significantly harm the brand's performance. In general, national brands can gain share, sales and revenue but only if regular prices are not restored, while private labels can benefit even if prices are restored after the price war.

**Journal of Marketing Research, Vol 52 December 2015, pp784-800 (Sotgiu and Gielens)**

### **Effect of brand attachment on brand loyalty**

Brand loyalty has come to the fore as brands increasingly regard it as a way of enhancing long-term relationships with customers in B2B markets. There has been a lack of research into industrial buyers' attachment to industrial brands and products. Using a survey of owner-operators of heavy trucks (where buyers have first-hand experience of product use), the authors argue for the existence of brand and product attachment in an industrial context and look at their effect on brand loyalty. The results indicate that brand attachment directly and positively influences brand loyalty while product attachment indirectly drives brand loyalty through the effects of brand attachment.

**Industrial Marketing Management, Vol 53 February 2016, pp194-206 (Pedeliento et al)**

### **Brands play to authenticity trend**

For a long time brands have been playing on the emotional value of their products for consumers but this approach no longer seems to align with the modern consumer's need for authenticity. The message is that brands should be appealing to higher values and the consumers' wish to become more fulfilled human beings. Reebok has entered this territory with its *Be more human* campaign, which focuses on the benefits of exercise and seeks to place Reebok at the centre of consumers' goals to become "better" human beings. This has helped to differentiate Reebok from the fitness-only stance of its competitors. Other brands, such as Aviva, are making the most of the trend for people to feel better about themselves.

**Marketing, March 2016, pp38-41 (Coleman)**

## **Conferences and events**

### **Moderation in all things**

A skilful moderator can make all the difference to a meeting and it has been calculated that moderation accounts for about a third of the success of a meeting. Yet it is still common practice for moderators to approach a meeting without having rehearsed the agenda. Moderators should spend time moderating the design of the meeting to ensure that it is a "masterpiece of tone, pace and style", says master moderator Jan-Jaap In der Maur. He believes that the best moderators are "keen judges of speed". When moderating there are four important criteria to consider: skills, personality, event type and subject relevance.

**Association Meetings International, February 2016, pp18-19 (In der Maur)**

### **Most popular destinations**

Economic uncertainty in China has led to 17% decline in business travel from the UK. American Express Global Business Travel's view of the top ten business destinations for 2015 reveals that Shanghai has fallen from the top ten most-booked international destinations outside Europe. UK business travellers were most likely to travel to Amsterdam or Dublin for business last year while the most popular international destinations overall were New York, San Francisco, Dubai and Johannesburg.

**meetpie.com, 29 February 2016**

## **Consumer behaviour**

### **Experiential motivations and SRC**

In this paper the concept of experiential marketing is used to explain motivations for socially responsible consumption (SRC). The authors argue that practising responsible behaviour helps consumers to perceive five types of experiential value: emotional, cognitive, sensory, relational and behavioural. The research, which was based on a web-based panel of over 1,000 US respondents, confirmed the existence of an average level of each experiential value type in responsible decisions. The study provides guidelines to help promote socially responsible consumption through consumers' experiential motivations.

**International Journal of Market Research, Vol 58(1) 2016, pp119-139 (Shobeiri et al)**

## **Customer relations**

### **Strategic frontline employees' influence**

Marketing relationships have changed from a simple two-way interaction between the company and its customers to more complex situations in which frontline employees manage a portfolio of stakeholder relationships. The strategic frontline employee (SFLE) is defined as a "focal" marketing employee who needs to influence groups including customers, the internal business team and external business partners. The authors compare SFLE

influence tactic effectiveness on the three stakeholder groups using the example of two firms. They find that the SFLE's influence of both the internal business team and external business partners has a greater impact on their performance than their influence of customers.

**Journal of Marketing, Vol 80(1) 2016, pp106-123 (Plouffe et al)**

### **Winning back customers**

A key variable for service companies that rely on regular billing is the rate of churn. Competitive industries suffer from a high rate of churn, with some wireless carriers losing 3% of subscribers every month. Companies experiencing high churn will often spend large amounts on marketing to attract new customers to replace the defectors. New research from Georgia State University looked at 53,000 customers who left a telecom company over a period of seven years. They came up with three reasons why companies should focus on regaining their lapsed customers and sought to answer four key questions including: "Which win-back strategy is the most profitable?"

**Harvard Business Review, March 2016, pp22-23 (Kumar et al)**

### **Direct marketing**

#### **E-mail marketing**

E-mail marketing is benefiting from new technology, such as programmatic, which helps it to create personalised, relevant messages. According to a Direct Marketing Association survey, 93% of respondents think that e-mail is "important" for achieving brand goals, an increase on the 89% of 2012. Housetrip's head of performance marketing, Romyana Miteva, claims that 54% of e-mail recipients who click through to the site, place a booking within 24 hours. This is attributed to e-mails being online, to mobile and to the use of programmatic.

**Marketing Week, 25 February 2016, p7**

### **Law**

#### **China – new rules on internet content**

In February China's State Administration of Press, Publication, Radio, Film and Television and the Ministry of Industry and Information Technology jointly released new rules regulating the publication of nearly all types of internet content in China. The Online Publishing Service Management Rules, which take effect on 10 March, cover almost all internet content providers, including publishers and news aggregators, advertisements, social media content and mobile games. This article studies the implications.

**lexology.com, 24 February 2016**

### **P&G accuses discounters of counterfeit**

Procter & Gamble is taking legal action against Poundstretcher because it believes the discounter has been selling counterfeit versions of its Head & Shoulders shampoo and Ariel products. It is also suing J&S and Home and Beauty for infringing its trademarks between 2013 and 2014. P&G is seeking to recover damages and to establish the origin of the fake products. Poundstretcher and Home & Beauty have yet to submit defences but J&S says it "does not admit" to having sold or stocked the products. This case could expose problems in the way that discount stores are supplied.

**thedrum.com, 28 February 2016; The Sunday Times (Business + Appointments), 28 February 2016, p1**

### **Marketing**

#### **CSR – perceptions of price fairness**

Companies use corporate social responsibility (CSR) as a way of raising perceptions that they are fair market players. Customers often derive a warm glow from companies' CSR practices. This in turn can affect factors such as willingness to pay and customer loyalty. However, the authors argue that customers do not indiscriminately accept the benefits of CSR, but instead often suspect that prices are raised to finance CSR practices. They further argue that CSR engagement has mixed effects on consumers' perceptions of price fairness and therefore on other effects such as customer loyalty. They support their assumptions through one qualitative and four quantitative studies of over 4,000 customers and present communication strategies to enhance the effect of CSR engagement on price fairness.

**Journal of Marketing, Vol 80(1) 2016, pp84-105 (Habel et al)**

#### **Marketing's strategic value**

Marketing is increasing its influence within business and a fifth of FTSE 100 CEOs now have a background in marketing or sales. But two recent studies suggest that marketers are still failing to communicate the strategic value of their role. The first, by Research Now, has found that 84% of respondents believe that marketing is essential yet its findings also suggest that sales, customer service and manufacturing/operations are considered to be more important functions than marketing. In the second piece of research, by CIM, two-thirds of respondents (67%) said that senior leaders do not appreciate the strategic role of marketing and the function is often viewed as being communications-focused. The study identifies the key areas within organisations that need to be addressed so that marketers can deliver the brand experience. The findings are being presented at CIM's Brand Health Summit today (2 March).

**Marketing Week, 25 February 2016, pp18-22**

### **Illuminated signs – rules could harm business**

In the past few years some US municipalities have placed restrictions on illuminated on-premise signs, but sign makers and users argue that these restrictions harm their businesses. This study, which uses a sample of on-premise sign users, investigates how much they rely on the signs for key marketing functions and how much the signs impact profits. It reveals that respondents strongly agree that lighted on-premise signs perform key marketing functions while the majority believe that restrictions on such lighting harm profitability.

**International Journal of Advertising, Vol 35(1) 2016, pp61-73 (Taylor and Sarkees)**

### **Security sells**

Security measures are often viewed as a nuisance by businesses and it is not necessarily an area that they want to draw attention to when marketing a product or service because security issues can be regarded negatively. Things are beginning to change and there is growing recognition that security can act as a support or even facilitator of sales. Recent research reveals examples where high security standards can be an effective sales and marketing tool which can even attract business. The authors look at key areas where security proves beneficial.

**Winning Edge, January-February 2016, p10 (Gill and Howell)**

### **Successful B2B e-commerce**

Traditionally B2B companies have relied on print catalogues, sales reps and call centres to promote and support customer purchases. Now sales channels are moving online and customers can expect to have a B2C-type e-commerce experience with online access to B2B purchasing and self-management processes. To remain competitive B2B organisations need a comprehensive e-commerce set-up. Five of the key challenges facing those commencing a B2B e-commerce programme are explored.

**B2B Marketing, February 2016, p40 (Koehler)**

### **Market research**

#### **JCDecaux launches London panel**

JCDecaux, the outdoor ad company, has created a London panel called MyLondon which has 5,000 participants. The company aims to deliver insight to its clients on Londoners, who it considers to be a "hard-to-reach urban audience". The panel allows clients, who ask opted-in questions through a website or app, to receive feedback within hours. ResearchBods, which is running the panel, will operate a location-based element in the form of a geo-fenced area that will allow respondents in the right location to receive a survey. An add-on app also prevents respondents' bias by passively recording their movements.

**research-live.com, 26 February 2016**

### **Public relations**

#### **PR's shift into digital – South Africa**

Despite the fact that the public relations function has evolved in response to the digital era, the fundamentals of PR remain largely the same, according to Howard Fox, marketing director of the Gordon Institute of Business Science. He points out that the new digital and social media platforms have shifted PR from manipulation to social interaction, but that PR is still trying to "create awareness and brand associations in consumers' minds". Daniel Munslow, consultant at PR firm VMA, believes that many PRs have a "fundamental misunderstanding" of how to engage. He identifies a shift towards business communication management while advocating analytics and measurement to make PR more relevant. Research from VMA – *2015-16 South Africa Report: Key Issues impacting on communication practitioners in the South African marketplace* – also reveals that there is a PR skills deficit.

**Journal of Strategic Marketing, February-March 2016, pp50-53 (Bouwer)**

### **Sponsorship**

#### **Premier League shuns sponsorship**

The Premier League has a new brand identity based around its lion motif while soldiering on without a sponsor. Last year Barclays ceased to be the title sponsor of the Premier League for the first time in 23 years. The League has reportedly rejected a £45m-a-year deal with Diageo because it wanted to follow the 'clean' brand identities associated with US sports leagues, including the NBA and NFL.

**Marketing, March 2016, p11**

### **Agriculture, fishing and forestry**

#### **China invests in antipodean farming**

Australia's largest dairy – the Tasmanian Land Company which has 30,000 cows and 25 farms – is to be acquired by Chinese investors. This is just one of a series of purchases by Chinese investors of agricultural land in the Asia-Pacific region. There has been controversy in Australia and New Zealand, where regulators are tightening up on foreign deals but still trying to be amenable to investments that will increase agricultural output and jobs. Last year Wellington blocked a bid from Shanghai Pengxin to acquire the Lochinver sheep and cattle station.

**Financial Times, 24 February 2016, p7**

#### **Napa Valley tunes in to drones**

Napa Valley wine growers have traditionally used workers on foot or tractors to spray the vines. In December Yamaha Motor of Japan became the first company to win federal approval for the use of a drone in agriculture in the US. The company's drones, which have been used in Japan for two

decades, dust a third of the country's rice paddies. This has helped to deal with an ageing population and a dwindling supply of labour. In the US Yamaha will face strong competition in the form of China's DJI, the world's largest maker of drones.

**Bloomberg Businessweek, 22-28 February 2016, pp26-27**

### **Pig farming**

The recent fall in the price of pig meat has been largely blamed on the Russian ban imposed in 2014, but there have been ongoing problems in the form of foot-and-mouth back in 2001 and a recent warning by the WHO that processed meat causes cancer. The average Briton eats 24kg of pork a year, half that eaten by an average German. Farmers complain of cheap European meat imports and better subsidies for European farmers. Meanwhile small pig farmers are disappearing and the industry is integrating, with specialist farms dealing with various stages of production.

**The Economist, 27 February 2016, p26**

## **Building industry**

### **The key to working capital**

The engineering and construction sector have the highest capital consumption of any industry, which is why effective management of working capital is a high priority. Effective working capital management can be the key to greater financial efficiency for the UK construction industry. The industry is highly fragmented and control is often decentralised down to project level, which makes it less efficient. The author, a working capital management partner at PwC, explains how the consultancy has identified a working capital opportunity of €95 billion.

**Construction News, 26 February 2016, pp36-37 (Windaus)**

## **Businesses and strategy**

### **Competition, market rules and behaviour**

Companies operate in markets within certain rules which are set out by laws, regulations and social practices. The authors explore the effect of the degree of competition on the extent to which companies invest in satisfying the rules of the market. They reveal that greater competition results in putting smaller investment into following market rules. In contrast, stricter market rules can result in larger investments in satisfying these rules and can lead to lower production. The authors also address the likelihood of companies breaking the market rules depending on their relative market shares and other factors.

**Journal of Marketing Research, Vol 52 December 2015, pp801-816 (Branco and Villas-Boas)**

### **Innovation projects and cross-ties**

Networks within business teams can enhance performance: these innovative project teams comprise people with a range of expertise and backgrounds. The team members often have links to other teams, business units and hierarchical levels. Little research has been done on these vertical and horizontal "cross-ties" within organisations which may have different performance outcomes. The authors place particular emphasis on the role of vertical cross-hierarchy ties. The study, based on a large European financial service provider, reveals that successful innovation project teams tend to have a large number of cross-unit ties combined with a large number of cross-hierarchical ties, compared with less successful project teams.

**Journal of Product Innovation Management, Vol 33(2) 2016, pp141-153 (Aalbers et al)**

### **Happy workforce is foundation of success**

The link between employee attitudes and business performance was first established through a series of experiments back in the 1930s. A substantial research project conducted in 2012 by Gallup revealed that business divisions which scored in the top half of employee engagement achieved nearly double the performance outcomes of those in the lower half. It concluded that employees with positive attitudes towards their workplace are likely to transfer these attitudes to customers. Some employers have yet to take this on board and employee engagement and happiness at work is actually in decline. Jim Harter of Gallup believes that "Good people management is key to having happy people in an organisation". Netflix and Lego are mentioned in this article.

**Financial Times (Employment Global Best Practice), 26 February 2016, pp2-3**

### **A disgusting performance?**

Face-reading software has found a link between negative emotions and positive financial performance. The software analysed videos of 200 CEOs of major companies to reveal that CEOs with fearful expressions saw a 0.4% rise in their company's stock prices within a week while those who revealed disgust saw a 9.3% rise in profits in the following quarter. No explanation is offered!

**New Scientist, 27 February 2016, p25**

## **Charities and NGOs**

### **Illogical giving**

*The Logic of Charity: Expectations in Hard Times*, is a book which seeks to explain that charity is not a logical business. It says deprived areas often have fewer charities than affluent ones and people are more likely to donate to a charity for personal reasons than because of the worthiness of the cause. For example, donkeys may get more money than drug addicts. The book, which is written by

John Mohan and Beth Breeze, also touches on the world of charity policy and politics and the work of the Government's 'nudge' unit.

**Third Sector, March 2016, p15**

### **Red Cross commits to best practice for calls**

British Red Cross has signed an undertaking to commit to best practice for fundraising calls, which are covered by the *Privacy and Electronic Communications Regulations*. The charity has pledged to go beyond the rules by only calling potential donors if they have opted in to receive calls within the previous two years. This follows an incident in which the ICO contacted British Red Cross while investigating a report in the *Daily Mail* claiming that some charities were ignoring marketing rules to compete for donations. The British Red Cross was found to have complied with the law.

**ico.org.uk, 26 February 2016**

### **Nicest Job in Britain – and good PR too**

Last year ethical energy broker Utility Aid launched a CSR initiative to employ someone for a year working for a week at a time at 45 different charities. The charities used *The Nicest Job in Britain* initiative to gain some valuable publicity in the form of press and social media coverage and documentaries. Guide Dogs, for example, claims to have received coverage resulting in it being seen by 1.2m people. Luke Cameron, who was recruited for the scheme, describes how some charities were better at taking advantage of the opportunity than others.

**Third Sector, March 2016, p54**

## **Durable consumer goods**

### **Bullet proof sofas hit the spot**

The growing threat of terrorist attacks has provided an opportunity for one British furniture maker. Glasgow firm Osdin Shield has started producing "ballistic protection furniture" including the first ever range of bullet resistant sofas and chairs which have armour plating sewn into them. The furniture is aimed at the hotel market or other public places where people can shelter behind a sofa if the premises are attacked.

**The Daily Telegraph, 25 February 2016, p13**

### **Lego launches stay-at-home dad character**

Following on from Lego's release of a minifigure in a wheelchair, the company is launching a "stay-at-home" dad. It was released at the US toy fair and is meant to reflect the estimated two million dads in the country who stay at home. Lego is just one of the companies which have been launching toys to reflect greater diversity. Mattel recently unveiled Barbie dolls with a range of shapes and skin tones.

**thedrum.com, 27 February 2016**

## **Economy**

### **LSE could merge with Deutsche Börse**

The news that the London Stock Exchange is in talks about a merger with Germany's Deutsche Börse came days after the announcement of the date for the British referendum on the EU. The possible takeover of the LSE by a German institution has raised relatively few eyebrows and talks have apparently been going on for some time. It is not known how Brexit may affect the deal but there will be plenty of other obstacles to overcome, such as clearance from competition authorities and regulators.

**Financial Times, 25 February 2016, p22**

### **India-China trade gap**

Although India's economy grew by 7.5% last year – higher than China's 6.9% growth – the country's merchandise-trade deficit with China is widening, having reached 2% of GDP last year. This state of affairs reflects the weak state of India's manufacturing industries. The Government has started offering subsidised loans to labour-intensive industries, such as ceramics and bicycle parts, in the hope of supplying young workers with jobs. Meanwhile Indian products are largely excluded from the Chinese market. On the bright side India is the world's fastest-growing large economy and this may attract multinationals.

**The Economist, 27 February 2016, pp60-61**

## **Energy and utilities**

### **Renewable energy – highs and lows**

EY's latest *Renewable Energy Country Attractiveness Index* (RECAI) says that "a lack of regulatory clarity" from central government has led to the UK being lumped together with countries like Saudi Arabia, Poland, and Australia which are entering a critical 12 to 18 months for renewable energy roll-outs. The report ranks China, Germany, France and Sweden as the top markets in which opportunities are "mature and steady". The US, Brazil, India and South Africa are labelled as "rising stars", with no sign of a slowdown in market growth. In September the UK fell out of the top ten of EY's respected international league table on renewable energy for the first time in 12 years. EY warns that UK renewables businesses should not rely on subsidised funding.

**utilityweek.co.uk, 24 February 2016**

## **Environment**

### **Over 300 recycling systems in England**

MP Rory Stewart, who is responsible for resource management in England, says it is "absurd" that there are more than 300 recycling systems in the country. He believes that a single system could produce big savings and increase recycling rates. EU law dictates that the UK must recycle 50% of its

household waste by 2020. Wales exceeds that level but England and Scotland have not yet reached their targets. Stewart is working with Wrap, the recycling charity, to promote consistency of collection systems in England.

**The Daily Telegraph, 25 February 2016, p10**

### **Scotland to cut food waste by 33%**

The Scottish Government's Food Waste Reduction Target claims to be the first of its kind in Europe, according to environment secretary Richard Lochhead. It aims to cut food waste by 33% by 2025 and save at least £500m. He says this will put Scotland on track to meet the UN's sustainable development goal of halving food waste by 2030. Scotland has already identified four areas where it can make the biggest environmental impact, which include food and drink.

**The Grocer, 27 February 2016, p6**

## **Fashion**

### **Clothing rental – the latest fashion**

Subscription services, where consumers can hire services without owning the products, have come to the fore with services such as Spotify and Netflix. Renting goods for a period of time makes sense for other categories, in particular fashion. A new report from Westfield, *How we shop now: what's next?*, has found that shoppers are increasingly open to the idea of renting clothes, with many shoppers wanting to change their wardrobes on a day-by-day basis. The trend is particularly evident among millennials, sometimes referred to as "generation rent". Rent the Runway and Girl Meets Dress are two online fashion services but they have been held back by the fact that consumers want to see and touch the clothes, so the natural evolution will be a shift to bricks-and-mortar stores.

**Retail Week, 26 February 2016, p13**

## **Financial services**

### **Social finance**

Venmo, part of PayPal, is a peer-to-peer app which has spread rapidly in America among millennials who use it to pay each other back for purchases by "Venmoing" instead of using cash. Users have been adding messages, emojis and electronic ideograms to the transactions so that the financial transaction is turned into more of a social experience. Younger people are more open about what they spend their money on compared with older users, who tend to be more private, according to PayPal chief executive Dan Schulman.

**The Times, 24 February 2016, p43**

### **Banks playing catch up with digital wallets**

Traditional financial institutions are concerned that mobile payment services, such as Apple Pay, could

affect customers' loyalty, especially among millennials who are more likely to switch banks than older people. However banks don't seem to be rising to the challenge: a recent poll reveals that only 5% of banks in the US have a branded wallet app that works in stores with Android phones, although 17% said they plan to release an app in the coming months. Capital One became the first US institution to introduce its own wallet app for use in stores in October while JP Morgan Chase is due to launch one this year.

**Bloomberg Businessweek, 22-28 February 2016, p48**

## **FMCG**

### **Beverages**

#### **London whisky**

The London Distillery is making the first whisky in the city for over a century. The last establishment to produce whisky in the capital closed in 1903. The London Distillery kicked off in 2011 when the co-founders used crowdfunding platform Crowdcube to help start their business. The distillery aims to produce 1,400 litres of whisky a month.

**Wired, March 2016, p35**

#### **Nespresso open London café**

Nespresso is piloting the UK's first Café Nespresso in Cheapside, London this summer. Nespresso says that the café is "the next step in the customer experience" and follows the first Nespresso Café which opened in Vienna last year. The launch will coincide with the first Nespresso Cube in the UK, a machine from which people can buy coffee capsules and which selects and packs the capsules using a robotised system.

**The Grocer, 27 February 2016, p8**

#### **Juices and smoothies hit by war on sugar**

Juices and smoothies have lost nearly £76m in sales in the 52 weeks to 6 December, according to Kantar Worldpanel. This is attributed to the "war on sugar" and pressure from the discount retailers. Even smoothies, which had previously been a growth category, declined by 5.6%. Juice drinks, which suffered the greatest decline, fell by £40.3m. Health campaigners, such as Jamie Oliver and Action on Sugar, are continuing to place sugar reduction high on the agenda and retailers are beginning to remove high-sugar products from their shelves. Suppliers are responding by launching reduced- and no-added-sugar products.

**The Grocer, 27 February 2016, p34**

### **Cosmetics and toiletries**

#### **Mac sign ups Caitlyn Jenner**

Mac Cosmetics has signed up Caitlyn Jenner as a brand ambassador to launch a lipstick called Finally Free. The former Olympian, known as Bruce Jenner

before her transition, agreed to the association with Mac because 100% of the profits will go to the Mac AIDS Fund Transgender Initiative, which supports work in transgender communities.

**thedrum.com, 27 February 2016**

## Food

### **South Africa – challenges for food marketers**

Consumers are increasingly demanding about the type of food they eat; information about diets on the internet and social media is proving a significant challenge for marketers in the food industry. In Africa the rise of the conscious consumer is taking place in an environment where both malnutrition and obesity are serious problems. South Africa, where 68% of the population is overweight but many face hunger, is a case in point. This article looks at how suppliers and retailers are rising to the challenge and offers tips for South African food marketers.

**Journal of Strategic Marketing, February-March 2016, pp36-40 (Zerbst)**

### **Mars recall could affect trust**

Mars has undertaken a voluntary recall of its Mars, Snickers, Milky Way and Celebrations chocolate after a piece of plastic was found in one of its chocolate bars. The affected products were manufactured in the Netherlands and then distributed to 55 countries in the EU and elsewhere. The recall is bad news for a company that promotes quality as one of five key principles, since this is likely to have an impact on consumer trust.

**Financial Times, 24 February 2016, p16**

### **McVitie's plays the sweet card**

McVitie's latest campaign allows consumers to dress and play with a virtual kitten using an augmented reality app. This is part of the company's *Sweet* campaign which centres on cute animals coming out of McVitie's packets.

**Campaign, 26 February 2016, p6**

## Government and public sector

### **Democrat and Republican brands**

Consumer data has traditionally been used in political campaigns to understand how advertising budgets should be spent. However, candidates in the current US elections are increasingly using the data to work out how they should present themselves to voters and this includes being seen using the right type of brand. For example, Marco Rubio is known to have taken 431 Uber rides (Uber has become a "darling" among Republicans) while Hillary Clinton was spotted picking up food at Chipotle. The clear message they want to project is that: "I'm just like you...You can vote for me". The Apple iPhone seems to be the one brand that has

succeeded in remaining unpartisan...

**Bloomberg Businessweek, 22-28 February 2016, pp28-30**

## Health and pharmaceuticals

### **Fever-detecting ad**

Flu medicine brand Theraflu has come up with an innovative way for consumers to diagnose themselves with flu. An interactive outdoor ad scans a person's face while they are standing in front of a high-definition screen. The thermos-scanner camera measures the body's height and temperature before coming to a conclusion

**Marketing, March 2016, p20**

### **Cosmetic surgery – demand from men up**

Data from the British Association of Aesthetic Plastic Surgeons (BAAPS) reveals that there were 51,140 cosmetic surgery procedures in the UK in 2015, up by 13% on the previous year. Some 4,164 were performed on men, which is twice the number of a decade ago. Despite the numbers, it seems that part of the cosmetic surgery consultation involves dissuasion: a 2008 BAAPS survey found that half of plastic surgeons rejected 10% of their patients during the course of a year while one in five turned away 30%!

**The Guardian, 25 February 2016, pp10-11**

## IT and telecoms

### **BT to keep EE brand in the short-term**

BT has restructured its business into six parts while promising to keep the EE brand which it says will maintain a high-profile on the UK high street. However, analysts believe that the EE brand will be phased out over the long term to avoid consumer confusion and so that it doesn't detract from BT's quad-play proposition. Companies that acquire well-known brands have traditionally kept them for a while before incorporating them within the parent brand.

**Marketing, March 2016, p11**

### **5G on the horizon**

The 5G Innovation Centre (5GIC) at the University of Surrey is working with telecoms companies to develop the fifth generation of wireless technology and to help the shift towards the Internet of Things. 5G, which could be introduced by 2018, has the potential to offer mobile internet speeds that can download a film in just five seconds, which is 100 times faster than the current service.

**The Independent, 24 February 2016, p13**

### **Telecoms CEOs disagree with ad-blocking**

Two telecoms chief executives – Ronan Dunne of O2 and Gavin Patterson of BT – have publicly said that ad blocking is not necessarily the answer to the flood of advertising which mobile phone users are

subjected to. It is estimated that marketing videos can consume half of an average smartphone user's monthly data allowance. Three has recently entered into an agreement with Israeli company Shine to test ad blocking on its network. (See also Cutting Edge 24 February)

**The Times, 24 February 2016, p43**

### **A divided nation**

Ofcom's digital review outlines wide-ranging changes for the British communications market. It highlights the fact that 2.4m homes, or 8% of UK premises, do not receive a broadband speed of 10Mbps and that there is a digital divide between the haves and have-nots. It also points out that Britain is lagging behind other nations in FTTP (fibre-to-the-premises) networks. Britain is behind 29 other OECD countries in this respect: just 2% of households in Britain have FTTP compared with 70% in Japan and 60% in Spain. Ofcom is opening up BT's network for other telecoms companies to use in the hope that this will result in a spate of investment in new fibre optic cables, so reducing the country's dependence on Openreach.

**The Times, 26 February 2016, pp40-41; Financial Times, 26 February 2016, p3**

## **Leisure and tourism**

### **Branded gondoliers take to the water**

Gondoliers in Venice are to wear branded outfits carrying an official logo. Venetian clothier Emilio Ceccato has been awarded an exclusive licence to brand the outfits by a new gondoliers' association. The sale of replica clothes to the public will help to raise money to build more large gondolas.

**The Independent, 26 February 2016, p25**

## **Materials and mining**

### **A hypercyclical industry**

During the 2000s, Rio Tinto, as well as other mining companies, were caught up in one of the largest commodities booms in history. By 2012 Rio had reported its first net loss in 25 years and by 2013 Sam Walsh was asked to take over as CEO. Here he describes how he aimed to put the company back on a path to sustainable growth. Together with the Rio's CFO, he has focused on three initiatives: tightening up investment decisions by allowing the best projects to go ahead; running the entire business for cash; and rationalising the workforce. They also used best practices from other industries and harnessed the efficiency of new technology.

**Harvard Business Review, March 2016, pp33-36 (Walsh)**

### **First gold shop opens in Britain**

Sharps Pixley is the first high-street gold shop in Britain. It opened in London last month to meet what its owner, Ross Norman, describes as an "unmet need". The gold price has risen by 15% to

\$1,215 an ounce this year, which has halted the five-year decline during which the price fell to \$1,060 from \$1,800 in 2011. The debate is now on as to whether the gold price can continue to recover or whether the latest rise is temporary.

**The Sunday Times (Business + Appointments), 28 February 2016, p9**

### **Has Britain reached peak stuff?**

Since 2001 the amount of so-called "stuff" used in the UK – food, fuel, metals and building materials – has fallen, according to data from the Office for National Statistics. It claims that on average people used 15 tonnes of material in 2001 compared with just over ten tonnes in 2013. The figures will lead to speculation that Britain and other developed economies have reached "peak stuff", with Britain's consumption of raw materials per head being among the lowest in Europe, with the exception of Spain.

**The Guardian, 1 March 2016, p2**

## **Media**

### **Books**

#### **Children prefer print**

Over a number of years Egmont Publishing has been researching the attitudes and motivations of adults who buy books for children and the children who read them (or not!). Insights from the research include the revelation that digital is important to children's books but in unexpected ways. Whereas children like to play games on their devices, they use print books to read about the online world. In fact the children's print market grew by 7% last year while e-book sales remained at around 4% of the children's market. Egmont's recent research, conducted with Nielsen, reveals that 75% of children prefer print formats.

**The Bookseller, 26 February 2016, p15 (Poplak)**

### **Film**

#### **Drafting in food with your movie**

The Drafthouse Cinema in Austin, Texas, offers much more than just a movie experience. It specialises in teaming up movies with film-inspired menus, such as *Lawrence of Arabia* and a Bedouin feast. Meals and drinks are brought to people's seats while they watch the films. Now Drafthouse is trying to attract a bigger audience by expanding nationally with franchises in San Francisco and one opening in New York later this year. Co-founder, Tim League, wants to gather a "national base" of filmgoers who will be loyal to the brand. Meanwhile why not try Yoda Soba Salad while watching *Star Wars*?

**Bloomberg Businessweek, 22-28 February 2016, pp71-73**

#### **Making a successful film**

It is notoriously difficult to predict which films will be the most successful. *The Economist's* analysis of the

performance of over 2,000 films with a £10m-plus budget reveals that the strongest predictor of box-office receipts is the film's budget. A movie generates an average of 80 cents at American and Canadian cinemas for every dollar it plans to spend. The film's budget tends to be announced while it is in production which creates a buzz – the more the studio spends, the more it will devote to advertising and the budget will also help determine how widely the film is distributed. Ironically film stars and critics' views hold less sway over how well a film will do. A tongue-in-cheek formula for the most profitable type of film is offered.

**The Economist, 27 February 2016, pp62-63**

## Games

### Can Zynga maintain its zing?

Zynga is an example of a brand that came late to mobile. The company, which is best known for its *FarmVille* game, has had a string of poor results. It has missed out on the trend for millions of users to switch from desktop to mobile for their gaming. The company lost \$47m in its fourth quarter, up from \$45m a year ago while user numbers on the web have fallen from 6m to 3m. Zynga is battling on, with ten new games due to be released this year.

**Marketing, March 2016, p21**

## Social media

### Telegram – a message to advertisers

Telegram, a messaging platform founded in 2013 by Russian, Pavel Durov, has 100m users worldwide and is growing rapidly to challenge the likes of WhatsApp and Twitter. Telegram is well known for its unconventional political and commercial leanings. Its services are free and Durov has criticised other online enterprises for using targeted advertising. Telegram incorporates privacy features which have resulted in government and intelligence agency concerns that it may help terrorists.

**Financial Times, 24 February 2016, p17**

### Facebook, mapping and the internets

Mark Zuckerberg made a surprise appearance at the recent Mobile World Congress in Spain. As well as promoting virtual reality – all the attendees were wearing VR headsets to watch Zuckerberg's speech – Facebook announced a new development in mapping. Facebook's AI software has scanned billions of images of Earth taken by satellite to build a digital map of 20 countries, a process that has taken just two weeks. The company wants to build a map to work out how to deliver the internet to people who are still offline.

**New Scientist, 27 February 2016, p7**

## Video

### Verizon vies for mobile video

Verizon Communications, the US's largest mobile carrier, wants to start offering short video clips to millennials who spend more time on their phones than they do watching TV. The company's growth has been slowing now that most people in the US have cell phones and it has spotted an opportunity in the growing market for mobile video. Emarketer estimates that by 2018 169m Americans will watch videos on their smartphones at least once a month, a rise of 22% compared with 2015. Verizon's Go90 service hopes to capture a share of mobile ad spending which is expected to double to nearly \$6 billion by 2018.

**Bloomberg Businessweek, 22-28 February 2016, pp46-48**

## Packaging

### Ikea goes for mushroom packaging

Ikea is planning to replace polystyrene packaging with biodegradable packaging made out of fungus. American company Ecovative has developed the so-called Mushroom Packaging using mycelium, the part of the fungus that acts as its roots. The packaging will biodegrade in just a few weeks compared with the thousands of years it takes for polystyrene to decompose. Ecovative's other customers include Dell, which uses the packaging to cushion large computers.

**The Daily Telegraph, 25 February 2016, p10**

### Marmite jars on Mother's Day

Unilever is personalising its Marmite jars ready for Mother's Day. The jars can be purchased from the brand's Facebook page with a label featuring pink roses and the message "2Thanks for spreading the love" together with the word "Mum" or the recipient's name.

**The Grocer, 27 February 2016, p34**

## Retailing

### Over half online sales are on mobile

According to IMRG, a trade body for internet retailers, the majority of online shopping sales in the UK are now done via smartphones and tablets. It claims that 51% of online sales between November and January were done through handheld devices rather than computers and laptops, up from 40% last year. The increase is attributed to smartphones with larger screens and online sites becoming easier to view on mobiles.

**The Daily Telegraph, 25 February 2016, p13**

### Outlook bleak for March

Retailers fared well in January, but February was not so good, according to the CBI's quarterly survey which reveals that sales dropped below their normal level for the month and that retailers expect

business to be even worse during March. Supermarkets, who proved to be the most pessimistic, said they expected March to be the weakest in nearly three years.

**The Guardian, 25 February 2016, p25**

### **Ecommerce and the EU**

Retailers have been expanding their online operations across Europe as a way of achieving growth but there are various competition rules to be aware of across the territory. Rona Bar-Isaac, partner at law firm Addleshaw Goddard, offers a few practical points that retailers should consider. These include the illegality of blocking sales to customers in other EU countries and diverging approaches from competition authorities which makes a multi-channel distribution network difficult to achieve.

**Retail Week, 26 February 2016, p23**

### **New app lets you swipe to buy**

Technology firm Grabability has come up with a novel way for people to shop online. An app called Rappi allows shoppers to swipe through supermarket shelves and touch images of what they want to buy. Rappi claims to be able to deliver packaged goods "in minutes" to people's homes and "less than an hour" in the case of fresh goods. Its delivery staff, who select the items from a participating store, are self-employed and earn their money in a similar way to the Uber model.

**Retail Week, 26 February 2016, p31**

## **Services**

### **Private school pupils ahead of state schools**

Researchers at Durham University have found that pupils in private education are ahead of children at state schools at the ages of four, eight, ten and sixteen. They estimate that, by the time private school children reach the age of 16, they are two years ahead of their state school counterparts. The greatest differences in attainment at GCSE level were found to be in French, history and geography while the smallest disparities were in chemistry, physics and biology.

**The Independent, 26 February 2016, p9**

### **OS produces map of Mars**

Ordnance Survey, based in Southampton, has used Nasa data to produce a map of Mars, which could be useful for future missions to the planet. "The private sector and space agencies are currently in competition to land the first person on Mars", according to OS director of products, David Henderson. The map, which covers 3,672km by 2,721km of Mars' surface, has been designed in the same way as any OS map for Britain would be.

**businessmag.co.uk, 24 February 2016**

### **Travelodge – biggest-ever campaign**

Travelodge is spending £26m on its biggest-ever brand campaign. It follows on from the company's *Travelogical* campaign of May 2015 but instead focuses on service elements. Marketing director, Karen Broughton, believes that Travelodge is benefiting from the shift towards discount brands such as Lidl and easyJet.

**Marketing Week, 25 February 2016, p6**

## **Transport and travel**

### **Aston Martin expands to Wales**

Aston Martin is to build a second manufacturing facility in the UK, to be located at St Athan in Glamorgan, which will result in the creation of 4,000 jobs. It will be home to Aston's new "crossover" sports utility vehicle. Around 90% of the production at St Athan is expected to be exported.

**The Daily Telegraph (Business), 24 February 2016, p5**

### **Heathrow suffers through lack of capacity**

Heathrow airport's pre-tax profits rose by 21.9% to £223m last year even though the airport is described as "full" and cannot take on any more flights. Heathrow says it has made more efficient use of runway space as well as using bigger aircraft and new technology to reduce delays. Passenger numbers reached a record 75m. Nevertheless capacity problems are holding back the British aviation industry and Heathrow has fallen from its ranking as third-largest airport in the world in 2005 to sixth-biggest last year. The question of whether a new runway should be built at Heathrow is still up in the air pending further investigation.

**The Times, 24 February 2016, p40**

### **McLaren goes for 'cheaper' cars to raise sales**

McLaren wants to increase its sales this year from 1,500 to 3,000 cars by launching a range of cheaper sports vehicles. The new cars, which will still carry the so-called "McLaren DNA", will retail at £126,000, allowing it to compete with other sports cars such as the Audi R8 and the Porsche 911. McLaren chief executive, Mike Flewitt, presented a seven-year business plan for the company in December.

**Financial Times, 25 February 2016, p25**

### **Uber introduces motorcycle taxis**

Uber has just launched UberMOTO, a motorbike service, in Bangkok, Thailand. Uber claims that traffic speeds in the city have dropped to 16kph and that the average daily commute can take up to 120 minutes. The company does not regulate the number of riders allowed on one bike which has led to multiple riders. It is likely that Uber will expand the service across Asia, where motorcycle taxis are popular. Uber's competition in Bangkok is Grab Bike, part of Grab Taxi of Singapore.

**brandchannel.com, 24 February 2016**

## Buzz phrases

### **Suitcasers and outboarders**

Two slightly untoward practices are becoming evident at exhibitions and conferences: 'suitcasing' is where show attendees want to sell their wares but don't want to buy exhibition space. They can be found doing business out of a virtual suitcase, thus avoiding exhibition costs. 'Outboarding', which again refers to non-exhibitors, is the practice of using a hotel or meeting room near the convention centre in which to hold meetings and events. This means that they are effectively poaching registered attendees and drawing them away from paying exhibitors.

**Association Meetings International, February 2016, p51**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Darren Bentley	travelsupermarket.com	moneysupermarket.com	Marketing Director	Marketing
Matt Bourne	Omnibus Press	Better World Books	Strategic Sales Executive	The Bookseller
Robert Bridge	Yahoo UK	Telegraph Media Group	Chief Customer Officer	Campaign
Nina Douglas	Hachette Children's Group	Barrington Stoke	Associate Publicity Director	The Bookseller
Max Fellows	TBA	Concerto Live	Head of Client Services	citmagazine.com
Gethin James	MullenLowe Profero	VCCP	Planning Director	Campaign
Jessie Sullivan	Little Tiger Press	HarperCollins Children's	Campaigns Manager	The Bookseller
Julie Taylor	Optimisa Research	Gusto Research	Research Director	research-live.com

## Promotions

Name	Company	Previous title	New title	Source
Marie Deery	Saatchi & Saatchi	Business Leader	Head of Account Management	Campaign
Noel Hamill	BT	Director at EE	Managing Director, Marketing at EE	Marketing
Adam Sussman	Nike	Head of Global Strategy and Development	Chief Digital Officer	Marketing

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