

Cutting Edge: Our weekly analysis of marketing news

23 March 2016

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

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Marketing trends and issues

Advertising

Celebrity endorsements – how they work

Celebrity endorsement is a popular advertising strategy and companies spend huge amounts of money on it. This study seeks to provide a better understanding of the processes involved in celebrity endorsement by introducing a new variable, namely attitude towards the endorsement. This is something which could affect the relationships between celebrity and endorsement factors, and brand attitude. The study also takes into account perceived celebrity motive as an endorsement factor. It reveals that attitude towards the endorsement has an influence on the effect of three variables on brand attitude: celebrity expertise; celebrity brand fit; and perceived celebrity motive. When consumers perceive that the celebrity is motivated to perform the endorsement not simply by money, but also by product quality, it has a significant and positive effect on attitude towards the brand.

International Journal of Advertising, Vol 35(2), pp171-184 (Bergvist et al)

Agencies

2015 agency reports

The 2015 agency billings league tables, compiled for *Campaign* by Nielsen, reveals that Abbott Mead Vickers BBDO crossed the £0.5 billion billings line for the first time with growth of 8.4% to reach £511m thanks to clients such as Sainsbury's, Camelot and Mars. Meanwhile Grey London has made its debut in the top ten, at number eight, with billings up by 37.2% to £203m thanks to 14 new accounts. In contrast, Rainey Kelly Campbell Roalfe/Y&R had a bad year, having lost Jaguar Land Rover and Lloyds Bank, and its billings plummeted by 19.1%. The league tables provide listings of the top 100

agencies, top 50 media agencies, top holding companies and top regional agencies as well as annual reviews of the most influential agencies.

Campaign, 18 March 2016, pp1,9-52

M&C Saatchi benefits from election campaign

M&C Saatchi has reported a record profit of £13m for 2015, a rise of 27% year-on-year. The agency's success is attributed to the Rugby World Cup, where it managed O2's sponsorship, and the Tory election campaign in which it produced the poster of SNP leader Alex Salmond with Labour leader Ed Miliband in his pocket.

The Daily Telegraph, 19 March 2016, p39

Brands and branding

Self-branding

Personal and self-branding have become important promotional devices in the knowledge economy that help to promote the empowerment and professional success of the person. This study of self-branding practices among digital freelance professions in the knowledge economy seeks to plug gaps in the understanding of self-branding. It reveals how social media has become a working tool that helps to curate a professional image and the management of social relationships. Self-branding has become an investment in social relationships with the expected return being the acquisition of a reputation. Self-branding equates with social capital because it helps the person to gain employment in the freelance-based digital knowledge economy.

Marketing Theory, Vol 16(1) 2016, pp123-141 (Gandini)

Crowdculture in branding

Marketers expected social media to be the next big thing in branding because it allowed them to connect directly with the consumer. Yet, if anything, social media seems to have made brands less



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significant. This is because social media has changed the way in which culture works which in turn has resulted in the weakening of certain branding techniques and the uniting of isolated communities into so-called 'crowdcultures'. Crowdculture's members produce their own content so well that they undermine the impact of branded content and companies simply can't compete. Yet crowdcultures also pave the way for an alternative approach – cultural branding. This is where a brand sets itself apart by promoting a new ideology that comes from the crowd. Examples of brands that have been successful in this respect are: Chipotle, Axe and Dove.

Harvard Business Review, March 2016, pp40-50 (Holt)

Internal branding

Marketers are turning to the "ninth 'P' of marketing", namely their own people. This article examines the challenges of nurturing internal brand engagement which can lead to positive brand experiences for an organisation's clients. However, this can be only be achieved with a workforce that can communicate and embody the brand story. A recent paper, entitled *Relevance, Management and Challenges of Internal Branding* (Piehler, Hanisch and Burmann), identified five key challenges for internal branding. The authors' main observations are set out here.

Journal of Strategic Marketing, February-March 2016, pp48-49 (Mhizha)

Conferences and events

The slowdown in developing markets

The Chinese economy is slowing down having just recorded its slowest increase in growth for 25 years. This was a key topic at the recent MPI (Meeting Professionals International) Economic Outlook Forum at which experts warned the events industry to consider the implications of the slowdown. In the UK the main concern is the slowdown in China's manufacturing industry. There is a real possibility that event agency clients in emerging markets, such as China, Brazil and Russia, will start to batten down the hatches leaving non-essential activities, such as conferences and incentives, at most risk. Event planners are advised not to panic – not just yet anyway!

Conference & Incentive Travel, March 2016, p16

Life sciences and medicine

The first of a two-part article examines the meetings industry from the perspective of the life sciences and medicine sector, which covers a vast array of interconnecting disciplines. It also accounts for a big section of the international association meetings circuit. Glasgow City Marketing Bureau estimates that 40% of international meetings in the city are related to life sciences while Montreal places the figure at 39%. This article covers life sciences events in Europe and the UK, Asia-Pacific, Australia

and America. The second part of the article focuses on medicine.

Association Meetings International, February 2016, pp39-47

Consumer behaviour

Consumer animosity towards foreign products

This paper addresses the topic of consumer animosity towards another country, consumer ethnocentrism (the way consumers evaluate foreign products) and country of origin effect. It proposes a model that analyses the relationship firstly, between economic animosity towards a foreign country and consumer ethnocentrism and, secondly, their mutual effect on the perception of the country regarded as hostile, the evaluation of that country's products and foreign product acceptance. The model is tested on Italian and Spanish graduate students in relation to the image of Germany during the Euro crisis. Among the findings, the study supports the idea that consumers who feel anger towards a foreign country will favour domestic products.

European Management Journal, Vol 34(1) 2016, pp59-68 (Nisco et al)

Level of forecast and consumer inferences

Consumers often listen to forecasters' predictions about certain events, such as sport, the economy or health risks. The authors demonstrate that when forecasts are higher, for example a 70% vs 30% chance of something happening, consumers will conclude that the forecaster is more confident in their prediction, has done more in-depth research and is more trustworthy. They also judge the prediction to be more accurate. This is largely because higher forecasts suggest a greater likelihood of the particular event occurring and infer a confident analyst. In contrast, lower forecasts indicate lower likelihood and lower confidence in the event happening, which consumers interpret as less confidence on the part of the forecaster.

Journal of Marketing Research, Vol 53, February 2016, pp31-45 (Bagchi and Ince)

Customer relations

Addressing customer churn with a price plan

In a bid to tackle the increasing problem of customer churn, many service firms have turned to pricing plans for their customers. The rationale is that customers who have a plan suited to them are less likely to defect because they gain greater benefits from the service. The authors use a large-scale field experiment to investigate the effectiveness of such retention campaigns. They discover that encouraging customers to switch to a more cost-effective plan can in fact increase rather than decrease customer churn. They propose explanations for this rather surprising finding, assess the impact of targeted encouragement campaigns on customer behaviour and offer recommendations for service firms. The benefits of customer

participation on NPD performance are found to be greater in certain sets of circumstances.

Journal of Marketing Research, Vol 53 February 2016, pp46-60 (Ascarza et al)

Buyer fairness and supplier sales growth

Perceptions of fairness in buyer-supplier relationships tend to be dominated by the buyer's perceptions of fairness. The authors argue that seller's perceptions of the fairness of the buyer are just as important. Existing research fails to provide evidence for the long-term effects of this fairness on sales growth. They report on a study based on data from the automotive industry to reveal that only interactional and distributive fairness have a positive and significant effect on trust and commitment. However, as the supplier's level of dependence on the manufacturer increases, so the positive effect of trust and commitment on sales growth diminishes.

Industrial Marketing Management, Vol 53 February 2016, pp160-171 (Zaefarian et al)

Direct marketing

Ikea video clicks with shoppers

Ikea's interactive video, which it sent to shoppers after they signed up for the Ikea Family loyalty scheme, has resulted in a 12% rise in members visiting its stores. The video, which enables people to take a virtual tour of an Ikea store in Sweden, led to a 71% click-through rate when e-mailed to shoppers, while 61% of those contacted said they would visit stores more frequently.

Retail Week, 18 March 2016, p29

Law

EU data protection

By now most people will be aware that the EU has reached agreement on the new General Data Protection Regulation (GDPR) that will apply a common set of rules across Europe. The law, which replaces the UK's Data Protection Act, applies to any area in which a business uses data – customers, suppliers, website users, etc. It is also supported by a much tougher penalty scheme: the maximum fine is €20m or 4% of group turnover. The new rules don't take effect until 2018 but businesses should already be making plans, such as identifying policies and training that need to be put in place and creating a culture in which data protection is taken seriously. *DataIQ* takes a look at what the regulation means for businesses.

Management Today, March 2016, p16; DataIQ, Spring 2016, pp44-46 (Galdies)

Trunki case closed

This month the UK Supreme Court ruled against Magmatic, designer of the award-winning children's ride-on suitcase, Trunki, which was made famous by the TV show, *Dragon's Den*. PMS International Group's competing product, the Kiddee Case, was

found not to have infringed Magmatic's Community Registered Design (CRD) rights. This presents certain problems for designers, such as what form of protection is right for a new product type like the Trunki case, and how a registered design application should be expressed in order to gain maximum protection.

lexology.com, 16 March 2016; technology-law-blog.co.uk, March 2016

CMA to review market investigations

The UK's Competition and Markets Authority (CMA) has announced in its annual plan for 2016-2017 that it will review the way it undertakes market investigations. The report also states the CMA's intention of looking more closely at price comparison websites: "...we plan to undertake analysis on price comparison websites, with the aim of understanding whether problems exist in the sector and if so what changes might be needed to make sure it operates competitively and in the best interests of consumers."

out-law.com, 16 March 2016

Marketing

Customer involvement in NPD

Companies increasingly involve customers in various stages of new product development (NPD). Returns of customer participation on NPD can vary enormously and there are gaps in the literature regarding when such involvement is valuable in enhancing NPD performance. The authors conduct a meta-analysis which reveals that when customers are involved in the ideation and launch stages of NPD, it improves new product financial performance both directly and indirectly through speeding up the time to market. However, customer involvement in the development phase slows down the time to market and worsens new product financial performance.

Journal of Marketing, Vol 80(1) 2016, pp47-64 (Chang and Taylor)

The evolving media approach

Marketers need to adopt an approach to planning that recognises media channels as a way of distributing content rather than just a device or technology. Successful marketers will be those who can use digital platforms to connect at the right time for consumers, using content that is not intrusive. The author, head of media and digital for Africa and the Middle East at Millward Brown, reports on the agency's annual *Digital & Media Predictions*. He comments on: the need to optimise video and mobile advertising, to evaluate connected TV opportunities, the rise of content marketing and the opportunity for marketers to develop clearer consumer journey maps.

Marketing Africa, Issue 10 2016, pp66-69 (Suski)

Market research

An insight into insight

Many companies have an insight team sitting alongside their marketing function, which occupies an important role in understanding customers and predicting the success of new products and advertising. The insight team's tools, techniques and philosophies have evolved over the years. The World Federation of Advertisers and marketing consultancy BrainJuicer have carried out a joint study of marketing insight leaders to assess the future of insight, its new roles, methodologies and thinking. This article sets out the findings and offers three steps for profitable brand growth.

Market Leader, Quarter 2 2016, pp28-31 (Kearon)

Consumption emotions and SMS diaries

The author looks at the effectiveness of using 'SMS diaries' on mobile phones to capture the feelings of consumers of services at the very moment in which they are being experienced. The capture of emotions in real-time helps to give consumers the freedom to express themselves in their own words without having to adhere to a predefined list of emotions. This and other studies have shown that consumers often forget the emotions they experienced when asked to remember them after the event. These "emotional episodes" are important to understand since they can influence customer satisfaction levels and the choices of service providers. The SMS diaries proved to be an effective method of learning about consumption emotions.

International Journal of Market Research, Vol 58 (2) 2016, pp227-252 (Maguire)

Public relations

Radio – the right pitch

Radio producer Tim Johns offers advice for PR professionals who want to pitch their stories to the media. Because he is producer of the *Jeremy Vine Show* on BBC Radio 2, Johns is the target of many pitches, and he receives stories from a variety of sources. He has limited time to include additional material on the show and denounces pitches from PR companies as mainly "absolutely terrible" with 49 out of 50 failing at the first hurdle. Here he offers some tips which might just help a few more pitches to pass muster.

PR Week, March 2016, p13 (Johns)

PR agency in need of PR?

A subsidiary of Publicis Groupe has been accused of aiding Saudi Arabia in a "whitewash" of its controversial human rights record. Qorvis MSL Group, a PR agency which has been working with Saudi for over a decade, was responsible for an article in *Newsweek* entitled *The Saudis Are Fighting Terrorism, Don't Believe Otherwise*. This followed the imposition of death sentences on juveniles in the country. Human rights group Reprieve had written

to Publicis voicing its concern about the article. Shortly afterwards, the section of Qorvis's website promoting the agency's work in Saudi was removed!

The Independent, 18 March 2016, p18

Sponsorship

F1 sponsorship

Formula 1 sponsors benefit from a huge TV audience through which to market their brands, yet sometimes all they have to show for it is a small logo on a car. This article asks what payback sponsors get from Formula 1. Mark Gallagher, former head of sponsorship for Jordan Grand Prix, prefers to refer to "partnership" rather than "sponsorship" because the latter "smacks of patronage"; he argues that B2B brands use the sport for more important reasons than simply displaying their logos. William Dinger, F1 manager at Unilever, points to three aspects of his company's sponsorship: engagement; the tie-in with Williams Advanced Engineering; and additional clout when it comes to negotiating with supermarkets.

The Times (The Business of F1), 20 March 2016, p5

Hamilton told to tow the sponsorship line

Lewis Hamilton has been admonished by Mercedes for not honouring his commitments to the sponsors of the Mercedes F1 team. He has been criticised for wearing Louis Vuitton trainers when he should have been wearing Puma; meanwhile another sponsor, Hugo Boss, has complained that Hamilton has been turning up at red carpet events for competing brands, such as Alexander McQueen. Sponsors pay out millions to attach their names to Lewis Hamilton and his team and they are not tolerant of competitors' products being flaunted!

The Times, 18 March 2016, p66

Johnnie Walker continues with F1 sponsorship

Scotch brand Johnnie Walker has renewed its partnership with McLaren-Honda Formula 1 team, despite rumours that other sponsors have been pulling out because of the team's poor performance. Johnnie Walker has been sponsoring McLaren-Honda for a decade, mainly in relation to the *Join the Pact* initiative which discourages people from drinking and driving. Johnnie Walker aims to get 5m signatures for the cause by 2018.

thedrum.com, 18 March 2016

Agriculture, fishing and forestry

Turning up the heat on South African grapes

South Africa has been struggling with the effects of last year's drought, the worst since records began in 1904. Winemakers have also been hit by the effects of the heat on their vines which is likely to result in a sharp fall in wine production, according to

viticulturist March Ventrella at wine co-operative KMW. Winemakers in other parts of the world have also been hit by extreme weather but South Africa is especially vulnerable. Although the country is the sixth largest wine exporter by volume, in many of its markets it is sold in supermarkets at the lower, value-for-money end of the market. This means it will be difficult to raise prices and some growers are considering moving into other crops.

Financial Times, 17 March 2016, p46

Dairy industry unhappy with PHE advice

Public Health England's advice to consumers to reduce consumption of foods including cheese and milk has, not surprisingly, gone down badly with the dairy industry. The new *Eatwell Guide*, which shows how consumers can adopt a diet that meets recommendations on fat, salt and sugar, suggests that dairy should make up just 8% of daily calorie intake, down from 15% under the previous system. The dairy industry, which is suffering from an oversupply of milk and falling commodity prices, argues that the new advice is not backed up by scientific evidence.

The Grocer, 19 March 2016, p6

Lower commodity prices bring costs down

Between January 2015 and 2016 the average cost of agricultural production fell by nearly 5% due to a decline in wholesale fuel (down 20.7% year-on-year) and fertiliser prices (down 13.6%), according to the Anglia Farmers *AgInflation Index*. It also shows that the cost of animal feed declined over the period, with grain prices falling by 14.9%.

The Grocer, 19 March 2016, p18

Building industry

Nuclear power and the skills gap

Britain has a "theoretical" pipeline of energy construction waiting to address the long-term problem of energy security caused by the closure of coal-fired plants and ageing nuclear power stations. The largest contributor to construction growth should be nuclear energy in terms of both decommissioning work and new-build. Yet the industry is fraught with uncertainty which in turn has meant that it is reluctant to invest in the required skills. A long-term plan is needed to recruit the necessary workforce, tackle labour mobility and upskill. An infographic shows the proportion of UK construction workers by region.

Construction News, 18 March 2016, pp32-33

The age of the transformer?

A team at Harvard University and colleagues are working on a programmable, shape-shifting material. The technology allows objects to be made in one shape which can then morph into another. For example, you could have a house that folds itself

away or whose walls open up to form a doorway at the flick of a switch!

New Scientist, 19 March 2016, p22

Businesses and strategy

Promoting innovative thought

Innovative thinking, vital for business growth, is within the capabilities of most people and you can develop this skill by creating a culture of nonconformity within your organisation. The author argues that employees should be given the freedom to use their imaginations because this will result in huge numbers of ideas which are bound to include high-quality ideas that fellow innovators can evaluate. People should be encouraged to adopt the mindset of a competitor and to generate ideas privately rather than in brainstorming sessions. It is also important to strike the right balance between cultural cohesion and creative dissent.

Harvard Business Review, March 2016, pp78-94 (Grant)

The mobile-enabled salesforce – IBM-style

B2B customers' expectations for engagement with their suppliers have risen in line with their experiences as consumers. Meanwhile mobile has changed the way in which buyers and sellers interact. Last year, in response to these trends, IBM introduced its Mobile Sales Experience (MSE); over 13 months it provided more than 40,000 client-facing salespeople in 75 countries with an iPad, mobile apps and sales support. The aim was to give IBM salespeople better intelligence; to help them manage their content; and to enable effective collaboration. This article provides some background on the initiative and explains what IBM has learned from it so far.

Velocity, Vol 18(1) 2016, pp24-27 (Zimmerman)

Team management

Teams are regarded as an important part of organisations and companies often organise employees into cross-disciplinary teams to focus on specific products or customers. These teams often spend more time working with each other than reporting upwards, giving rise to a new organisational form which Deloitte describes as a network of teams rather than a hierarchy. Yet teams have problems, such as a lack of co-ordination and motivation. Organisations need to learn how to manage teams better – Deloitte claims that only 12% of executives feel confident in managing cross-functional teams.

The Economist, 19 March 2016, p68

Mission statements and performance

Mission statements are widely used as a strategic tool, yet their effect on organisational performance has not been established because of a lack of consistency in research results. This study uses a

model to look at the role of organisational commitment in explaining the link between mission and performance. The study, which reports on 112 health care organisations based in Portugal, demonstrates that the relationship between mission statements and organisational performance can be better understood if the influence of organisational commitment is factored in.

European Management Journal, Vol 34(1) 2016, pp36-46 (Macedo et al)

Charities and NGOs

JustGiving falls foul of Gift Aid rules

Charities are losing millions of pounds from money donated via the JustGiving website due to changes in tax rules. Donations involving personal messages from more than one person are no longer eligible for gift aid. HM Revenue and Customs ordered JustGiving to remove gift aid associated with certain messages, such as "from Mum and Dad", in a move that has been called a "stealth tax". JustGiving estimates that £1m to £2m a month is being lost to charities.

The Guardian, 16 March 2016, p4

Effective altruism

Effective altruism (EA) is a growing social movement which argues that you should maximise the good you do by donating to the most effective charities in the most deserving cause areas, where you can make the most difference. The EA movement started in the US in 2007 when the charity evaluation service GiveWell was founded. GiveWell claims that donations generated by its endorsements rose to \$100m last year. UK-based charities Against Malaria Foundation and the Schistosomiasis Control Initiative have both been recommended by GiveWell. Such endorsements not only boost charities' voluntary income but attract big donors who might give millions.

Third Sector, March 2016, pp34-37 (Birkwood)

Durable consumer goods

Electrolux looks to connected consumer

Connected appliances have yet to be taken up by consumers who still regard them as gimmicks. This summer Electrolux is launching a cooker with a camera inside the oven that can track the progress of the Sunday roast from a mobile phone. Another app will even tell you when to cook individual parts of a dinner party food and keep the oven at the right temperature. Chief executive, Jonas Samuelson, wants Electrolux to be perceived as a consumer-focused company rather than a manufacturer. He believes that putting the consumer in charge is one of the three big trends in the industry, the others being digitalisation and connected appliances.

Financial Times, 17 March 2016, p34

Economy

Mismatch between jobs and skills increases

The Office for National Statistics (ONS) has reported that the proportion of workers who are "matched" to their jobs has fallen. The percentage of workers with an education level close to the average level of learning for their occupation fell to its lowest level for a decade (68.7%) in the three months to December. The ONS believes that 16.1% of workers are over-educated for their roles, suggesting that valuable skills are being wasted. Last week the Office for Budget Responsibility predicted that UK growth would be just 2% this year, down from a previous forecast of 2.4%.

The Guardian, 18 March 2016, p31

The inflation basket

Details of the latest "shopping basket of goods and services" which the Office for National Statistics uses to measure consumer price inflation and trends have been released. This time around the cost of night club admissions and CD-ROMs have been jettisoned from the basket. Meanwhile coffee pods have been added, probably thanks to adverts starring George Clooney. Women's leggings have been reintroduced, having been in the basket during the 1990s and then dropped in 2000. Rice pouches are also in the mix, reflecting the trend for prepared foodstuffs, while the inclusion of cream liqueurs, such as Baileys, reflects the popularity of sweeter alcoholic drinks.

The Times, 16 March 2016, p21; The Guardian, 16 March 2016, p9; The Independent, 16 March 2016, p11

Global GDP

Global GDP growth has fallen for five successive quarters since the start of 2013. Emerging markets' contribution to growth has also declined, from 2.6% in the third quarter of 2013 to 1.8%. Meanwhile the annual growth rate in America, Britain and Japan slowed between the third and fourth quarters of 2015. The Euro-area is expected to experience indifferent growth this year.

The Economist, 19 March 2016, p89

Energy and utilities

Ugly tomatoes generate electricity

Tomatoes that are too misshapen to appear on supermarket shelves could be used to create enough energy to power Disney's theme park complex. This is the verdict of researchers working on a pilot "tomato battery" project in the tomato-growing area of Florida. It addresses the problem of tomato waste, where 396,000 tons of the state's tomatoes end up in landfill and waterways every year, causing pollution. Tomatoes are suited to the job of creating electricity because they contain carotene which is a good catalyst for generating electrical charges.

The Independent, 17 March 2016, p19

Dyson invests in battery technology

Dyson, well known for its vacuum cleaners, is diversifying by investing £1 billion in battery technology by 2020. Chief executive Max Conze believes that: "Solving energy density is the greatest engineering challenge in the 21st century". Dyson is currently involved in more than 50 active research projects including aerodynamics, robotics and AI.

The Daily Telegraph (Business), 21 March 2016, p1

Age UK questions CMA recommendations

Age UK, has raised concerns about the Competition & Market Authority's suggestions that energy suppliers should be forced to share their data about non-switching customers with their competitors. The charity is worried that a lot of so-called "sticky" customers are older people who have never moved away from their original energy provider and who might be subjected to numerous mailshots and selling attempts.

utilityweek.co.uk, 16 March 2016

Environment

Paper coffee cups the next to be taxed?

UK environment minister Rory Stewart has suggested that recyclable cups might be a "very good thing to look at next", following the success of the plastic bag tax introduced last October. He was referring to the possibility that plastic-laminated paper coffee cups could be taxed to prevent so many being thrown away. This follows a report by *The Times* that fewer than 1 in 400 takeaway cups were being recycled. *The Guardian* takes a more detailed look at paper cups, their alternatives and the recycling process.

The Independent, 18 March 2016, p20; The Times, 18 March 2016, pp1-2; The Guardian, 16 March 2016, pp6-8

Pigeon stunt ruffles feathers on City pollution

Tech company Plume Labs has released a flock of pigeons, wearing pollution-detecting sensors, in London. The marketing stunt, which relays data on Twitter, is designed to raise awareness of Plume's air-quality monitoring app.

Campaign, 18 March 2015, p6

Fashion

Ted Baker profits from differentiation

UK fashion retailer Ted Baker has achieved a 20% increase in profits, outperforming many of its competitors while continuing with its international expansion plans. Profit before tax was £58.7m in the year to 30 January while sales rose by 13.5%. The company benefited from strong sales over Christmas and a positive reaction to its Spring and Summer collections. Analyst at Cantor Fitzgerald, Freddie George, believes that Ted Baker is "clearly differentiated from peers".

The Guardian, 18 March 2016, p32

Donning faster fashion

Fashion show apparel is traditionally made available to the public six months after it is unveiled (Spring clothing is released in the Fall and vice versa). But now that social media has opened up the fashion world to everyone, the industry is changing to a "see now, buy now" model. Brands such as Burberry and Tommy Hilfiger have already made the shift. Others, such as Kering – owner of Gucci and Saint Laurent – believe that offering the latest fashion to shoppers too soon after the event "negates the dream". Meanwhile Zara and H&M have been capitalising on fast fashion for years...

Bloomberg Businessweek, 14-20 March 2016, p80

Financial services

Mobile payment security

Mobile payments are evolving rapidly – this year it is predicted that 148m people worldwide will make payments via their handsets. Hackers and thieves are taking advantage of this boom: a report by LexisNexis says that "alternate payment methods" accounted for 21% of all fraud last year, a 13% year-on-year increase. The mobile payments field has attracted thousands of start-ups and many developers do not seem to be paying enough attention to security. Current laws may have to be updated; for example, the US Electronic Fund Transfer Act doesn't cover services that fall outside traditional financial institutions.

Bloomberg Businessweek, 14-20 March 2016, pp52-54

Trust in mobile payments stagnates

PayPal is the most trusted brand among UK smartphone owners when it comes to wallet apps, according to recent data from Marketing Sciences. However the level of trust for PayPal has remained roughly the same as in the previous survey of September 2015. This is also true of other wallet app providers. In fact Visa is the only service to have seen a notable rise in trust levels (up 4%). A Q4 2015 UK poll from Ipsos MORI revealed that contactless smartphone payments are becoming an increasingly popular technology among consumers. It is possible that, as overall usage rises, so might trust in the services!

emarketer.com, 17 March 2016

FMCG

Beverages

The sugar tax

UK Chancellor, George Osborne, has announced that a sugar tax on soft drinks will be levied in 2018. This gives drinks companies two years in which to reformulate their drinks and reduce the impact of the tax. The money raised from the tax – an estimated £520m in the first year – will be used to

fund sport in primary schools. Food and Drink Federation Director General, Ian Wright, dismisses the announcement as “a piece of political theatre” while the Institute of Fiscal Studies believes that the tax may drive consumers away from taxed products and towards other products, such as chocolate, which is high in sugar content.

Financial Times, 17 March 2016, p6; Financial Times, 18 March 2016, p3; The Guardian, 17 March 2016, pp6-7

Baijiu aims to raise spirits outside China

China drinks an estimated 10 to 17 billion litres of baijiu, its national spirit. Now the country wants to make the liquor into its next big global export but, with its “industrial” bouquet and 40% to 60% alcohol content, many foreigners are not keen. Wuliangye, the largest baijiu producer, has signed a five-year sponsorship deal with London’s Philharmonia Orchestra to encourage people to try the drink. Some brands, such as Shui Jing Fang a baijiu producer owned by Diageo, are working to westernise the way baijiu is consumed and to change its image.

Financial Times (Magazine), 19-20 March 2016, pp25-28

Campari to buy Grand Marnier

Gruppo Campari of Italy is to acquire the Grand Marnier group resulting in an equity value of €684m. Campari became the 11th-largest spirits maker in 2014 but it still has just 1% share of the market compared with the two dominant industry players, Diageo and Pernod Ricard.

Financial Times, 16 March 2016, p15

Cosmetics and toiletries

Avon calling but not in the US

Avon, the cosmetics company, is to move its corporate HQ from the US to the UK with the loss of 2,500 jobs with the aim of achieving cost savings. The company’s North American business was sold off three months ago as part of its turnaround strategy. Avon, which was set up in the 1880s and was well-known for its ‘Avon Calling’ ad jungle, employed US women as door-to-door salespeople 30 years before women had the vote. More recently it has suffered four consecutive years of sales decline.

Financial Times, 16 March 2016, p20; The Guardian, 16 March 2016, p22

Deciem succeeds through speed and control

Beauty product manufacturer Deciem, founded just three years ago by Brandon Truaxe, has already distributed 2.5m products to 12,000 stores around the world. Truaxe attributes the company’s success to speed, which he achieves by controlling all aspects of the pipeline, from lab work to marketing in-house. Deciem plans to launch two own-branded stores in London this spring. Truaxe recognises that brand loyalty doesn’t exist in the beauty industry because the products “don’t work or they over-

promise”. Instead he aims to differentiate the company by “not promising what is not there”!

Wired, April 2016, p24

Food

Delivery services take off

One of the most notable trends in grocery at the moment is the rise of fresh food delivery companies, such as Hello Fresh, Gousto and Riverford, which send shoppers everything they need to eat for the week with the correct portions and instructions on how to cook them. The trend has taken off globally, with services such as Marley Spoon available in the UK, Germany, Netherlands, US and Australia.

The Grocer, 19 March 2016, p31

Tobacco

Osborne – increased tax on a roll

In his recent budget George Osborne announced that duty on hand-rolled tobacco will rise by 5% while duty on manufactured cigarettes would be just 2%. This move is intended to close the price gap between the two categories. Since 2007 the volume of rolling tobacco used in Britain has risen by 75% while there has been a 28% fall in the volume smoked through conventional cigarettes. Tobacco manufacturers argue that the new duty will encourage smokers to switch to black market products.

Financial Times, 17 March 2016, p12

Wales – partial ban on vaping in public places

Wales is to ban e-cigarettes from some public places, such as public transport, taxis, cafes, sports grounds and pubs where food is served. It is the first region in the UK to impose such restrictions. Although the British Medical Association has expressed concerns that e-cigarette marketing makes them attractive to children, Cancer Research UK claims there is no evidence for the “normalisation” of e-cigarettes with young children.

Financial Times, 17 March 2016, p24

Government and public sector

Bristol – the listening city?

Bristol plans to become a smart city through its Open project, a joint venture between the council and Bristol University to provide data for public use. It has already released around 200 datasets online relating to pollution, energy use and other topics. This type of data can be gathered and transmitted using 1,500 radio-linked lampposts, fibre-optic cable and Wi-Fi spots. The City effectively has its own operating system, “CityOS”, using open source which allows developers to test out their ideas. Ideas include “smart ambulances” and a mechanism for alerting joggers to high levels of pollution.

Currently the project is limited to modest schemes such as traffic updates. Some people are concerned about privacy issues associated with plans to place acoustic detection sensors on lampposts.

The Economist, 19 March 2016, p26

Health and pharmaceuticals

European healthcare trends

The authors identify four key trends that will influence European healthcare this year: the emergence of precision medicine which can target diseases with specialised therapies aimed at specific types of people; the shift away from the Fully Integrated Pharmaceutical Company (FIPCO) and the move towards co-operative agreements within the industry including cross-industry collaborations and M&A activity; the contentious issue of pricing; and the rise of health technology which is impacting the physician-consumer relationship. UK ministers are being encouraged to increase breakfast clubs and free school meals.

European Pharmaceutical Review, Issue 1 2016, pp12-14 (Hochfield et al)

WHO identifies healthy-eating gap

A World Health Organisation report indicates that the gap between the healthy eating habits of rich and poor children in Britain is wider than in nearly every other European country. The survey, which covered 200,000 children in 42 countries, found that only Ukraine had a bigger divide than England in terms of the amount of fruit eaten daily. On average 42% of English children eat fruit daily but there is a 20-point gap between the richest fifth and the poorest fifth. In addition, the poorest are more likely to watch over two hours of TV a day and are less likely to eat breakfast.

The Times, 16 March 2016, p22

The future of glyphosphate

Glyphosphate is the most popular weed killer in the world and a key element of Monsanto's Roundup product. Last year the International Agency for Research on Cancer decided that the chemical was probably carcinogenic to humans. Traces of glyphosate have been found in German beer, British bread and even the urine of Europeans. While US and EU regulators are considering the future of glyphosate, the herbicide industry has launched a fierce campaign to discredit the cancer findings. Although Monsanto's dominance of the glyphosate market has declined since the patent expired, Roundup remains the main revenue generator for the company's agricultural division.

Bloomberg Businessweek, 14-20 March 2016, p36

IT and telecoms

First mass market VR headset

In October Sony is to launch its PlayStation VR

headset which will be the first mass market virtual reality headset. It will work with the PlayStation 4 console and over 230 developers are reportedly working on games for the device. But, although industry experts believe that the product provides the best opportunity for VR to move into the consumer mainstream, there are still doubts as to its mass market viability.

The Guardian, 16 March 2016, p5

Call for security software to be compulsory

Technology-based fraud in the UK rose by a quarter last year to over £755m, with internet and phone banking fraud up by 72% to £168.6m according to Financial Fraud Action UK. Commander Chris Geany, head of the economic crime unit at City of London Police, has called for manufacturers to pre-install the same standard of security software on all new computers and laptops. He also wants security updates to be compulsory.

The Times, 18 March 2016, p14

Leisure and tourism

Cruising – the private port of call

Cruise operators are opening private ports in the Caribbean which they are marketing as exclusive destinations. Carnival owns Amber Cove in the Dominican Republic where cruise-goers have everything they need within a luxury, fenced-in complex. MSC Cruises is in the process of building what it claims is the biggest cruise-run island – the \$200m-Ocean Cay in the Bahamas – due to open in 2017. There has been opposition to such activity on the grounds that the private facilities draw tourist revenue away from the local economies but cruise owners argue that they are offering tourists what they want.

Bloomberg Businessweek, 14-20 March 2016, pp26-27

Nike solves knotty problem

Nike has just announced a pair of trainers that automatically tighten around the wearer's foot after they put it on. The Hyper-Adapt 1.0 trainer has an "adaptive lacing" system and is powered by an internal battery lasting around two weeks. A neon blue light on the instep is reminiscent of the Nike Mag trainers worn by Marty McFly in the film, *Back to the Future Part II*. The shoes will go on sale in the summer and the cost has yet to be revealed!

The Times, 18 March 2016, p23

Marriott beats Chinese to Starwood

Following one of the fiercest bidding wars of recent times, Marriott International has increased its offer for Starwood Hotels & Resorts to £9.4 billion, outbidding its rival, a consortium led by the Chinese Anbang Insurance Group. This is just a few days after Starwood had accepted a £9 billion bid from the consortium. If the deal receives final board

approval, the combined company will own more than 5,500 hotels, making it the largest hotel group in the world. The *FT* believes that the fight might not be over and that Anbang could still come back with a counter offer.

meetpie.com, 22 March 2016; Financial Times, 22 March 2016, p15

Media

Books

RRP – the debate continues

Irish booksellers argue that removing the recommended retail price (RRP) from books gives retailers more flexibility and gives customers better value. Bob Johnston, owner of the Gutter Bookshop in Dublin, says that Ireland abolished the RRP in 2002, when the country adopted the Euro, because it was subject to currency fluctuations. In an earlier March edition of *The Bookseller* a group of independent UK booksellers said that it was time the industry considered the removal of the RRP but big booksellers, such as Waterstones and WH Smith, argue that its removal would lead to the "huge, expensive operational burden" of pricing books individually.

The Bookseller, 18 March 2016, p14

Colouring books benefit wider art sector

Colouring books for adults have become big business, with Nielsen BookScan estimating that about 12m were sold last year, up from 1m the year before. Retailers are moving quickly to adapt to the trend which has also prompted a boom in related art materials – sales of coloured pencils rose by 26.3% last year. Meanwhile US bookseller Barnes & Noble plans to invest in categories such as painting, calligraphy and illustration.

The Independent, 19 March 2016, p49

Magazines

Medical publication

Medical researchers, are trying to find faster ways of broadcasting their research than the traditional route of publishing in academic journals. Yet careers in medical research are dependent upon publishing papers in journals such as *Nature* and *Science*. For a variety of reasons biologists are often reluctant to share their data until it is published, yet vital research, such as that currently being undertaken on the Zika virus, needs to be disseminated as quickly as possible. While 'elite' journals with their stranglehold on medical science publish no more papers than they did 30 years ago, pre-print online repositories, such as asXiv, are proving successful for the physical sciences, although less so for biomedical research. Overall, however, scientists are keen to change the system...

The Economist, 19 March 2016, pp80-81

Music

Vinyl on the rise but pressing for more

Last year 2.1m vinyl records were sold in Britain, the highest number for 21 years although they still account for just 2% of overall music sales. The companies that press the vinyl have been unprepared for this resurgence in interest and tend to prioritise orders from big labels rather than the smaller ones, which could dampen the revival. Record Store Day in the US has also helped to boost vinyl records and the shops that sell them. The question is whether younger people can be persuaded to pay extra for a pricier music format in an age of instant gratification...

The Economist, 19 March 2016, p26

Newspapers

Guardian – compulsory redundancies likely

The Guardian may be about to embark on its first-ever round of compulsory redundancies with the loss of 250 jobs including those of 100 journalists. The newspaper, which aims to cut costs by 20% and to break even within three years, has suffered from operating losses of nearly £60m. Other newspapers are facing similar cuts, with News UK due to lose 100 jobs and the imminent closure of *The Independent* print edition.

The Daily Telegraph (Business), 18 March 2016, p3

Social media

Advertising – review of the research

This article presents a review of the research carried out on advertising in social media. The author identifies 51 relevant studies which are organised into seven emerging themes as follows: use of advertising in social media; attitudes about and exposure to advertising; targeting; user-generated content in advertising; electronic word-of-mouth in advertising; consumer-generated advertising; and further advertising effects. An agenda for future research is provided.

International Journal of Advertising, Vol 35(2), pp266-300 (Knoll)

Beware public brainstorming!

When the Natural Environment Research Council (NERC) invited people to contribute to the naming of its new ship, it should have expected some silly suggestions. The NERC built a website to host a competition to name its new £200m polar research vessel only to find that 30,000 people had voted for "Boaty McBoatface", a name suggested by former radio presenter James Hand. The poll closes on 16 April, but the name will undoubtedly be rejected in favour of a more sensible option. Other brainstorming examples include a Tasmanian emu with the crowdsourced name Spazzy McGee and a Greenpeace initiative where 80% of voters wanted to name a humpback whale Mr Splashy Pants. The

latter became a case study for early social media marketing.

The Independent, 22 March 2016, p34

Television

Product placement, worth and prime-time

Little research has been conducted regarding the economic worth of product placement outside the world of film. The authors seek to remedy this by applying a measure of placement effectiveness to television through the use of event analyses. The method is applied to 264 placements during prime-time television from 2011 to 2012. It reveals that product placement is positively associated with movement in the firms' stock prices: placement in a season premiere produces higher mean returns than in a less important episode regardless of whether the company places the product in both episodes. The length of placement and one-hour show length are positively associated with stock price movement.

International Journal of Market Research, Vol 58 (2) 2016, pp253-275 (Begy and Talwar)

Packaging

Effect of superficial packaging damage

Packaging is an important tool for communicating product information and consumers rely on it to draw conclusions about key aspects of the product. The authors embark on six experiments to show that superficial imperfections, notably packaging damage, can lead to negative consumer reactions. They demonstrate, firstly, that superficial damage can act as a "contamination cue" suggesting to consumers that the product should be avoided. Secondly they show that superficial packaging damage can automatically activate health and safety concerns. They show that the tendency to avoid superficial packaging damage can be eliminated by counteracting negative thoughts surrounding contamination. This can be achieved through positive brand associations or by creating a physical buffer between the packaging damage and the product.

Journal of Marketing Research, Vol 53 February 2016, pp110-123 (White et al)

Retailing

Online uses content as differentiator

Many retailers have embarked on content creation as a way of enticing online shoppers and generating sales. Content can also differentiate the online offering from physical stores. Although e-commerce is growing, it fails to "create the theatre online" that physical stores are able to achieve. This article focuses on the content initiatives of three retailers – Foyles, Net-a-Porter and Made.com – who have been benefiting from increased customer engagement and loyalty in addition to higher sales.

Retail Week, 18 March 2016, p12

Waitrose – targeted offers at the till

Waitrose, in partnership with point-of-sale marketing specialist Ecrebo, is to start handing out targeted promotions in its stores. Using Ecrebo's platform, the supermarket will send targeted offers and messages to customers according to the products they have purchased. The offers will be given directly to people at the checkout on coupons printed at the same time as receipts.

Retail Week, 18 March 2016, p29

Services

Delivery – it's a doddle!

Online shoppers are becoming more demanding and the logistics industry has responded by becoming more sophisticated. As well as creating bigger depots for parcels, some companies are spending large sums on technology to keep up with customer expectations and to offer added value to retailers. DPD already has 56 depots in the UK but plans to double its space within the next ten years. UK CEO, Dwain McDonald, believes that same-day delivery is "very niche" and remains unimpressed by drone programmes that are being developed by Amazon, Google and others. Meanwhile Doddle is capitalising on the click-and-collect trend by setting up a network of over 45 parcel shops, often located in train stations. Other new entrants, including UberRUSH, are innovating in the delivery sector.

Management Today, March 2016, pp46-49 (Torrance)

The uberisation of the massage parlour?

On-demand massage apps, such as Zeel and Soothe which operate in around 20 US cities, can send licensed massage therapists to your home, office or hotel room. Both take a 30% cut of the price of the massage and both have yet to make a profit. However, they have managed to raise at least \$45m from investors and it is unlikely that the masseuses will embark on protests over the 'Uberization' of their activities especially since they seem to be earning more than they would if they worked alone.

Bloomberg Businessweek, 14-20 March 2016, pp41-42

Budget boosts sharing economy

Last week's UK budget from Chancellor George Osborne included the introduction of tax breaks to support the sharing economy. A tax allowance of up to £2,000 will be made for selling goods online or for renting out second homes or spare rooms using the internet. A 2014 review carried out for the Government by Debbie Wosskow, CE of Love Home Swap, concluded that the sharing economy was already worth £500m a year but could be worth £9 billion by 2025.

Financial Times, 17 March 2016, p10

Bevy of deliveries

The Bevy app combines smartphones, motorcycles, GPS tracking and local convenience stores to offer a 20-minute delivery service for alcohol, cigarettes and snacks to people in London. It charges the same price as the local store but adds a £5 service fee. User numbers have been increasing at the rate of 50% a month and there are plans for the service to become 24/7.

The Grocer, 19 March 2016, p30

Transport and travel

Tesla – from niche to mass market

Tesla, maker of electric cars for those able to afford its prices (up to \$70,000), is to launch its cheaper Model 3 on to the mass market this month. Having survived in a niche market, the company may find it hard to compete in an arena where there is fierce competition and narrower profit margins. Nevertheless Tesla has proved that barriers to entry in the car industry are lower than previously thought and it has so far managed to master the economics of making electric cars. But can it overcome the obstacles facing a large-scale manufacturer?

The Economist, 19 March 2016, pp61-62

VW falls behind European rivals

Volkswagen continues to suffer from the emissions scandal, as evidenced by its sales growth falling behind that of its competitors last month. While VW's sales grew by just 4.5% in February, overall car sales across Europe notched up their 30th consecutive month of growth, with a rise of 14.3% year-on-year.

The Independent, 17 March 2016, p52

Buzz phrases

Bleisure

Bleisure, an expression coined last year, refers to a crossover between business and leisure. For example, some employees who travel a lot for work, are allowed to take their family with them, stay for the weekend or extend their stays. This apparently makes for happier, more loyal staff! Last year saw a boom in corporate business travel, with total annual spend expected to exceed £31 billion, a 7.4% year-on-year growth. Trends that have contributed to this growth include self-booking and online booking tools. According to Euromonitor, online booking tools made up 47% of all business travel bookings in 2014, a figure that is expected to rise to 54% by 2019. Another trend is the sharing economy, which continues to influence the business travel industry, notably through Uber and Hailo.

London Business Matters, Issue 123 March 2016, p37

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Tim Clegg	Saatchi & Saatchi	Kitcatt Nohr	Executive Creative Director	Campaign
James Goulder	Exec Space	Absolute Corporate Events	Business Development Manager	Conference & Incentive Travel
Ann Harrison	Beauty Seen	Garnier and Maybelline	PR and Communications Manager	fashioninsight.co.uk
Gill Holmes	BBC	Barnado's	Director of Policy and Comms	PR Week
Natalie Kerris	Apple	Twitter	Vice-President of Global Comms	PR Week
Xavier Rees	Adam & Eve/DDB	Havas London	Chief Executive	Campaign
Laura Wood	The Brooklyn Brothers	Jaguar Land Rover	Head of Global PR, Brand and Partnerships	PR Week

Promotions

Name	Company	Previous title	New title	Source
Jeremy Beadles	Heineken UK	Corporate Relations Director, UK	Corporate Relations Director, Asia Pacific	PR Week
Tamara Ingram	J Walter Thompson	Chief Client Team Officer	Chief Executive Officer	thedrum.com

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