

Cutting Edge: Our weekly analysis of marketing news

27 April 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

Brain imaging to test sound and picture

This research aimed to investigate the influence of sound and picture in advertising; it achieved this by observing the neural responses of 11 men and 11 women to two TV adverts, for the same brand and product, using EEGs. The responses were analysed to better understand factors such as feelings, level of attention and arousal. The technology was able to identify key moments in the ads and recognise when and why they occurred while an analysis showed a larger neural activation for one ad over another in the case of both genders. The authors concluded that sound and picture increase each other's influence in advertising

The Marketing Review, Vol 15(4) 2016, pp405-422 (Costa et al)

Don't leave out the headline

The author comments on the trend for leaving headlines out of ads. He argues that even the best advertising copy should have a headline because leaving it out reduces the chances of the ad being read. A headline is not just a tactic used in advertising: it is a fundamental part of storytelling. A headline helps the reader to anticipate what is coming next and encourages them to read on.

Campaign, 22 April 2016, p17 (Harrison)

Agencies

M&A activity on the rise

During the first quarter of 2016 marcomms agencies completed 288 merger and acquisition deals globally, up by a third on the same period last year. The study, conducted by Results International, reveals that integrated, media and full-service agencies registered the most M&A activity while

WPP and Dentsu made the most acquisitions for the fourth consecutive period. The report also shows how the gap between IT consulting and digital marketing is closing, with IBM acquiring four agencies. The most M&A activity took place in North America (134) followed by Western Europe (50) and Asia-Pacific (48).

Campaign, 22 April 2016, p8

Brands and branding

Brand relevance in B2B contexts

Brands are usually regarded as a key asset and a source of competitive advantage in purchasing decisions, with customers generally preferring stronger brands in order to reduce risks. In business markets the role of brands is less clear. This study seeks to examine the relevance of brands in a B2B setting. The authors develop a research model to explain brand relevance when compared with other decision factors in a B2B context. It considers the purchase situation, decision-maker characteristics and firm size as determinants of brand relevance in the decision-making process. The study uses data from a major Portuguese construction group. The results suggest that attributes related to brands are relevant even in a B2B rational decision-making environment, but that brands are not important to all business buyers or in all situations.

Journal of Business and Industrial Marketing, Vol 31(2), pp193-204 (Gomes et al)

Celebrity endorsement

Celebrity endorsements are big business and are frequently used in marketing campaigns. Existing literature on the effects of celebrity endorsements tend to focus on consumer views of the endorsed brand. This study firstly assesses the effect of endorser credibility on brand relationship quality and consumer self-brand connections (the extent to which a consumer integrates a brand into their self-

concept). It also investigates the impact of such endorsements on consumer self-brand connection. The model was tested on Gen Y consumers from India.

International Journal of Advertising, Vol 35(3) 2016, pp486-503 (Dwivedi et al)

Social media and brand advocacy

Advocacy and word-of-mouth have long been recognised as having a considerable impact on brand health and growth. Social media have increased the visibility of conversations and recommendations linked to brands. This has resulted in marketers assuming that an increased presence on social media is important for increasing brand advocacy. The author argues that all media are social and that success lies with a more holistic and proactive strategy. Real-world advocacy is present on a large scale and offers an, as yet, unexploited opportunity for brands.

Journal of Brand Strategy, Vol 4(4) 2015-16, pp332-340 (Thomson)

Chile's wine contributes to branding

China is the largest market in the world for red wine but, since the country's clamp-down on corruption, consumers have moved away from expensive French wines towards 'new world' exporters. These include Chile, which is the fifth-largest wine producer and the second-largest supplier to China. Chile is hoping that it can build a name for its wine as a way of creating a brand for the country. This could lead to more tourism, a service industry and a move away from bulk commodities such as copper. After all it is the wine that resonates with the consumer!

Financial Times (Big Read - Chile), 20 April 2016, p9

Conferences and events

Exhibitionism can be good...

Exhibitions can be a valuable tool for growing the business – here the author presents ten top reasons for exhibiting. He points out that 88% of people who visit exhibition stands are not already clients and that exhibiting provides valuable 'face time'. After all it can be difficult to reach people just through telesales or direct marketing. The right trade show can deliver the target market to your door and gives you the opportunity to create a marketing list at the event, while informing the target market about new services or products. The show also allows you to strengthen relationships with existing clients, to build the brand and generate publicity.

London Business Matters, Issue 124 April 2016, p37 (Dickinson)

Customer relations

Relationship quality in services

Developing a long-term relationship with customers provides a sustainable competitive advantage and enhancing the relationship quality is an important

consideration, especially in the services arena. This study aims to test the effects of respect and rapport on relationship quality and customer loyalty in "high credence" services, such as doctors, where it is hard for customers to evaluate service quality. The survey is conducted among a sample of private practice medical doctors in Greece. It reveals that rapport is the most important factor in relationship quality followed by responsibility and understanding. Other findings and managerial implications are discussed.

Journal of Customer Behaviour, Vol 14(4) Winter, pp331-351 (Athanasopoulou and Giovanis)

Direct marketing

Nuisance callers should display numbers

The UK Government has announced plans for nuisance callers to be forced to display their phone numbers. This will apply to companies registered in the UK even if their call centres are based abroad. John Mitchison from the Direct Marketing Association says that the DMA has been recommending the displaying of phone numbers for "many years" and that "This change will make it easier for consumers to identify the legitimate companies and report the rogue operators." The Fair Telecoms Campaign, which campaigns for consumer rights, believes this will not be enough to stop rogue firms. The changes will take effect from 16 May.

bbc.co.uk/news, 24 April 2016; The Times, 25 April 2016, p11

Organise your database

You need a well-organised database in order to make effective decisions. According to the *Marketing Data Management Survey Summary Report* by Ascend2, 54% of the marketers surveyed said data-driven decision-making helps them make more accurate choices. They cited campaign targeting (59%), content personalisation (48%), and customer journey analysis (44%) as some of the best uses of "tidy" marketing data. An infographic asks whether your data management needs some "spring cleaning".

dmnews.com, 22 April 2016

Law

Social media access for children

Thirteen is the age at which kids are allowed to access a social network in the US, according to a law passed in 1998. The same could have been said of the EU's new data protection law until an amendment increased the age to 16. However, due to opposition to the proposed regulation, notably from Facebook (owner of Instagram) EU negotiators agreed to a compromise deal in which each country in Europe would be allowed to set their own age limit. Currently around one in five under-11s in the UK has a Facebook account even though users should be at least 13. It is argued that using an "age gate" to assess a child's age is ineffective and

lawyers suggest that some social networks may eventually ask for a credit card to prove the user's age.

Financial Times, 22 April 2016, p19

EU TV advertising directive – interpretation

The European Court of Justice (ECJ) has recently ruled on the interpretation of its Audiovisual Media Service Directive relating to TV advertising and commercial sponsorship in the case of Sanoma, a Finnish TV broadcaster. Sanoma was accused of infringing the Directive because it had split the TV screen into two parts at the end of the programme; it had displayed sponsors' logos at times outside the sponsored programming; and it had not included so-called "black seconds" breaks between ad spots. This article describes how the ECJ interpreted the Directive.

lexology.com, 21 April 2016

Marketing

The return on key accounts

Most industrial firms have some form of account strategy. Companies that sell tend to create key account teams to look after the most important customers, yet research has not yet quantified the return on key account strategy nor established the difference in company performance between key and non-key accounts. This study, which uses data from a global consulting firm, seeks to investigate returns on key accounts. It finds that in the short term key accounts perform as well or better than other types of accounts but in the long term, they are less satisfied, less profitable and less beneficial for a firm's growth than other types of accounts. It concludes that companies should be cautious when expanding their key account strategies.

Journal of Business and Industrial Marketing, Vol 31(2) 2016, pp174-182 (Sarma and Evanschitzky)

In-process promotional messages

"In-process" promotions are often used by marketers during events such as auctions, crowdsourcing and fundraising. Companies can monitor how consumers are responding and use the information to modify future promotions. Here the authors examine the impact of promotions on market outcomes; they focus specifically on the use of messages during online auctions where the outcome is the final auction price. They test their hypotheses using data from online auctions of Air France airline tickets. They also develop "what-if" simulations to help identify the optimal number of messages to send during an auction.

Journal of Marketing, Vol 8(2) 2016, pp80-100 (Ducarroz et al)

B2B should focus their online presence

Some 80% of purchases are started online and customers will be 60% of the way towards making a

buying decision before they even get around to contacting the supplier, according to Google. The B2B buying market is changing rapidly and, instead of outbound mailing campaigns, the focus of B2B marketers is more likely to be content marketing and lead nurturing. B2B brands need an engaging online presence which incorporates useful content, blogs and relevant social media. Six experts discuss the role of data in a B2B digital environment.

Database Marketing, March-April 2016, pp36-39 (Lawson)

Market research

A growth industry

PwC's report, *Business of Evidence 2016*, reveals that 73,000 people are employed in the market research industry, which is now worth £4.8 billion, up from £2 billion in 2012. The UK is now the second-largest market in the world for professional research, having grown by 62% since 2012 while the UK economy has grown by just 8.7% since then. The impressive growth is attributed to the rise of data analytics which has grown by 350% since 2012 and which has led to a change in the type of people the industry needs to hire. Qualitative research has also been identified as a key growth area, probably due to the recognition that organisations need to maintain the human touch. Other key findings from the study are outlined.

Impact, Issue 13 April 2016, pp10-11 (Bainbridge)

De-biasing decision-making

Behavioural scientists admit that simply knowing that you can make biased, irrational decisions does not help you to "de-bias" your behaviour. Instead it is better to put frameworks and strategies in place to direct people's thinking and help them come up with the most rational decision. Decision-making biases often occur when emotions and personal motivations influence preferences. A group of academics from Duke University and Wharton School of Business have recently compiled *A Users' Guide to Debiasing*. It explains that we tend to be lazy in our assessment of what could happen in a given situation and therefore tend to plan for just one future. The authors consider four different strategies for tackling this "only one future" outlook.

research-live.com, 19 April 2016

Public relations

Plan for the ad hoc event

However well you plan long-term, multi-channel campaigns, you have no control over unforeseen events. Such events reflect the world of real-time comms and provide ad hoc content opportunities. The author believes that the obsession with creating ever larger online communities is harmful because 90% of fans are of the "I really don't care at all variety". In addition, due to the size of some sites, most of your content will not be viewed by your

community members and it is not possible to predict the content needs of every member. Finally, those who indulge in social media have a fear of missing out (FOMO) and will naturally head for the trending sections. The advice, therefore, is to take advantage of spontaneous opportunities.

PR Week, April 2016, p18 (Davies)

Queen to recruit PR specialist

At a time when the Queen is celebrating her 90th birthday, Buckingham Palace is busy recruiting a PR specialist to ensure continued public support for the British monarchy. The £50k-a-year digital specialist role will have the remit of "finding new ways to maintain the Queen's presence in the public eye and on the world stage". Tasks will include a digital communications strategy and editorial leadership for the official website of the British monarchy.

thedrum.com, 21 April 2016

WPP uses PR to good Effect

WPP has been busy identifying local companies to acquire in key growth markets around the world. Burston-Marsteller, WPP's global PR company, has just taken control of Turkish PR company Effect, which has been a partner since 2012. It employs 80 people and had sales of \$2.5m last year.

Financial Times, 21 April 2016, p20

Sponsorship

Brand image improvement

Over the past two decades, sponsorship has become a valuable marketing communications tool. In 1994 companies spent \$13 billion on sponsorship while in 2015 the figure had risen to around \$57.5 billion. This article examines the last 20 years of research into conditions that affect the improvement of brand image through sport-event sponsorship. As well as suggesting a method of measuring sponsor image change in field sponsorships, it also looks at factors which may influence the size of sponsor's image improvement. These are related to the sponsored property, the sponsorship relationship, the sponsor and the sports spectator. Reasons for the findings and managerial implications are discussed.

International Journal of Advertising, Vol 35(3) 2016, pp391-420 (Grohs)

Brand opportunities – Rio 2016

A new report analyses UK attitudes towards the Rio 2016 Olympic Games. The Olympics is very tightly policed when it comes to protecting sponsors but if brands focus on timely product promotions and smart media buying, they could attract attention at key moments. The biggest opportunity is within the home, where 97% of respondents say they will be watching the Games. Second screens will also present an opportunity – although 76% will watch the event on TV, 64% say they will undertake other activities at the same time. Coca-Cola is the brand

most commonly associated with the Olympics (21%) followed by Nike (14%) and Adidas (9%).

Marketing Week, 21 April 2016, pp26-27

Agriculture, fishing and forestry

China to legalise GM

For years China has been experimenting with GM crops on a much larger scale than has been permitted by regulators in Europe. Chinese policy has become more conservative over the years but its concern about its increasing dependence on food imports may lead to a policy rethink. On 13 April Chinese agriculture ministry official, Liao Xiyuan, said that over the next five years the country will "push forward" commercial cultivation of GM maize. China may be trying to legitimise what is believed to be the widespread growing of GM crops in the country.

The Economist, 23 April 2016, p50

NFU report says Brits not eating 5-a-day

A major new report by the NFU has found that Britons are eating just three of the recommended five-a-day fruit and veg. Although there is an increasing awareness of the health benefits of fruit and veg, consumption in the UK has fallen since 2007. The report makes 34 recommendations aimed at the food industry, government and supermarkets, asking them to implement initiatives to encourage consumer purchases. It also suggests that cross-sector marketing and promotions should start to treat fruit and veg more like brands.

The Grocer, 23 April 2016, p4;

www.nfuonline.com/nfu-online/news/nfu-reports/fit-for-the-future-april-2016/

Waitrose – inconsistent glyphosate policy

Waitrose has been criticised for banning Roundup, a popular, glyphosate-based weed killer from its shops yet continuing to use it on its farm in Hampshire even though the farm is meant to represent "the Waitrose principles of good environmental practice". Glyphosate, the most widely used weed killer in the world, is at the centre of a controversy over its possible link to cancer. Greenpeace and the organic farming industry have been lobbying the European parliament to impose a complete ban on the substance.

The Times, 22 April 2016, p19

Building industry

Impact of new EPC and stamp duty rules

From 1 April 2018 it will be illegal to start a new tenancy for a rented property unless the property has at least an E rating for its EPC (Energy Performance Certificate). From 1 April 2020 all domestic property and from 1 April 2023 all non-

domestic buildings will be affected while similar standards are being introduced in Scotland. The EPC includes a list of recommended building upgrades aimed at upgrading the EPC rating of the building. This article looks at how the new rules will offer opportunities for fit-out and refurbishment firms. A separate article considers the effect on the repair, maintenance and improvement sector of the UK Government's hike in stamp duty this month, which has been imposed on buy-to-let properties. It is possible that landlords will have less free money to spend on maintenance and renovation as a result.

Construction News, 22 April 2016, pp26-27+28-29

Businesses and strategy

Strategy execution

Studies suggest that strategy execution is one of the most difficult challenges for business leaders and that most companies struggle with it: up to three-quarters of companies do not achieve their goals from their strategies. There is also a big gap between the time spent understanding how to develop strategy and the time spent carrying it out. The author and colleagues have been researching how to better execute strategy using case studies and a survey tool. They have identified five common myths about the nature of strategy execution and five approaches for strategy execution, which are explained here.

London Business School Review, Vol 27(1) 2016, pp34-37 (Homkes)

CEO succession – outsiders the answer

Strategy&, a division of PwC, has been looking at CEO succession in the 2,500 largest public companies in the world. It has found that, from 2012 to 2015, companies recruited outsiders in 22% of cases of planned successions, up from 14% between 2004 and 2007. Historically boards have tended to bring in outsiders as a last resort but statistics suggest that companies are increasingly opting for outsiders. There are a number of reasons for this, not least being the rise of "activist" investors. Last year companies in the top quartile of performance recruited a larger share of outsiders than poorly-performing companies did. It looks as if CEO succession is improving.

The Economist, 23 April 2016, p58

Standards give SMEs an advantage

Small and medium-sized enterprises (SME) can gain a competitive advantage if they can make their products' features and benefits sufficiently different from those of their competitors. Research suggests that the quality of a product is paramount among factors that provide a competitive edge. Buyers are increasingly imposing their own standards on suppliers, which includes social and environmental issues. Standards are closely connected with trade

because they facilitate it and ensure the quality of goods but the proliferation of standards can also create obstacles. The author argues that standards and quality management give SMEs that necessary competitive advantage.

International Trade Forum, Issue 4 2015, pp30-31 (Menon)

Women entrepreneurs lagging behind men

The Women's Business Council (WBC) has warned that women entrepreneurs are missing out on the start-up boom in Britain and that this will cost the economy £90 billion over the next decade. In 2014 the proportion of women who started their own business fell even though new business registrations were at an all-time high. The study, by the WBC and Deloitte, points out that businesses led by women do not survive as well, and grow less effectively, than those led by men. It also states that 5.7% of working age women were involved in "early-stage entrepreneurial activity" in 2014 compared with over 10% of working-age men.

The Time, 21 April 2016, p45

UK apprenticeships

The *FT* analyses apprenticeship positions advertised last year on jobs site, monster.co.uk. it reveals that the largest sector is IT and software development with 36.5% of roles, followed by administrative and clerical (22.7%). Sales and business development generated 6.8% of jobs and customer support and care 5.6%.

Financial Times (Executive Appointments), 21 April 2016, p3

Charities and NGOs

Media relations

A new book entitled, *Effective Media Relations for Charities* by Becky Slack, is a guide to dealing with the press and broadcasters. It explains that any media coverage that charities receive will be controlled by the media and not the charities themselves. The guide includes defining a media strategy; researching requirements of publications and programmes; and understanding how journalists work, including their deadlines. It also points out that senior staff in a charity should prioritise the media and not simply regard media relations as an extension of marketing. However, there are numerous opportunities for charities that know how to "work the system". Other topics include risk assessment and crisis-management plans.

Third Sector, May 2016, p15

Coping with comms during a merger

Breast Cancer Now director of comms and engagement, Fiona Hazell, explains how she managed the comms department after the merger

of the two charities, Breast Cancer campaign and Breakthrough Breast Cancer. She covers topics such as persuading people that the merger was a 'good thing' and achieving the balance between proactive campaigning and reactive media relations.

PR Week, April 2016, pp20-21

Durable consumer goods

Hasbro sales get magic of Disney

Toy maker Hasbro has exceeded expectations for its quarterly profits thanks to sales of *Star Wars* action figures and Disney Princess dolls. Last year Hasbro took over the licence from Mattel to make Disney Princess and *Frozen* dolls, which led to its first rise in sales of girls' toys in six quarters.

The Guardian, 19 April 2016, p21

Kodak – smart move with new camera phone

Smartphones are constantly used as cameras so it is logical that Kodak should want to enter the mobile phone market. It plans to launch a phone targeting photographers who want a more powerful camera than the usual smartphone. The handset works a bit like a digital single-lens reflex camera. This year Kodak has also targeted 'the analogue renaissance' with its Super 8 camera aimed at consumers who want to go back to taking serious pictures.

The Times, 25 April 2016, p38

Economy

Iran – big opportunities, big barriers

In January British trade officials announced that Iran was the 'biggest new market' to re-enter the global economy in decades and forecast over \$1 trillion of investment over ten years. Nuclear-related sanctions were lifted in January, although there is still an American trade embargo, but non-US companies were widely expected to avail themselves of the new market. Yet it has been harder than expected for would-be investors to get started due to financial problems, a complicated bureaucracy, corruption and the activities of certain groups. Iran currently ranks 118th in the World Bank's ease-of-doing business index. Parliament could pass reforms to change all that and there are actions that the US could take to ease the situation, but this might have to wait until after the US presidential election!

The Economist, 23 April 2016, pp58-59

Growth in billionaires from developing world

Last year the number of billionaires in the world had risen to its highest point (1,826) although this number has since fallen to 1,810. Many of them come from Silicon Valley but, according to Caroline Freund of the Peterson Institute for International Economics in Washington, new billionaires are far more likely to come from developing countries. The share of billionaires from emerging markets has risen from 20% 15 years ago to over 40% today.

The notable thing about billionaires in emerging markets is that they tend to be founders of innovative companies which grow fast and become global. In contrast, the proportion of so-called wealthy heirs has fallen from 55.3% in 1996 to 30.4% in 2014. Some statistics are presented in the form of infographics.

Wired, May 2016, pp44-45

Energy and utilities

CMA plan receives flack

A study by consumer group Which? has criticised plans by the Competition and Markets Authority (CMA) to allow energy suppliers to target each other's' customers with marketing if the customer hasn't switched supplier in three years. It wants the CMA to test whether the policy will achieve anything other than an increase in junk mail. The study revealed that 80% of customers would choose to opt out of marketing literature or simply ignore it. It also found that two in five customers hadn't switched supplier because they couldn't see enough difference between them.

The Times, 20 April 2016, p16

SunEdison files for bankruptcy

The world's largest energy developer, SunEdison, has filed for Chapter 11 bankruptcy protection in the US. The company has grown quickly to the point that last year its chief executive, Ahmad Chatila, said it aimed to achieve the \$400 billion market capitalisation of Exxon-Mobil. The effect of the bankruptcy is likely to be felt around the world because of the many deals SunEdison has done. Separately the *FT's* Big Read analyses the impact of SunEdison's demise.

Financial Times, 22 April, p15; Financial Times (FT Big Read), 22 April 2016, p9

Environment

Don't just talk about it, do it

Speaking at Advertising Week Europe, a panel of advertisers has stressed that if brands want to make a positive contribution, such as helping the environment, then they need to make sure they address issues "from the inside out" rather than relying on advertising campaigns. In particular, they cited the "wonky" fruit and vegetable campaigns – aimed at persuading consumers to buy produce that would otherwise have been rejected – that are all the rage in supermarkets. The panel session was hosted by *The Drum* to launch its *Do It Day* documentary aimed at encouraging brands to not just talk about doing good but to actually do it. Companies should be building real-world issues into the day-to-day running of their businesses, according to Ben Mooge of Havas London.

thedrum.com, 21 April 2016

L'Oréal's sustainability is a bonus

In its new sustainability report, L'Oréal says it has reduced CO₂ emissions by 56% since 2005 as well as increasing its production by 26%, showing that the two are not mutually exclusive. This forms part of L'Oréal's goal of becoming a "carbon-balanced" company by 2020. This year the company will introduce more sustainable packaging and encourage consumers to have greener lifestyles. Chief executive Jean-Paul Agnon says that, from 2016, performance targets related to the company's sustainability programme will be related to the bonus system for all L'Oréal executives.

businessgreen.com, 25 April 2016

Ikea to sell solar panels

Ikea has just started selling solar panels in some of its UK stores in partnership with energy firm SolarCentury. Despite the Government's 65% cuts to solar subsidies, which has led to a reduction in the number of solar installations, Ikea believes that the technology is still viable.

The Guardian, 25 April 2016, p21

Fashion

Beyoncé's athleisure at Topshop

In last week's *Cutting Edge* (20 April) we highlighted how the trend for athleisure clothing has taken off in the UK. A high profile example of that is the collaboration between Beyoncé and Topshop. Beyoncé's Ivy Park athleisure collection recently launched in 140 Topshop branches in the UK and in 32 countries around the world. Sir Philip Green, boss of the Arcadia group which includes Topshop, says: "This is about building a brand. We're in this for the long game". Sir Philip has been checking the brand's sales results every 30 minutes.

Retail Week, 22 April 2016, p12

Financial services

Worldpay expands with pay-as-you-go service

Worldpay is to launch a pay-as-you-go service for smaller businesses who don't need to take payments all the time. It means that such businesses can pay a transaction fee each time they take a payment from a customer through Worldpay. The company is also introducing a "fixed monthly" service for established companies who want to bundle transactions costs and terminal hire costs together. Worldpay has a 40% share of payments processing in the UK. The latest move will allow it to diversify and expand its relationships with business customers.

Financial Time, 1 April 2016, p20

Cashing in the cash

A survey by Starcom reveals that 73% of people don't expect to be using cash in five years' time. The

majority of respondents believe that the 1p coin will disappear first, followed by the 2p coin and the £50 note. There are some concerns about a cashless future: 49% of people worry that they won't know how much they're spending and a quarter claim that they feel more secure and prepared when carrying cash.

research-live.com, 25 April 2016

FMCG

Beverages

German beer could end up flat...

On 23 April Germany celebrated the 500th anniversary of the Reinheitsgebot or "German beer purity law" (passed in 1516) which governs the ingredients used in beer. It is effectively a marketing tool for the country which signifies "Made in Germany". The problem with the law is the lack of variety: it is estimated that 3,500 different compliant beers are made in Germany today yet more than 1m variants could be made if the ingredients could be modified. In other words, German beer innovation is being stifled by the 500-year law. This leaves German brewers lagging behind foreigners who can experiment to their heart's content and annual beer consumption in Germany is falling...

The Economist, 23 April 2016, p30

...Coca-Cola loses sparkle

Sales of Coca-Cola's still drinks have risen more than those of its sparkling drinks during the first quarter. Consumers in developed markets have been moving away from fizz towards more healthy alternatives. This has led drinks companies, such as Coca-Cola, to focus on emerging markets from sales of their sparkling beverages. However, as these economies have slowed down, so have drinks sales. Volumes of Coca-Cola's sparkling drinks remained flat during the first quarter while still drinks sales rose by 7%.

Financial Times, 21 April 2016, p18

...and orange juice loses its zing

Global demand for orange juice has been falling steadily, especially in the US and EU, with consumption decreasing by over a fifth compared with a decade ago. This reflects a consumer shift away from sugary drinks and increased competition from other products. Farmers, processors and bottlers are trying to adapt. Cutrale, Brazil's largest orange juice group, has acquired Chiquita, a US banana company as it seeks to diversify. Meanwhile the industry is hoping that demand from emerging markets, such as China, will help their cause. Eventually, however, even emerging markets will catch up with concerns over sugar content.

Financial Times, 22 April 2016, p30

Cosmetics and toiletries

J&J revamps baby care for millennials

Millennial parents are shifting away from traditional baby products towards organic alternatives. Johnson & Johnson is responding to falling sales of products such as talcum powder and shampoo by relaunching its baby care business. US sales of the company's baby products fell by 14% year-on-year in the first quarter. Other well-known brands, such as Heinz, Campbells, McDonald's and Gap, have been reconsidering their strategies in order to fit in with changing millennial tastes.

Financial Times, 20 April 2016, p1

Food

Branded products are shrinking

Consumer group Which? has warned that hundreds of branded products in supermarkets have been reduced in size even though the price has remained the same or, in some cases, increased. Culprits include Andrex, which has reduced the number of sheets on toilet rolls from 240 to 221 while maintaining the same price, and McVitie's dark chocolate digestive biscuits, whose packet has decreased from 332g to 300g while the price has risen from £1.59 to £1.69 in Tesco. Which? claims the latest size cuts are a way of increasing prices in a way that consumers might not notice. Non-food items, such as Dettol Power and Pure Bathroom wipes, were also found to have shrunk in size.

The Guardian, 20 April 2016, p7; The Times, 20 April 2016, p16; Financial Times, 21 April 2016, p20

Tobacco

Philip Morris makes health claims with iQOS

Philip Morris International insists that it wants to improve health as well as profits. It claims that iQOS, one of its "reduced-risk products", accounts for 1 in 30 cigarette sales in Tokyo, which is acting as a test market for the product. iQOS is like a pen into which the user inserts a cigarette-like HeatStick. Philip Morris has been investing heavily in researchers who now number 300 scientists, many of whom have been recruited from pharma and medical-device companies. The company is to ask US regulators to designate the product as a "modified risk tobacco product", but health factions are sceptical of tobacco companies' claims of promoting healthier products.

The Economist, 23 April 2016, pp55-56

Tobacco Products Directive

The e-cigarette market continues to grow and was estimated to be worth £4.75 billion last year. This article looks at the implications for e-cigarette manufacturers of the Tobacco Products Directive which comes into force on 20 May this year. As well as various revisions for tobacco products, the legislation includes regulations for e-cigarettes. Under the Directive e-cigarettes will be available for

sale unless they make therapeutic claims, or they contain over 20mg of nicotine, in which case they will require a marketing authorisation from the Medicines and Healthcare Regulatory Products Agency (MHRA).

lexology.com, 18 April 2016

Government and public sector

The worm turns in audience debates

It is very difficult to know what an audience is thinking until a conference is over, and by then it is too late. It is important to remember that the typical attendee is constantly changing their mind. "Worm" polling is a good method of discovering what your audience is thinking while on-site and without interrupting the presentation. Average scores are shown in the form of a line (Worm) that meanders across a screen reflecting people's feelings of "like", "dislike" or "neutral". It is a commonly used tool in political debates. Check out this YouTube video of David Cameron, Gordon Brown and Nick Clegg being Worm polled!

eventindustrynews.co.uk, 22 April 2016

All change for the pound

HM Treasury and The Royal Mint are looking for an ad agency to make the British public and businesses aware of how to prepare for the launch of the new £1 coin next year. HM Treasury believes that: "Good communications are a vital element in achieving a smooth transition from the round pound" to the new, 12-sided coin.

Campaign, 22 April 2016, p2

Health and pharmaceuticals

Meat-comms – innovative internal comms

Researchers have succeeded in passing a wireless signal through pieces of pork and beef at speeds that would allow them to transmit high-definition video. This technique, which is nicknamed "meat-comms", could be used in medicine to help interact with medical implants in the body. At the moment near-field radio is used to communicate through the body but this does not travel well through soft tissue. The technique has been developed by a team at the University of Illinois under Andrew Singer, who believes that one day we could have wireless networks inside our bodies!

New Scientist, 23 April 2016, p23

IT and telecoms

Customising devices

RetroFab is a system which allows users to customise the controls on their devices. It scans the device and suggests other button layouts which can be modified prior to 3D printing the results. The new

layout can then be fitted over the existing one. Developed by Autodesk Research in Canada, the technology can be used on domestic gadgets including TV remotes and toasters.

New Scientist, 23 April 2016, p24

TomTom retains direction with mapping

Despite Smartphones denting sales of TomTom satnav systems, TomTom still has two advantages: its mapping database and the fact that it is independent of the likes of Google, which may be an attractive attribute to car manufacturers. TomTom will need to decide how to monetise its mapping knowledge; digital cartography is expensive, particularly the kind needed for driverless cars and investment will have to increase this year. The question is whether the company's device sales will be enough to fund this much-needed investment.

Financial Times, 20 April 2016, p14

Leisure and tourism

Virtual tourism

Virtual reality company, Realities.io, allows people to travel to some of the most far-flung and beautiful places in the world without having to leave their homes. One such destination is the Jaguar Paw Temple which is located deep in the Guatemalan rainforest and is usually visited only by archaeologists. As the last part of Guatemala where the rainforest is still intact, it is better that it shouldn't be overrun with tourists. The VR experience allows people to look behind doors and into holes. It is the brainchild of CTO and founder David Finsterwalder.

New Scientist, 23 April 2016, p24

Airbnb targets local tourism

Airbnb has launched an app which aims to pair travellers with hosts and neighbourhoods in order to "eradicate drive-by tourism". Airbnb believes that people primarily choose its service because they want to live like a local. CMO, Jonathan Mildenhall contrasts this with the "modern tourist industry that kind of shepherds travellers through this exhausting conveyor belt of rather crowded experiences". A YouGov poll of US adults found that people feel overwhelmed when visiting tourist attractions – 48% equate it to going to the dentist. Airbnb's new app includes bespoke matching, getting to know the neighbours and guidebooks.

brandchannel.com, 21 April 2016

Tokyo Olympics announces new logo

The 2020 Tokyo Olympics organisers have unveiled a new logo for the event after ditching the first one following accusations that it had been copied. The circular blue-and-white chequered logo is intended to represent different countries, cultures and ways of thinking. The previous logo was axed after its

designer, Kenjiro Sano, was accused of copying the emblem on the logo of the Théâtre de Liège in Belgium.

The Guardian, 26 April 2016, p16

Materials and mining

Mine of the future with autonomous trains

Rio Tinto has spent four years planning to introduce driverless trains in Australia; the initiative forms part of a \$518m project to build the first "autonomous heavy haul, long-distance railway system". The investment is also part of Rio's so-called "Mine of the Future" programme which will include autonomous trucks and drilling rigs. Automation will help to address what Rio's chief executive, Sam Walsh, describes as a "significant skills shortage" facing the industry. The driverless trains, which will transport iron ore from its Pilbara mine, has taken longer than expected and the project is running late.

Financial Times, 20 April 2016, p17

Media

Books

Fashion designers revamp Miss Potter titles

Penguin Random House is celebrating the 150th anniversary of Beatrix Potter's birth with a design makeover of five of her most well-known stories. It has enlisted the help of five fashion designers, such as House of Holland and Ora Kiely, who have been responsible for British and Irish clothing brands. The inspiration came from Beatrix Potter's characters who were "so beautifully clothed in the fashions of the time", according to Penguin designer Adam Wardle. The books will be launched in July.

The Bookseller, 22 April 2016, p22-23

Internet

Ad-blockers can damage websites

A new study suggests that ad-blockers don't just block ads on the internet – they also "break" websites. Tests carried out on the 100 most popular websites in the UK revealed that ad-blockers could corrupt useful parts of the site. For example, they could affect airline check-in screens or retail order tracking pages which would come up with a chunk of screen missing. BA and Ryanair were among the websites found to be affected. It is estimated that ad-blockers are installed on a third of computers but have yet to have a serious impact on the mobile advertising industry.

The Daily Telegraph (Business), 20 April 2016, p5

Quarter of UK online users will block ads

More than a quarter of internet users in the UK will be using ad-blocking software by the end of 2017, according to eMarketer's first-ever estimates of the practice. It predicts that, by the end of next year,

around 27% of internet users (14.7m people) will be blocking digital ads on at least one of their devices.

emarketer.com, 20 April 2016

Ad visibility

Online ad visibility has risen to 54% in the UK for the first quarter of the year, its highest level for 18 months, but lower than Germany, Austria and France. This means that marketers are still wasting £600m a year because 46% of banner ads are not viewable. Brands are taking steps to address the problem: Jeep is using a new ad format that wraps around the top and right-hand side of content on mobile and tablets so that the ad stays in view when the reader scrolls; Jeep claims a visibility rate of 95%. An ad is regarded as viewable if 50% of it can be seen for at least one second!

Marketing Week, 21 April 2016, p6

Social media

eBay bidders will use Facebook service

eBay is to trial Facebook's new automated messaging service, allowing it to tell shoppers that the auction for an item they have been bidding for is ending. Bidders will be notified if they have been outbid during the final 15 minutes of the auction and they will be able to place a new bid through Facebook. US customers of eBay will be able to opt-in to the service.

Retail Week, 22 April 2016, p30

Television

Sky suffers increased churn

Sky shares have been falling despite profit and sales growth. Customer churn rose to 10.7% in the UK, up from 10.2% and 10.1% in the previous two quarters. Sky attributes this trend to the increased emphasis on marketing its new Sky Q service, with a shift away from discounted TV and broadband packages. The company has also been turning away some customers with a view to increasing average revenue per customer. The launch of Sky Q in February increased marketing costs by £15m.

The Daily Telegraph (Business), 22 April 2016, p4

Channel 4 wants ads to feature disability

As part of its 'Year of Disability', Channel 4 will offer advertisers £1m of airtime in exchange for featuring disability and disabled talent in their campaigns. The winner's ad will be given the launch spot in the first ad break of the 2016 Rio Paralympics Games. Channel 4 is committed to doubling the number of disabled people who appear in 20 of its most popular programmes.

Marketing Week, 21 April 2016, p7

Will Netflix be disrupted?

Netflix has done a lot to disrupt the traditional broadcasting model but now it is under threat. The

company has admitted that it is likely to add just 2m subscribers in the second quarter; it has also been spending an increasing amount on new TV shows and expects to shell out \$6 billion this year. Netflix predicts that it will reach the 100m subscriber mark this year, but growth in the US has been slowing which has led analysts to question the company's predictions. Competition is also increasing in the US where Amazon has introduced initiatives to boost its Amazon Prime Video offering. Netflix currently has 81m subscribers compared with Amazon's 54m.

The Times, 20 April 2016, pp36-37

Packaging

Cadbury's Roses to have new wrappers

Cadbury's Roses owner, Mondelez, is to change the "twist" wrappers on the individual chocolates and replace them with tear-off wrappers. The company is also planning to change the shape of its hazel in caramel and coffee escape chocolates. Marketing manager, Claire Low, defends the changes: she says that the "number one" complaint about Cadbury's Roses has been poorly wrapped chocolates which can taint the flavour of other chocolates. The changes will take place this year but Mondelez risks incurring the wrath of Cadbury devotees as it did when it changed its crème eggs.

packagingnews.co.uk, 21 April 2016

Retailing

Supermarkets shift adspend

During the recession traditional supermarkets were some of the best advertisers because consumers continued to buy food even though they were reducing expenditure in other areas. However, all this has changed due to price deflation and competition from discounters like Aldi and Lidl and online operators such as Ocado and Amazon. The mid-market supermarkets – Morrisons, Tesco and Asda – are struggling to differentiate themselves but all have reduced their adspend. Tesco has become the smallest spender on traditional media among the traditional supermarkets as it shifts activities online, a move that other retailers will be watching with interest...

Campaign, 22 April 2016, p24

Tesco introduces auto-shopping tool

Tesco wants to make it easier to order goods over the internet in response to certain conditions, such as weather. It has partnered with IFTT (If This Then That), an internet service which connects apps with each other. For example, IFTT could add BBQ food to the shopper's basket when the temperature reaches a certain level or put an expensive bottle of wine in the basket if the price falls below a certain level. Whether IFTT catches on or not, Tesco believes it will provide useful information about

patterns of usage which can help it to design new services.

The Grocer, 23 April 2016, p16

Millennial attitudes to physical stores

New research from Accenture suggests that millennials are more likely to visit a physical store than older consumers, but 37% of UK millennials think that the retail experience needs to be improved. Key issues included a lack of targeted promotions (57%) and speed of checkout (42%).

Retail Week, 22 April 2016, p31

Services

Amazon considers airport ownership

Amazon is considering whether to purchase an airport in Germany so that it can operate its own fleet of delivery planes. It has been in talks with the owners of Hahn airport in Frankfurt, a loss-making operation that is currently on the market. Amazon ultimately hopes to create its own logistics and freight service which would reduce its dependence on third party services such as FedEx and UPS, with whom it would ultimately compete.

Retail Week, 22 April 2016, p14

Pret ramps up veggie menu

Following a 13.9% increase in sales at Pret A Manger, the sandwich chain is adding many more veggie options to its menus – sales of vegetarian food rose by double digits in the year to December. The company plans to convert a Soho branch into a vegetarian-only outlet for six weeks. Pret, which was founded in 1986, has opened 36 new branches worldwide this year. It also has plans to start serving evening food, including alcohol, at a couple of outlets, following a trial in London.

The Guardian, 20 April 2016, p20; Financial Times, 20 April 2016, p21; Marketing Week, 21 April 2016, p11

Zoopla enters software arena

Property portal Zoopla is to acquire Property Software Group (PSG), the market leader in estate agency software. This would link Zoopla with a back office system which is used by 8,000 branches. It hopes that this will give it an edge over rivals Rightmove, and OnTheMarket, the service set up by a consortium of estate agents. With the acquisition of PSG, Zoopla might have the opportunity of offering bundled services.

Financial Times, 20 August 2016, p21

Transport and travel

VW settles with Americans...

Volkswagen is to buy back or fix 482,000 two-litre diesel vehicles in the US that are fitted with "emissions-cheating software". The agreement does not cover the 90,000 Porsche, Audi and VW vehicles

with six-cylinder diesel engines. VW has issued a statement saying that it is "committed to earning back the trust of its customers, dealers, regulators and the American public". However the company is likely to have to face up to demands from many more regulators around the world. An estimated 8.5m VW cars in Europe are fitted with illegal software.

The Times, 22 April 2016, p40

...as other cars contravene emissions limits

It is not only VW that has fallen foul of emissions limits – now other car manufacturers are being investigated. A UK government analysis of cars has found that, although there was no evidence of any "defeat device" of the types used by VW, manufacturers were using an alternative system that reduced pollution in a test environment but which switched off during cold weather, causing emissions to rise. The system is apparently legal but could still lead to legal claims against motor manufacturers in the UK.

The Times, 22 April 2016, p13

Driverless cars have uphill climb

A survey from What Car? reveals that more than half of drivers believe driverless vehicles to be "unsafe" or "very unsafe" while 45% of the 4,000 respondents found the idea of a car taking over the driving process as "unappealing". The major concern, as expressed by 34% of respondents, is that an autonomous car would not be able to avoid an accident. Chancellor, George Osborne, wants to introduce legislation allowing driverless vehicles on UK roads by the end of the decade. Nissan's Qashqai is set to become the first mass-market car in the UK to be able to drive on motorways.

Financial Times, 20 April 2016, p4

Buzz phrases

Returnerism

Returnerism is the habit of returning to the same holiday destination every year. Research from ATOL has revealed that Londoners have a particular penchant for returnerism, with a quarter preferring to return to the same place each year. The average person has been to the same destination four times or more while a tenth of holidaymakers have returned to the same place ten times or more. The risk for travel companies is that people will start booking their own holidays using a DIY approach. The risk to holidaymakers, according to ATOL, is that the different elements of the holiday may not be ATOL-protected as they would be with a package holiday. Paris is the top holiday destination for returnerists, followed by the Balearic Islands and California.

London Business Matters, Issue 124 April 2016, p33

Cutting Edge: Our weekly analysis of marketing news

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Harry Marcus	Group M	Xaxis	UK Managing Director	Campaign
Russell Hopson	Team Red	Adam & Eve/DDB	Group Managing Director	Campaign
Alison Lancaster	Various	House of Fraser	Interim Chief Customer Officer	Retail Week
Emma Radley	Oxford University Hospitals NHS Trust	Winston's Wish	Director of Fundraising	Third Sector
Ian Watson	Brain Tumour Research	RP Fighting Blindness	Fundraising Manager	Third Sector

Promotions

Name	Company	Previous title	New title	Source
Lianne Dixon	DigitasLBi	Global Client partner	International Client Services Director	Campaign

Cutting Edge: Our weekly analysis of marketing news

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Journal of Business and Industrial Marketing+

Journal of Customer Behaviour

Journal of Marketing**

www.lexology.com

London Business Matters

London Business School Review** (12 month embargo)

The Marketing Review**

Marketing Week **

New Scientist** (1 month embargo)

www.packagingnews.co.uk

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www.research-live.com

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