

Cutting Edge: Our weekly analysis of marketing news

29 June 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

Short-termism and fall in budgets

A new IPA report, entitled *Selling Creativity Short*, suggests that the link between creativity and effectiveness is diminishing. It compares the levels of effectiveness of creatively-awarded campaigns with those of non-awarded ones. Before the financial crisis, IPA campaign effectiveness was gradually improving partly due to the impact of digital channels. The report reveals two trends: short-termism and budget cuts. The number of campaigns in the IPA Databank with a short-term goal rose from 7% in 2006 to 33% in 2014. In addition the number of creatively-awarded short-term campaigns reached 45%. The other finding is a sharp fall in real budgets for the campaigns in the IPA Databank. The extra share of voice (the difference between share of voice and market share) has also fallen by 12% since 2006.

Campaign, 24 June 2016, pp1,11

Growing power of Google and Facebook

Google and Facebook together accounted for 75% of all new online ad expenditure last year. This is significant because digital is fast becoming the ad industry's biggest source of revenue – eMarketer predicts that it will overtake TV in the US next year. The consequences for advertising of Google and Facebook becoming the 'gatekeepers' for digital advertising has not been lost on ad agencies, media buyers, publishers and brands alike. Ad executives in Cannes have been discussing the possibility of creating a "third block" of TV advertising inventory to rival Google and Facebook. This may involve the pooling of inventory by TV networks. Sir Martin Sorrell has suggested that one "block" could be created by the acquisition of Yahoo by AOL or an

alliance between traditional media owners. Another major concern for the industry is the prospect of Amazon creating its own branded products which will compete with the marketing and sale of established consumer goods.

Financial Times, 24 June 2016, p11

Agencies

Mondelez looks at new ad models

FMCG company Mondelez has unveiled a new marketing strategy which involves creating content that media owners and broadcasters might actually want to buy into. This could seriously disrupt the ad industry, with traditional creative and media buying agencies at risk. Mondelez will be looking at direct partnerships with companies such as BuzzFeed and Fox to create "advertising that doesn't look like advertising". The first work using this model will be a TV show called *Heaven Sent*, sponsored by Stride chewing gum. Mondelez has already stated that it wants to be able to work with agencies in 20-week periods. Laura Henderson, Mondelez global head of content, says that "traditional creative agencies are great at telling brand stories, but have never been asked to build standalone entertainment properties".

thedrum.com, 23 June 2016

Pride and diversity in advertising

Pride in London, whose main London march took place last weekend, has conducted research showing that almost seven out of ten LGBT people feel the need to lie about their sexuality or gender identity, while many find it hard to be their true selves in public. A new ad campaign for the movement, *#nofilter*, aims to change all that. *Campaign*, together with PrideAM, the ad industry's first LGBT group, has teamed up to profile some of the most successful role models in the ad industry. Ten of them recount their experiences here.



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Separately *The Guardian* profiles Cindy Gallop, former president of BBH in New York and champion of diversity in advertising.

Campaign, 24 June 2016, pp12-13; The Guardian, 27 June 2016, p28

Brands and branding

Brands and the CEO

This article is an edited version of the latest British Brands Group lecture, which examined how brands relate to CEOs. It points out that the concept of brand equity "makes CEOs' brains hurt" and that there are three things which matter to CEOs: strategy and execution; finance; and organisation. The article covers the topic of brand equity and how it is created, the ART (Awareness, Relevance and Trust) of brand-building and the role of marketing in relation to branding. Reference is made to Grey Goose, Accenture, Toyota and Procter & Gamble.

Market Leader, Quarter 3 2016, pp20-24 (Barwise)

Brand sustainability

Sustainability tends to have associations with the environment and corporate social responsibility. Yet this is not what is meant by building a sustainable brand which can be better understood in terms of a brand compass with a golden centre (the core or value creation) and four points denoting: purpose, culture, operations and voice. The strategic significance of each of these points is discussed.

Admap, June 2016, pp40-42 (Ackerman)

Conferences and events

Optimism despite event industry fall in value

New research reveals that the value of the UK events industry fell by 11% last year. The *UK Conference and Meeting Survey 2016 (UKCAMS)*, estimates that the value of the sector fell from £21.6 billion in 2014 to £19.2 billion in 2015. However, the number of business events rose by 600,000 in 2015 to 1.34m, despite the average number of delegates per event falling (70 in 2015 vs 81 in 2014). There is also continued optimism in the industry, with 79% of venues having undertaken some form of investment last year. Other factors noted in the report were the provision of free Wi-Fi at venues and the use of flexible event spaces. Three-quarters of venues reported that social media was the prime source of business development and lead generation to have experienced growth.

meetpie.com, 20 June 2016

Marketers the worst at wasting meeting time

New research suggests that workplace meetings are wasting time and money. A survey by Wisemply reveals that 36% of workplace meetings are considered unproductive and that the marketing department is the worst offender in this respect: marketing personnel spend over 13 hours a week in meetings and each meeting lasts 35 minutes longer

than the average across all departments. Two problems identified by the study are: that 20% of marketers feel intimidated during meetings and 22% say they don't have the chance to voice their opinions. All marketers surveyed said they multi-tasked during meetings, with many admitting to shopping (50%), searching for a job or preparing for an interview (17%), falling asleep (11%) or even online dating (6%)!

bizreport.com, 23 June 2016

Consumer behaviour

Family behaviour

Marketing has created numerous stereotypes, such as Millennials (see also under Market research), which they form many generalisations about. However, one of the hardest groups to define is the family, a group that is becoming increasingly fragmented and diverse. Research was conducted to discover how a family should be defined and to create a planning tool to target them. *Modern Families Uncovered* segments the 9.3m households in the UK into eight family types. It highlights five of the more interesting ones – restless rookies, young traditionalists, the pros, club class and #myfamily – and explains how to advertise to them. The author concludes that media planners and advertisers should recognise that there is no such thing as a typical family and instead should tap into individual needs.

Admap, June 2016, pp48-49 (Rose)

Customer relations

Dependence in buyer-supplier relationships

The literature often refers to dependence in buyer-supplier relationships (BSRs) as a key element in understanding the development of strong partnerships. This case study, which relates to a German mechanical engineering firm and its service provider, identifies four interrelated mechanisms that explain dependence and lock-in from the perspective of the buyer: convincing, tying, complementing and lock-in. A conceptual model is developed.

Industrial Marketing Management, Vol 55 May 2016, pp22-34 (Schmitz et al)

Consumer loyalty for digital

Research suggests that over 90% of consumers use loyalty cards at least once a month but that nearly a third find they do not have their card with them when they reach the till. Now brands are turning to app-based schemes to address this problem. Many people believe that loyalty means little to "brand-promiscuous" millennials. However, research by the Direct Marketing Association reveals that the most loyal demographic are actually the 16 to 24-year-olds. It also identifies consumer loyalty types by demographic. Virgin is launching Virgin Red, its first cross-brand platform which will allow consumers to

register their accounts across 17 Virgin businesses. Separately *Marketing Week* investigates Virgin's new loyalty scheme.

Campaign, 24 June 2016, pp2-3; Marketing Week, 23 June 2016, pp8-10

Role reversal in negotiations

Negotiations between the same counterparts – where the negotiators swap from buyer-to-seller in one transaction to seller-to-buyer in the next – are common. The authors demonstrate that when negotiators expect a role reversal they are likely to make more concessions and reach agreement more quickly in the current transaction. This could be because negotiators expect their counterparts to reciprocate in the next transaction when the roles are reversed. Yet when the negotiations take place in different accounting periods, or when there is no acknowledgement that roles are about to be reversed, role-reversal does not affect concession-making.

Journal of Marketing Research, Vol 53 June 2016, pp381-395 (Bagchi et al)

Direct marketing

Domain name e-mail helps create trust

A new study suggests that consumers are more likely to trust a small business which has a domain-based e-mail rather than just personal e-mails. The research, by GoDaddy, emphasises that the first direct interaction with a customer is often through e-mail so it is essential to make a good first impression: "Using a professional email address that ends with your company's domain offers you an opportunity to build your brand every time you interact with a customer." Some 33% of respondents in the study said they questioned the legitimacy of sellers with personal e-mail accounts.

bizreport.com, 23 June 2016

Marketing key to SME growth

According to research from Royal Mail MarketReach, 89% of UK SMEs intend to grow their business this year, with 81% indicating that marketing is critical for business growth and 37% that it is the primary driver of their business. As far as marketing options go, the most popular is e-mail (82%), followed by social media (62%), online advertising (50%) and direct mail (46%). Only 16% of SMEs currently use search marketing. The ability to measure effectiveness and cost are the main factors that deter SMEs from investing in new marketing channels.

smeinsider.com, 23 June 2016

Law

New drone rules in US

Last week the US announced the country's first rules on drones in response to demand from businesses for guidance on how they can be used. The rules,

which have been produced by the Federal Aviation Authority, will grant waivers to companies, farmers, researchers and others to fly drones under restricted conditions, such as over people and at night. Drone operators will also need the same security vetting as pilots and to follow best practices for privacy and transparency as published by the National Telecommunications and Information Administration. Drone sales are expected to be over 2.8m units this year, an increase of 150% year-on-year. (See also under Transport and travel)

Financial Times, 22 June 2016, p7

Dispute resolution platform

In February, the European Commission launched a free online service for the settlement of disputes relating to business-to-consumer online sales or service contracts. Consumers are able to submit an electronic complaint and make use of an alternative dispute resolution (ADR) entity to handle the case. Following the launch of the platform, EU marketplaces and traders will need to comply with new consumer information requirements, which are summarised here. They include the requirement for an electronic link to the platform from the trader's website.

lexology.com, 22 June 2016

Data Protection post-Brexit

Alexander Brown, partner at law firm Simmons & Simmons, says that the existing UK Data Protection Act 1998 will be subject to reform even though Britain is leaving the EU. Europe's General Data Protection Regulations will apply to businesses that trade across the EU but the question is whether the EU will consider the UK to be an "adequate country" for conducting cross-border personal data transfers. Since the UK was at the forefront of providing legal protection for consumers' personal data, it is likely that it will be considered "adequate".

research-live.com, 27 June 2016

When can you use someone else's trademark?

There are some circumstances in which it is acceptable to use someone else's trademark in advertising, which is known as "fair use". Here the author focuses on comparative advertising, in which brands are objectively compared. Comparative advertising is encouraged in the US because it gives consumers information while helping to promote product improvement and innovation. However, the ads need to be truthful and not misleading and use of the trademark should only be for comparison purposes. Five guidelines to comparative advertising are presented.

lexology.com, 22 June 2016

Marketing

Radical innovation and role of marketing

Radical product innovations can be significant drivers of company growth but there is a question mark over whether marketing can help or hinder firstly, a company's radical product innovation activity and, secondly, its rewards from radical product innovation activity. The authors look at the role of three marketing resources: market knowledge, reputation and relational resources with regard to radical innovation activity. A survey of high-tech B2B companies reveals that firms with strong relational resources have a greater tendency for, and stronger financial rewards from, radical innovation. In contrast, reputational resources hurt the incidence of radical innovation but improve its financial rewards. Market knowledge tends to hurt both radical innovation and its financial rewards.

Journal of Product Innovation Management, Vol 33(4) 2016, pp398-417 (Kyriakopoulos et al)

Sustainability marketing

Achieving sustainability requires radical solutions which go beyond simply product development and product substitutions. The authors seek to provide a blueprint for future sustainability marketing and practices. They examine five issues relating to the credibility and ambiguity of sustainability marketing: the debate between the incompatibility of marketing and sustainability; what sustainability offers marketing; what marketing offers sustainability; the feasibility of using the sustainability concept in marketing; and sustainability marketing 'myopia'. They also identify the dimensions that characterise sustainability marketing and add two new dimensions into the sustainability marketing model: the ethical dimension and the technological dimension.

Marketing Theory, Vol 16(2) 2016, pp232-249 (Lim)

Beware gender stereotyping says Unilever

Unilever is unhappy about the way in which the marketing industry stereotypes men, women and families following research which revealed that 40% of women do not recognise themselves in ads. VP of global marketing at Unilever, Aline Santos, believes that there is disconnect between where women are and how they are portrayed in advertising. To address gender stereotyping in general, Unilever has compiled a list of ten questions that marketers should consider before writing a brief and that agencies should think about when developing creative ideas. (See also under Household)

Marketing Week, 23 June 2016, p7

Market research

Defining millennials

Millennials are often lumped together as though they are all the same demographic even though they are really being defined by the period in which

they were born which hides many variations and contradictions. We are in an era when hyper-personalisation of marketing and communications is possible. The author looks at the development of segmentation and speculates about the next big phase in segmenting consumers. For example, we could be looking at a phase of "You are what you choose to share", as consumers increasingly manage their own information.

Market Leader, Quarter 3 2016, pp10-11 (Hayward)

Public relations

Bad news dominates business stories

When Co-op Group CEO, Richard Pennycook, said he would reduce his total pay package by 60%, the decision attracted very little publicity. This is because positive news does not gain as much attention as bad news. Research consultancy Populus has found that, over the past three months, the main business stories to attract public attention have been bad news stories – Tata's proposed closure of UK steel and the collapse of BHS. The default position of most people towards businesses tends to be hostility or cynicism. To overcome this cynicism, companies need to get better at telling stories and relaying them across multiple channels. CEOs must be prepared to defend their business practices or change their practices. This article was written by the CEO of Populus.

PR Week, June 2016, pp62-63 (Simmonds)

Using infographics

This is basically an infographic about how to use infographics. As a communications tool, an infographic is an effective way in which to combine text, statistics and imagery to tell a story. If you are using infographics as part of your content strategy you need to find ways of measuring the effectiveness of the idea. The author presents an infographic which provides information on: the life of an infographic; common types of infographic; six rules for responsible "infographicking"; and five tools for creation and distribution.

prdaily.com, 27 June 2016 (Allen)

Sponsorship

Endorsement and sponsorship – inequality

Tennis grand slams have given equal prize money to men and women since 2007, yet men still earn more than women. Last year Novak Djokovic won \$21.6m compared with Serena Williams' \$10.6m. Endorsements are not necessarily linked to on-court winnings: Rafael Nadal's on-court winnings were \$4.5m last year compared with off-court earnings of \$30m. Endorsements tend to be linked with longer-term career prospects and other factors deemed important to marketers. Japan's Kei Nishikori earns twice as much in sponsorship money as Britain's Andy Murray. Roger Federer remains at the top of the earnings game, with \$60-worth of endorsements

He earns more off-court than Djokovic's winnings and sponsorship combined.

Financial Times (Special Report: The Business of Tennis), 24 June 2016, p2

Agriculture, fishing and forestry

Antibiotic-free pig meat

Britain's biggest pig supplier, Karro Food Group, is to offer antibiotic-free meat in response to concerns over the use of drugs on farms and growing antibiotic resistance. The company has registered a trademark featuring a pig's head with "antibiotic free" written over it. Nearly half the antibiotics taken in the UK are consumed by animals.

The Times, 22 June 2016, p3

Urban vineyards

Vienna, which has the largest urban vineyards in the world, produces wines such as Gemischter Satz, Zweigelt and Riesling. Wine is part of the city's culture as are the Heurigen (taverns) run by the wine producers. There are challenges for wine producers working on the edge of a city where construction is encroaching on the surrounding farmland. In some cases farmers are forced to drive tractors between buildings to get to their fields.

Financial Times (Special Report: Vienna as a Business Location), 24 June 2016, p4

Building industry

London construction costs rise

A sharp rise in construction costs has led to several residential projects across London being put on hold as some developers try to renegotiate with planners. Shortage of labour has become a major problem which has contributed to London's construction costs rising by up to 10% over the past year making them the world's second-highest after New York. Galliard Homes says that its Capital Towers development in Stratford, east London, has become unviable. It is appealing to the London Legacy development, a planning authority, on the grounds that its profit margin has fallen to 1.3%, down from 20% when the project was initiated.

Financial Times, 24 June 2016, p4

Businesses and strategy

New service development

Little attention has been paid to new service development (NSD) compared with new product development (NPD). The authors discover that NSD lacks a "visible college" of researchers investigating the topic, which in turn has led to a lack of guidance for managers on how to effectively manage NSD services. NSD differs from NPD because of its characteristics, but it is unclear how these affect service innovation management. It is proposed that

NSD needs to move forward in a different way. Recommendations are provided for attracting more academics and enhancing the visibility and status of NSD as a research topic.

Journal of Product Innovation Management, Vol 33(4) 2016, pp382-397 (Biemans et al)

Business solutions – customer perceptions

Manufacturers often look to business solutions for growth but it is uncertain how these solutions can create superior perceived value. The authors investigate what constitutes value for customers from solutions over a period of time ("value in use"). They develop a framework for solution quality and value in use by conducting 36 interviews. The findings suggest that value in use corresponds not just to organisational goals, but also to individuals' goals. They conclude that, when moving towards solutions, manufacturers will need different approaches to market research, account management, solution design and quality control.

Journal of Marketing, Vol 80(3) 2016, pp96-120 (Macdonald et al)

The role of the holacracy

The authors use examples, such as Zappos and Morning Star, to investigate how holacracies and other forms of self-management have evolved and how they operate. Self-organisation models tend to have three characteristics: teams are the structure; teams design and govern themselves; and leadership is distributed among roles rather than individuals. It can be hard to adopt self-management and most companies probably shouldn't adopt its principles wholesale. However, some elements of self-organisation can be valuable for all companies. There are times when it makes sense to mix new approaches with traditional models.

Harvard Business Review, July-August 2016, pp38-49 (Bernstein et al)

A helping hand?

John Lewis is just one of an increasing number of UK companies that is investing in start-ups. They hope that by getting in at the start they will not lose business to the new competition or can avoid having to acquire start-ups at higher prices later on. Accelerators or incubators offer training and mentorship for start-ups as well as office space and investment. Last week over 80 companies gathered for the second "corporate acceleration summit" during London Technology Week. There have been concerns that big corporations may exploit start-ups but there is no shortage of those keen to sign up. Belron, the owner of Autoglass, is working with five start-ups including one called Sorry as a Service, which allows businesses to send personalised gifts to valued or dissatisfied customers.

Financial Times, 23 June 2016, p21

Charities and NGOs

Affinity marketing

In February affinity marketing in the charity sector received bad publicity when *The Sun* newspaper reported that Age UK had earned £6m a year by promoting an uncompetitive E.ON tariff to older people. A Charity Commission report suggested that the charity's trustees should review the deal although no laws had actually been broken. Charities should not be deterred from using affinity marketing since most of the deals are ethical. The Royal British Legion has a successful affinity marketing agreement with Coventry Building Society which is selling poppy-branded savings products. The Lullaby Trust, the sudden infant death charity, has a deal with GroCompany, a maker of baby sleeping bags which it helped to design.

Third Sector, July-August 2016, p48

Mailing costs take high percentage of income

Research by the Charity Commission in May 2015 identified ten charities that use direct mail as their main source of fundraising. It further revealed that mailing costs, as a percentage of those charities' income from fundraising, ranged from 63% to 90%. The Hungry Children Project was found to have spent 90% of income raised through fundraising on direct mail.

Third Sector, July-August 2016, p8

Economy

Gloomy view from the US

UK Brexit has shaken the markets and could potentially lead to years of economic uncertainty for Europe. The author asks Adam Posen, president of the Peterson Institute for International Economics, to comment on what policymakers can do to help control the "economic fallout". He argues that recession is a certainty for the UK, accompanied by a slowdown in Europe and the US. However, he admits that, in the medium-term, the British Government and European representatives can make a difference. He also comments on what action European policymakers can take and on the response of the US.

hbr.org, 24 June 2016 (Frick)

Global foreign direct investment

Last year foreign direct investment (FDI) amounted to \$1.8 trillion globally, a rise of 38% year-on-year. FDI to developed countries almost doubled to reach their highest level (\$962 billion) since 2007. FDI into the US and Ireland was boosted by M&A deals but in Europe deal-making fell by 36%. The outlook for this year is less optimistic, with FDI expected to fall by 10% to 15%.

The Economist, 25 June 2016, p81

Energy and utilities

Energy collaboration in Africa

Infrastructure investors in Africa have formed a joint venture to create one of the largest energy companies across Africa. The move reflects efforts on the part of private investors to combine African plants and grids across a number of countries to help address the continent's power deficit. Sub-Saharan Africa, including South Africa, currently generate less electricity than Spain. The joint-venture company will supply around 30m people, making it Africa's seventh-largest electricity generator.

Financial Times, 23 June 2016, p17

Business Stream heads south for business

Business Stream, a division of Scottish Water, has acquired the 105,000 non-domestic customers of Southern Water. This comes ahead of next year's changes in which non-household customers will be able to choose their water provider. Customers will be served by Business Stream unless they choose to go to an alternative provider. A joint venture by Severn Trent and United Utilities plans to work in the same market as Business Stream. Business Stream is currently the biggest player in Scotland with 50% of the market.

The Times, 24 June 2016, p44

Environment

UK in breach of air quality standards

In many places in the UK air is in breach of the nitrogen dioxide limits set by EU law. Last year a group of lawyers calling themselves ClientEarth won a case against the UK Government for failing to comply. Since the Government has still taken no action to remedy the situation, ClientEarth is going back to court. The case is due to be heard in October, but will the referendum result make a difference?

New Scientist, 25 June 2016, p7

Tesla opts for solar energy company

Tesla Motors is proposing to take over the biggest residential solar company in the US, SolarCity. US installations of new solar capacity more than tripled over the four years to 2015 and are expected to rise by another 25% this year. Meanwhile new markets have been appearing around the world as falling solar power prices make it more competitive. Trina Solar of China expanded into 20 new markets last year. Yet the industry continues to struggle: the world's largest solar developer, Sun-Edison, entered Chapter 11 bankruptcy protection in April. Although solar power is the fastest-growing energy source, it is not always popular with investors and competition makes it hard to achieve good returns.

Financial Times, 23 June 2016, p17; The Economist, 25 June 2016, p60

Fashion

Zara to test out self-service tills

Zara, the world's largest fashion chain, is trialling automated check-outs at two stores in Spain and one in the US. If the technology is brought to Britain, Zara will become the first fashion retailer in the country to use it. Self-service check-outs are good for retailers because they cut costs and queues, yet they are not overly popular with supermarket shoppers. It is also estimated that over £1.6 billion-worth of goods were stolen from supermarkets via self-service last year. It is likely that clothing retailers will only allow shoppers to check out cheaper items which don't have security tags. There will also be job losses – a report last year by The Boston Consulting Group predicted that a quarter of jobs would be replaced by software or robots by 2025.

The Times, 23 June 2016, p26

Financial services

Online relationship marketing and trust

There is a need for a better understanding of how digital channels will influence B2B customer relationships, particularly the role of the internet in commitment and trust. This study examines the relationship between online relationship marketing and affective customer commitment (emotional attachment) and how the relationship is affected by channel trust. The research, which was conducted among 200 online retail banks, used Structural Equation Modelling to investigate the impact of five online relationship marketing practices on affective commitment and how trust influences these relationships.

Journal of Financial Services Marketing, Vol 21(2), pp127-140 (Boateng and Narteh)

Digital banking

A new report, entitled *Digital Transformation – The Challenges and Opportunities Facing Banks*, by Efma and Oracle Financial Services Global Business Unit, examines the current and future impact of digitisation in the banking sector. The report represents the findings of three "Think tank" sessions hosted by these organisations. This article covers three major topics: the impact of digital transformation; the role of the fintechs; and key digital strategies for banking.

thefinancialbrand.com, 27 June 2016 (Marous)

FMCG

Beverages

Zero-proof drinks

Britvic has launched an incubator company, called WiseHead, which will offer premium soft drinks for adults. This follows a 2015 study by the Office for

National Statistics which revealed that people's tastes are changing because of health concerns over their sugar intake. The incubator's first product is Thomas & Evans No.1 which is a so-called "zero-proof drink" with no alcohol, sugar or sweeteners. The company will not be spending huge amounts on advertising but instead wants to develop brand "credibility" among consumers.

Marketing Week, 23 June 2016, p11

Sugar levy to be offset by tax credits

In April 2018 the UK will introduce a "sugar levy" on drinks with more than 5g of sugar per 100ml. Companies will be able to reduce their tax bill using R&D tax credits to recoup 9% of their R&D costs provided that the research meets certain criteria, such as reformulating drinks. Coca-Cola has spent £10m on relaunching Coke Zero. The UK Treasury plans to put the projected £520m raised in the first year into sport in primary schools to help tackle childhood obesity.

Financial Times, 24 June 2016, p4

Food

New food crime hotline

The National Food Crime Unit, which was set up in response to the horsemeat scandal, has launched Food Crime Confidential, a 'whistle-blowing' hotline for employees of the UK's food sector. It will enable anyone who suspects food crime, to report it confidentially by phone or via a dedicated e-mail address. Victim reporting of food crime tends to be low because consumers often don't realise that they have been victims.

The Grocer, 25 June 2016, p38

Household

Unilever to remove gender stereotypes

Unilever is to remove all gender stereotypes from its ads after research revealed that only 3% of its advertising depicted women in managerial, leadership or professional roles – instead they tend to be shown in domestic roles. The research found that gender stereotyping also applies to men. Unilever has announced a global strategy to "unstereotype" its campaigns. It is the second biggest advertiser in the world, with more than 400 brands and expenditure of €8 billion a year.

The Guardian, 23 June 2016, p11; The Times, 24 June 2016, p19

Tobacco

BMA wants to ban vaping in public

The British Medical Association has voted for e-cigarettes to be banned from shops, restaurants and places where children might see them. Some experts believe that the suggestion is unnecessary because e-cigarettes are 95% safer than tobacco. The BMA's annual representative meeting in Belfast voted to restrict public vaping to "protect the

population from second-hand inhalation of e-cigarette vapours". In contrast, Public Health England and the Royal College of physicians have supported the use of e-cigarettes because they could save lives if smokers choose to vape instead of smoking tobacco. They also claim that there is little evidence that vaping is harmful to children.

The Times, 23 June 2016, p2

Government and public sector

Government revamps comms strategy

The UK Government is considering changing the way it commissions marketing services by creating two frameworks. The "campaign solutions framework" will offer briefs that don't specify channels and are open to agencies with varying specialisms. This would allow up to 30 agencies with multiple areas of expertise to respond to briefs. The "communication services framework" will enable government departments or agencies to request tailored communication services which may apply to shorter-term projects.

Campaign, 24 June 2016, p24

Leaving the EU – what happens next?

This note links through to a House of Commons Library report entitled *Brexit: what happens next?* It examines the immediate consequences of the vote to leave the EU and the longer-term implications of the decision. It also links to Commons Briefing Paper 7551, *EU Referendum: the process of leaving the EU* (April 2016), which considers questions about UK withdrawal from the EU, including the method of leaving the EU, withdrawal negotiations, and the implications for Scotland and Gibraltar.

parliament.uk, 27 June 2016

Brexit – what now for advertising?

The Drum looks at the implications of the Brexit vote for the advertising industry. According to agencies, uncertainty in the business community means that clients are questioning whether to continue to invest in their UK businesses. Meanwhile the ICO is advising businesses to comply with the existing Data Protection Act but warns that, in order to trade with Europe, UK data protection standards must equate to the EU's forthcoming General Data Protection Regulation framework. Does marketing carry any responsibility for Brexit? The Remain campaign's advertising and media tactics, dubbed "Project Fear", didn't succeed in swaying the public. Maybe we are moving to an era of earned rather than paid media for political advertising.

thedrum, 24 June 2016

Health and pharmaceuticals

Scam aspirin ad – BBDO returns award

Cannes Lions is being criticised for having given a bronze award to an ad for aspirins carrying the message: "Don't worry babe, I'm not filming this". The ad, created by Brazilian agency AlmapBBDO for pharmaceutical firm Bayer, has received widespread criticism on social media due to its sexist nature. BBDO has since been told to hand back the award by its chairman David Lubars who stated: "I told them to return it...BBDO doesn't want that kind of Lion." The ad has subsequently been exposed as a scam by Bayer, who said that it had been created specifically by the agency in order to enter the Cannes festival.

thedrum.com, 23 June 2016; thedrum.com, 25 June 2016

IT and telecoms

Blackberry shifts to software and services

Despite reporting a fall in revenues of over a third, Blackberry's shares rose by 4% last week, due to signs that its turnaround strategy is working. The company has been moving away from its smartphone business, an arena dominated by Samsung and Apple, towards providing software for government and business. Software and services business reported a 21% rise in revenues for the three months to May year-on-year with 30% growth expected this year. There is speculation that BlackBerry will phase out its handset business; its latest phone – the Priv which is the first BlackBerry to run on Android – has experienced declining sales. However, chief executive, John Chen, has said that his "number one objective" is to make handsets profitable.

Financial Times, 24 June 2016, p18

Unlocking mobile ad potential

The Unlocked app may be one solution to the problem of ad-blocking. It is offering a discount on a user's monthly phone bill if they agree to be shown an ad every third time they unlock their smartphone. The scheme is being backed by Yahoo!, Lyft and Starbucks.

Wired, July-August 2016, p21

Leisure and tourism

Tennis expands appeal with new channels

Wimbledon is under way and tennis fans will be able to access more digital content than ever before as the tournament uses new marketing channels to broaden its fan base. In order to draw in a younger demographic, the All England Tennis Club is adding a "Create your own story" section to its app so that users can share personalised videos on social media. Meanwhile IBM's Cognos Command Centre will allow Watson's AI to understand global social media and learn about emerging topics. The aim is to raise

awareness of the tournament outside Britain. A new WeChat game targets Chinese audiences. This article also includes sponsors' (Robinsons, Stella Artois and Jaguar) plans for this year.

Marketing Week, 23 June 2016, pp12-13

Hobbycraft – a crafty boost to sales

Hobbycraft has reported a 63% hike in underlying profits with sales up by 7.6% for the year to 21 February. Success is attributed to TV trends, such as home baking inspired by *The Great British Bake Off* and arts and crafts inspired by *The Great Pottery Throwdown* and *The Great British Sewing Bee*. Hobbycraft has reduced its prices, with some products priced at £1 to compete with pound stores, and has improved its distribution and supply chain. Communication with customers has also been boosted by the Hobbycraft Club. The UK craft market is growing at the rate of 4.5% a year.

The Guardian, 24 June 2016, p31

Staycation is back

It seems that the staycation is back in fashion – a survey by Greene King has found that 85% of households plan to have at least one holiday in Britain this year. The trend is attributed to the high cost of travel resulting from the depreciation of sterling coupled with fears over terrorism. Domestic tour operators, restaurants and other attractions have been benefiting from the busy domestic tourist trade.

The Times, 23 June 2016, p40

Materials and mining

3D-printed phones...

A factory in China is 3D-printing circuitry directly into smartphones. The ability to print electronic components at the speed and scale needed in the smartphone industry is a new thing which could lead to sensors and electronics being embedded in all sorts of things. One of the main benefits of 3D printing is its flexibility which allows factories to reconfigure the entire production line. Optomec of New Jersey, which is working with Chinese company Lite-On, is also printing sensors to monitor giant turbines in gas-fired power stations.

New Scientist, 25 June 2016, p22

...and 3D-printed customised vehicles

Daihatsu, a Toyota subsidiary, is to offer customers the chance to customise their cars using 3D-printed parts. This will allow buyers at the lower end of the spectrum to tailor their vehicles in a way that has previously only been available to luxury vehicle buyers. Currently the service only applies to the Daihatsu Copen, a small, convertible two-seater; customers will be able to choose between 15 "effect skins" or decorative panels. They will also be able to use a website to make further modifications. The

service is being tested in a few markets while other carmakers look on with interest.

The Economist, 25 June 2016, pp59-60

Media

Books

The decline of the book review

The loss of journalists from national newspapers has been described as "heartbreaking" for the book industry because of the lack of knowledgeable journalists who can write book reviews. Authors, publishers and PR specialists bemoan the fact that literary reviews are losing out to online channels with their "on-the-minute" news. Alison Barrow, director of media relations at Transworld, believes that "strong review coverage in the traditional and respected press is still a key sales-driver for readers, greeted and respected by writers, publishers, agents and booksellers".

The Bookseller, 24 June 2016, pp6-7

Film

Movie posters

Many film posters have created lasting impressions and some have even achieved the status of a serious art form. Film posters first appeared in France, the first having been created in 1890 by Jules Chéret who is widely regarded as the father of outdoor advertising. The first poster advertising a specific film appeared in 1895, designed by Marcellin Auzolle. He set the trend for future film advertising which highlighted the fact that people go to the cinema to enjoy themselves. Lately the movie ad industry has received criticism for its risk-averse campaigns while ad-makers have had to jump through hoops because of sensitive issues surrounding credits and star billings.

Campaign, 24 June 2016, p15

Pakistan's army get in on the action

Pakistan's film industry is much smaller than India's Bollywood operation. In fact the country is likely to show just 48 local films this year. Now it is receiving help from an unlikely source – the Pakistan army is prepared to offer extras, helicopters, guns and the use of military land if it likes the look of a film. This will transform the appearance of low-budget productions into high-budget ones. However, many Pakistani films contain "India-bashing" content that can alienate the country's audiences who enjoy Bollywood films.

The Economist, 25 June 2016, p48

Games

Supercell – worth over \$10 billion

Finnish games developer, Supercell, is the first European internet company to be valued at over \$10 billion. This follows the acquisition by Chinese

company Tencent of a controlling stake (84%) in the company. Supercell's game, *Clash of Clans*, has become the highest-grossing app of all time following its launch in 2012. The deal will help the company expand into China. Tencent already owns many popular portals, including WeChat, but the Supercell acquisition will turn it into the world's biggest game company, allowing it to extend further outside its home market. China has more gamers than any other country.

The Daily Telegraph, 22 June 2016, p8; Financial Times, 23 June 2016, p19

Music

Music industry wants YouTube changes

Nearly 200 musicians and record labels have joined in a campaign to target YouTube which they say gives away too much of their work free of charge. They are calling for a change in copyright law but are unlikely to succeed. Last year some high-profile musicians published a letter in several Washington periodicals calling on Congress to make it more difficult to host songs uploaded by users. Facebook and Google are likely to mount strong opposition to any changes in the Digital Millennium Copyright Act which gives "safe harbour" from liability for copyright infringement. Instead a better solution might be to persuade YouTube to pay more for the music...

The Economist, 25 June 2016, p59

Social media

The role of social media in innovation

Less than 50% of companies use social media in the new product development (NPD) process largely because many simply don't know how to use social media for innovation. Yet social media can provide a "game-changing" opportunity for those who learn how to execute clear strategies and objectives. An analysis of the social media practices of global companies reveals that companies who invested in social media initiatives without having a clear strategy or the right skills and knowledge, did not often achieve the results they wanted. Companies who benefited the most from social media during every stage of NPD were those who used social media during every stage. The analogy of a summer camp is used, in which three camps – Camp Explore, Camp Co-create and Camp Communicate – offer different approaches and skill sets in relation to the innovation process.

MIT Sloan Management Review, Vol 57(3) 2016, pp41-47 (Roberts and Piller)

Advertising on Snapchat

Snapchat, which is associated with younger social media users, reaches 40% of all 18 to 34 year-olds. It is also a serious player in online advertising and is already attracting traditional British brands, such as Wimbledon, the BBC and Cadbury. Snapchat

receives around 10 billion video views a day vs Facebook's 8 billion. This year Snapchat is predicted to achieve £300m in ad revenue and there is speculation that it could take some budget away from TV. Snapchat's format – content that rapidly disappears – makes it ideal for sharp, targeted campaigns, such as the gallery of changing images created by *Cosmopolitan*. Meanwhile eMarketer estimates that 22% of media buyers will focus their spending on Snapchat this year compared with just 4% on Facebook and Twitter.

The Daily Telegraph, 24 June 2016, p2

Instagram – new formats attract ads

Over the past two years Instagram has more than doubled its users to 500m monthly logins. It now has 300m daily users and around 200,000 advertisers are buying slots on the app. Credit Suisse estimates that Instagram could make \$3.2 billion in revenue this year. It is attracting advertisers through new formats such as longer video ads and an opportunity to place "buy" buttons on individual products. Advertising can also be targeted using data from Instagram's owner, Facebook.

Financial Times, 22 June 2016, p16

Television

First video games channel

This month Sky is launching the first mainstream TV channel in the UK that is entirely dedicated to video games. Ginx eSports TV is funded by ITV and will feature competitive gaming 24 hours a day.

New Scientist, 25 June 2016, p24

Packaging

Plastic is sustainable says Linpac

Food packaging company Linpac's director of innovation, Ana Fernandez, believes that the food industry can't make progress in tackling sustainability and waste because manufacturers, brands and retailers are still reluctant to make the switch to rigid plastic packaging. This is despite attempts by industry bodies to debunk myths surrounding environmental and safety concerns relating to plastic packaging. Linpac argues that each pound of plastic packaging can reduce food waste by up to 1.7 pounds.

packaging news.co.uk, 27 June 2016

Retailing

Bunnings starts to rebrand Homebase stores

Australian DIY chain, Bunnings, will arrive in the UK in October when it plans to open a pilot Bunnings store. The company, which acquired Homebase this year for £340m, will be rebranding the first store as part of a pilot scheme to test the water before converting the entire Homebase chain. Bunnings has

started making changes to Homebase, such as lowering prices and improving service. It is also introducing new products, including a wider range of barbecues!

The Guardian, 23 June 2016, p27

Boots introduces in-store help app

Boots has created a new app, together with IBM and Apple, which will help customers to find what they want. The Sales Assist app, which is heralded as a "world first", has been installed on 3,700 iPads carried by store staff. The app will allow staff to look up a product and produce a picture of it along with other information, including price, special offers, other recommended products and customer reviews.

The Grocer, 25 June 2016, p12

Mobile e-commerce – satisfaction

A survey of 8,000 consumers across Europe, the US, India, Australia and New Zealand reveals that 85% are unlikely to make purchases from the same organisation if they have had a bad mobile experience. This underlines the importance of providing a consistent and satisfying mobile experience, according to a report by LogMeIn, entitled *Effective Mobile Engagement Report 2016*. Only 52% of respondents said they were satisfied with their last mobile engagement, down from 59% in 2015. It is expected that by 2018, 50% of all e-commerce purchases will be made on a mobile device.

fashionunited.com, 27 June 2016

Amazon vs Ocado

The launch of Amazon Fresh in London dealt a blow to Ocado's share price, but how much of a threat is Amazon to Ocado? *The Grocer* compares the two using key metrics including customer appeal, price, range, delivery, reach and business model. Ocado wins on range and reach and Amazon on delivery. The conclusion is that Amazon will take some time to establish itself as a serious contender in nationwide grocery delivery and that this should allow Ocado time to adjust its strategy.

The Grocer, 25 June 2016, p14

Services

France to challenge taxi app in court

Car-hailing app Heetch is to be charged with operating an illegal service by using "misleading commercial practices" in France. Heetch, a French company launched in 2013, books 50,000 rides a week and has 350,000 members. The company has managed to pass largely unnoticed, unlike Uber, which has sparked off violent protests by traditional taxi drivers. Uber has already been fined €800,000 when a court ruled that its UberPOP service was running illegally.

Financial Times, 22 June 2016, p19

Smooth operator – shopping on demand

The Operator app takes a user's request for a product, such as a sofa – either in text or photo form – and then connects them to someone who knows about furniture. A product can then be recommended, purchased and delivered, with the entire process being arranged through chat. Co-founder and CEO, Robin Chan, believes that "messaging apps are now bigger than browsers" and that "If the internet's going to look like a conversation, commerce should be completely rethought".

Wired, July-August 2016, p43

Second-hand gains foothold in China

In China second-hand goods have traditionally been regarded as inferior, unlike the UK, where second-hand clothes shops are trendy. But increasingly younger, more-broad-minded Chinese online shoppers are turning to Xianyu, a "digital flea market", owned by Alibaba. The site has introduced the concept of "fish ponds" (online communities based on interest and location) where people can talk about their hobbies and make their second-hand purchases.

Financial Times, 24 June 2016, p14

Transport and travel

Jaguar – VR drives sales

Jaguar says that its use of virtual reality is having a positive effect on sales. The company has just launched the *#FeelWimbledon* VR campaign which forms part of its sponsorship of Wimbledon. Head of communications at Jaguar Land Rover UK, Robert Herd, says that "Jaguar now designs its cars in a VR environment and sells its cars in a VR environment" which is creating additional sales for the company. He warns that, in order to work, VR must either align with the brand or serve a functional purpose.

Marketing Week, 23 June 2016, p6

VW – cutting costs

VW's annual meeting in Hanover last week would have been an uncomfortable one in the wake of 'dieselgate'. The company's operating margins are lower than those of its global competitors and the group has promised to cut R&D costs as well as selling, general and administrative expenses. This does not help with the overall cost of putting the cars together – group labour costs at VW's German factories account for 13% of turnover while at its subsidiaries, Skoda and Seat, they are below 10% and at Audi 11%. Meanwhile the VW brand is losing market share...

Financial Times, 22 June 2016, p14

Passenger drones

A passenger drone, known as the Volocopter VC200, is currently being tested out. Made by German

company e-volo, the drone has 18 separate rotors and incorporates so many sensors that it can fly almost entirely autonomously. The price for a machine is likely to be about the same as that for an upmarket car. The market for passenger drones could be huge, encompassing military, commercial and leisure applications. Another approach to drones has been taken by British company Malloy Aeronautics which has developed the Hoverbike.

The Economist, 25 June 2016, pp70-71

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Karen Clarke	NMG Group	BritainThinks	Operations Director	research-live.com
Raj Krishan	My Local	Blakemore Wholesale Distribution	Sales Director	The Grocer
Antonella Pearce	IPR License	The London Book Fair	Sales Manager	The Bookseller
Alexander Sandover	Twinnings	Lily's Kitchen	E-commerce Director	The Grocer
Erin Taylor	FocusVision	Critical Mix	Chief Product Officer	research-live.com

Promotions

Name	Company	Previous title	New title	Source
Emily James	Rainey Kelly Campbell Roalfe/Y&R	Head of Strategy	Chief Strategy Officer	Campaign
Kate Stilborn	Blackwell's	Head of Operations	Customer Service and Operations Director	The Bookseller

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Market Leader

www.meetpie.com

MIT Sloan Management Review*

New Scientist** (1 month embargo)

www.packagingnews.co.uk

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PR Week

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[Third Sector](http://ThirdSector.com) (selected articles available)

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