

Cutting Edge: Our weekly analysis of marketing news

6 July 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

Adspend and Brexit

There have been various reactions to the UK's referendum vote to leave the EU: Group CE of VCCP Partnership, Adrian Coleman, says he expects the ad market to decline "between 5% and 10%" over the next six months, while the Advertising Association has written to business secretary, Sajid Javid, calling on him to boost "advertiser confidence" and proceed with further deregulation. Although some industries, such as housebuilding, have cancelled their media spend or reduced their marketing, many brands have not changed their marketing plans, having already committed to Q3 spending this year. It is difficult to draw conclusions until we see what happens over the next couple of years!

Campaign, 30 June 2016, p1

Animal influencers

Toast is a Cavalier King Charles spaniel who has achieved online fame with more than 360,000 Instagram followers. She has also posed with famous actresses and been sponsored by high-end US brands, such as Barneys and Coach. Advertisers spend around \$0.5 billion a year on selling products through animal influencers. Animals such as Toast can make around up to \$1,000 per sponsored post!

Bloomberg Businessweek, 27 June-3 July 2016, p67

Agencies

Agencies respond to Remain failure

The *Stronger In Europe* campaign failed to create a compelling argument even though it employed some of the best agency strategists from the likes of Adam & Eve/DDB, M&C Saatchi and WPP. Agencies argue that there was no lead agency until M&C Saatchi was appointed in May. They also complain

that the Remain side had a disjointed, unfocused strategy and was determined to promote a negative message. Agencies also had to deal with a cross-party committee which resulted in too many opinions to provide a focused message. Here are five lessons for marketers "from the debacle".

Campaign, 30 June 2016, p5

Advertising-agency relationships

According to a new survey, 64% of agency respondents believe that there is a lack of media talent among clients but 53% of advertisers disagree with this verdict, claiming that their media does meet agency needs. The report, by ID Comms, identifies agencies' lack of confidence in the quality of advertisers' media capabilities. It also shows that advertisers rely heavily on agency talent for delivering media goals.

Marketing Week, 30 June 2016, p6

Brands and branding

Luxury brand management

The definitions of luxury are varied and changing as consumers shift from being homogenous to highly heterogeneous: they range from the older, largely loyal and affluent Western consumer to the up-and-coming consumer who may only be interested in the occasional use of luxury items for particular events. Marketing strategies and measures have not yet adapted to the changing circumstances of luxury brands. In this paper the authors offer an examination of behavioural branding in the context of luxury brands and make suggestions for future research. They introduce the idea of the "brand behaviour funnel" for the analysis and management of "brand-consistent" employee behaviour.

The Marketing Review, Vol 16(1) 2016, pp3-25 (Duma et al)



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Rebranding

Rebranding often involves changing perceptions without changing the actual business. The author equates changing a logo and calling it a rebrand with placing expensive graffiti on the same "ramshackle" car. A company changes slowly over time until it reaches a point where it is a different company. It recognises this by, not only changing its logo and marketing, but by changing its perceptions in the minds of consumers. Companies have been rebranding for years in the hope of boosting sales, but rebrands have often had the opposite effect. This article looks at what can make or break a rebrand.

Marketing Africa, Issue 12 2016, pp46-49 (Okach)

Sticky brands

Some brands are more memorable than others but what makes them "sticky" in the memory and what can less "sticky" brands do? New research from Cubo, an agency, suggests that brands stick in some people's brains due to the brand's "headspace". The research examines three product categories – tea, online betting and weekend hotel breaks – to identify the factors that make brands sticky. For example, in the tea category, PG Tips (19.2%), Tetley (16.5%) and Yorkshire (13.7%) are dominant in terms of stickiness, which suggests that visibility is important. On the other hand Twinings has 14.2% of headspace which shows that quality can also win through.

Marketing Week, 30 June 2016, pp16-19

Children

Junk food advertising

A new survey from Cancer Research UK claims that TV advertising for sweets, crisps and fast food can be entertaining enough to tempt children into wanting to eat the food. The charity conducted the research among primary school children who said the ads made them feel hungry – one boy said he would like to lick the screen! The researchers believe that the use of celebrities, bright colours and funny voices attracts children and influences their eating habits. Health groups have been calling on tougher restrictions on ads to help control childhood obesity. There are bans on junk food ads during kids' TV shows, but children can still view them with their parents later in the evening.

The Guardian, 5 July 2016, p11

Conferences and events

Facebook features local events

Featured Events is a new Facebook product which has just launched in the US. It introduces a human element by allowing dedicated staff to recommend local events to users. Users will be allowed to submit their own events to be considered for sharing with relevant people in the local area. Facebook says that events that have paid for advertising will not receive

priority. Featured events will initially be available in ten US cities.

thedrum.com, 28 June 2016

Event trends for 2016

Brands are constantly trying to stand out from the crowd, which often manifests itself in the way that their products and services are marketed. In the events industry this trend is being driven by a new generation of leadership, namely the 'Millennials'. Meetings are increasingly expected to "break free from the drab conference room". Since much of the productive networking occurs outside the event, it is not surprising that extracurricular activities are beginning to impinge on the main event itself. The author examines three event trends in the areas of atypical venues, alternative travel and sustainability.

eventindustrynews.co.uk, 30 June 2016

Consumer behaviour

Consumer response to imprecise rank claims

Marketing communications, designed to convey the most favourable impression of a brand, might include highlighting its inclusion in the top ten tier of a third-party list instead of referring to its exact rank. The authors argue that, when marketers use this type of "imprecise" advertising claim, small differences in the "tier boundary" (such as top nine rather than top ten) can influence consumers' evaluation and willingness to pay. They identify a so-called "comfort tier" effect, where a weaker claim which uses a less exclusive but commonly-used tier boundary can result in better brand evaluations than a stronger claim to a more exclusive but less common tier boundary. This is explained in terms of a two-stage process in which consumers evaluate imprecise rank claims.

Journal of Marketing Research, Vol 52 June 2016, pp338-353 (Isaac et al)

Can mirror ban lead to more purchases?

Property developer, Hammerson, has said that it will ban mirrors in changing rooms in three of its shopping centres after a survey suggested that 71% women were deterred from buying clothes after trying them on in changing rooms. Some 52% of women said that they felt "down" after viewing themselves in a mirror, according to the research which was conducted by research company Mortar. The move has triggered off the age-old controversy about sexism, since men's changing rooms won't be receiving the same treatment!

The Times, 30 June 2016, p29

Customer relations

Buyer attractiveness

Buyer attractiveness is an emerging research area in business marketing yet little work has been done on the dynamics between buyer and supplier attractiveness and their implications for relationship

development. This research framework suggest that buyer attractiveness is connected, firstly, to supplier's experienced and expected business outcomes within the relationship and, secondly, the impact of the relationship on the supplier's other relationships. A qualitative case study of two buyers and their key suppliers investigates the dimensions of attractiveness that are connected with relationship development.

Industrial Marketing Management, Vol 55 May 2016, pp156-168 (Makkonen et al)

Making personalisation human

This year's *Admap Prize* focuses on the era of personalisation with seven winning essays covering various aspects of the subject. The Gold Award goes to a submission entitled *Make algorithms human*, in which the author argues that personalisation can be "weird, inappropriate or simply clumsy attempts at marketing". He looks at why personalisation fails and how this can be avoided. Brands need to ensure that personalisation works while leaving space for "human discovery, serendipity and surprise". Personalisation tools are inhuman and this needs to change through human insight and empathy.

Admap, June 2016, pp16-19 (Feldwick)

Direct marketing

Individualised marketing

Personalised Marketing Out, Individualised Marketing In is the title of a new report from Teradata Marketing Applications and Forbes Insights. David Panek, VP of Global marketing at Teradata, argues that "mass personalisation has failed" as consumers increasingly expect to receive "real-time, relevant messages". The survey, conducted globally among 300 marketing leaders, reveals that companies are struggling to achieve a balance between agility and customer connectedness to improve their individualised marketing activities. Some 79% of respondents said that individualised marketing was a priority while 72% said they often used it for customer retention and brand recognition, with 32% using it to connect one-to-one with customers.

Database Marketing, June 2016, pp24-25

The DMA on Brexit

The DMA provides a brief overview of what Brexit means for marketers, in particular the direct marketing sector. It stresses that businesses will need to comply with the new EU General Data Protection Regulations (See also under Law) but also touches on the future of data protection and privacy laws.

dma.org.uk, 24 June 2016

Law

Online contracts

There has been a flurry of lawsuits in America claiming that companies' online agreements breach consumer rights. Consumers are increasingly creating class actions against big players, including Apple, Avis, Toys "R" Us and Facebook, using an act passed in New Jersey 35 years ago entitled *Truth-in-Consumer Contract, Warranty and Notice Act* (TCWNA). The Act aimed to prevent companies from using contracts, notices or signs that would limit consumers' rights as protected by law. The new lawsuits generally argue that online terms violate consumer' rights to seek damages as protected by the TCWNA. However, online firms are responding in ways which may limit future consumer action...

The Economist, 2 July 2016, p64

Brexit and the GDPR...

The Brexit vote raises questions about the European General Data Protection Regulation (GDPR) which will come into force in May 2018. The legal advice is to continue with preparations for compliance with the GDPR or with the UK equivalent. The UK will still be an EU member state in May 2018 and businesses would incur substantial sanctions for not complying. Even after the UK leaves the EU, it will still need to comply because the law applies to businesses outside the EU that offer goods and services to businesses within the EU. For trade to continue with the EU, and to enable the exchange of personal data, adequate UK data protection laws will need to be put in place.

lexology.com, 29 June 2016 (Kimble and Given)

...GDPR applied marketers

This article examines the implications of the General Data Protection Regulation (GDPR) for marketers. At the time of going to press the result of the EU referendum vote hadn't been announced but, as the previous article suggests, the regulations will still apply to UK companies, especially in the long-term, for those operating in the EU.

Database Marketing, June 2016, pp14-17

Marketing

Marketing activities and firm values – M&As

Over recent years research into the relationship between marketing and financial performance has focused on the impact of marketing strategies on shareholder value. In this study the authors focus on mergers and acquisitions in order to investigate whether and how marketing activities affect firm value. They find that the aggressive marketing activities of target companies prior to merger and acquisitions deals do not always result in financial rewards or favourable market reactions. A positive association between marketing activities and deal

performance is dependent on the change in institutional ownership prior to the deal.

European Management Journal, Vol 34(3) 2016, pp243-257 (Ryoo et al)

Customer co-development – radicalness

Customer co-development of new products is generally thought to be beneficial although many believe that this depends on circumstances. For example, one view is that the positive contribution of co-creation is contingent on the degree of radicalness (innovativeness) of the products being developed. This research makes a distinction between utilitarian radicalness (novel in terms of technology and functionality) and hedonic radicalness (sensorial, emotional or symbolic). The findings suggest that the contribution of co-development to market success is positively affected by utilitarian radicalness and negatively influenced by hedonic radicalness. This shows the importance of taking both the level and nature of radicalness into account.

Journal of Product Innovation Management, Vol 33(4) 2016, pp418-434 (Candi et al)

Marketing leadership in B2B

The role of marketing in B2B businesses is changing so it is essential that the CMO is the right person to guide the company through its digital transformation and deliver value to the business. Acquiring the right leadership might involve bringing in a “change agent” to head up the marketing function. This is someone who can think strategically, build a team and show how marketing investment can lead to commercial impact. This article looks at the role of a B2B marketing leader and identifies seven key attributes. It also provides some advice for prospective B2B marketers from leaders who have already made the transition.

Market Leader, Q3 2016, pp29-32 (Duncan and Ghashghai)

Market research

A framework for internet-based surveys

The use of the internet to conduct surveys is on the increase. This paper proposes a conceptual framework for structuring research on internet-based survey methodology used in marketing applications. The authors present a decision-stage model of survey response which accounts for the observable behaviour of survey respondents and provides additional observable categories of response and non-response. They place an emphasis on “volitional” behaviour (behaviour that results from respondents’ decisions). They expand the discussion to look at the methodological potential of internet surveys and why people respond to the surveys.

The Marketing Review, Vol 16(1) 2016, pp27-46 (Wiley and Albaum)

How good is market research?

A YouGov survey on the eve of the EU referendum put the Remain vote in the lead and during the course of that day other polling companies reached the same conclusion. The question is whether these research companies and their methodologies should be the ones to decide whether your marketing budget has been successful. There are various reasons why the answer is “no”, such as the fact that even representative samples don’t give an accurate picture of people’s behaviour. Behavioural science reveals that people change their behaviour due to many factors that even they don’t understand. Focusing on brand metrics is less effective than looking at behavioural change. Some campaigns aim to build long-term brand strength over time and this is where other methodologies, incorporating behavioural science, can be implemented.

thedrum.com, 1 July 2016

Public relations

Buzz in the “echoverse”

Social media have resulted in an “echoverse” for brand communications consisting of complex feedback loops (“echoes”) between the “universe” of corporate communications, news media and user-generated social media. The authors seek to understand these feedback loops by analysing data sets from the brand communications literature and documenting the echoverse. The results suggest that companies benefit from using social media, such as Twitter, for personalised customer responses. However, there is still a part for traditional brand comms (press releases and advertising) to play. The changing nature of the echoverse means that brand communications strategies need to be rethought, with online comms become more central.

Journal of Marketing, Vol 80(3) 2016, pp1-24 (Hewett et al)

Agriculture, fishing and forestry

NFU consultation on Brexit

Following the Brexit vote, The NFU is to launch an industry-wide consultation for the creation of a UK agricultural policy. Meurig Raymond, NFU president, has described the consultation as the “biggest farming consultation in England and Wales for a generation”. A meeting of the NFU council has agreed some basic principles including the assurance that support given to UK farmers is “on a par” to that received in the EU. Raymond describes farming as the “bedrock of the UK’s largest manufacturing industry, food and drink, worth £108 billion”.

fginsight.com, 4 July 2016

Sustainable farming

As part of the new Jordans Farm Partnership, The Wildlife Trusts and LEAF (Linking Environment and Farming) have set up a new model for sustainable farming involving 42 arable farms. The collaboration, which aims to create "nature-friendly" corridors, will produce a new model for sustainable farming as well as addressing rural development issues through The Prince's Countryside Fund.

farminguk.com, 4 July 2016

China – farming should come down to earth

Communal farming in China ended three decades ago and around 700m Chinese have left the land to go and work in the cities. This leaves many older people tending the land, which is still state-owned. Observers believe that China needs fewer, larger farms to achieve economies of scale and to feed its 1.3 billion population. However, as yet, the state has not legalised rural land ownership which means that land cannot be sold.

Financial Times, 5 July 2016, p11

Building industry

UK construction – seven-year low

The UK construction *Purchasing Managers' Index* (PMI) for June produced its weakest performance for seven years. The Markit/CIPS construction PMI for June was 46.0, down from 51.2 in May (a score above 50 denotes growth, below 50 indicates contraction). The downturn in business is largely attributed to uncertainty in the lead-up to the referendum, along with a lack of confidence in the economy. The flow of new work has now fallen for two consecutive months, with the latest fall being the steepest since December 2012. Residential construction was the worst-performing category while civil engineering activity remained fairly stable in June. Commercial building reported one of its weakest readings for six-and-a-half years.

theconstructionindex.co.uk, 4 July 2016

Persimmon upbeat on Brexit

House builder Persimmon does not appear to be fazed by the UK's decision to leave the EU. In a statement it said that: "The UK housing market will continue to provide good opportunities for those companies with the right strategic focus". The group believes it will continue to attract customers because of its focus on building family homes in attractive locations that will appeal to a range of buyers. The company purchased 7,100 new plots of land during the first half of the year.

constructionenquirer.com, 5 July 2016

Businesses and strategy

Salespeople, cartoons and public sentiment

The authors investigate the nature and public perceptions of salesmanship through the analysis of cartoons. Editorial cartoons, which can reflect public sentiment about events and issues, offer a way of tracking and measuring sentiment over a period of time. A framework is developed to analyse 286 cartoons over a 30-year period. It finds that the characteristics and behaviours of sales people have changed little over the period – but that changes in public perceptions, the role of the customer and selling techniques can be identified. The authors conclude that cartoons can make a contribution to the portrayal of selling!

Marketing Theory, Vol 16(2) 2016, pp171-193 (Wiid et al)

How to succeed in overseas expansion

Many companies fail when they try to expand into overseas markets. This can be down to factors such as competition but often the problem is inside the company. Researchers sought to understand the qualities required by a company to go global by creating a 28-question diagnostic tool. They divided the respondents into winners and losers according to their success in meeting their expansion objectives and discovered that the two groups differed in seven areas. Successful companies were found to have more flexible internal processes; a clearer vision for international expansion; and greater determination to navigate the forthcoming challenges.

Harvard Business Review, July-August 2016, p26 (Quackenbos et al)

Edge strategy

Bold and visionary thinking as espoused in the book, *Blue Ocean Strategy* by W. Chan Kim and Renee Mauborgne, may not be as sensible as taking cautious, incremental steps. This is according to a new book, entitled *Edge Strategy* by Alan Lewis and Dan McKone. The authors argue that companies should instead think about profiting from the "edges" of existing businesses. They identify three such edges: products; the customer journey; and exploiting underused parts of the business. One example is Amazon which started building servers for its business in the early 2000s and now makes \$5 billion a year by selling cloud-computing capacity.

The Economist, 2 July 2016, p66

Charities and NGOs

Media relationships

After *The Daily Telegraph* printed a story claiming that one in five of Britain's biggest charities spend less than 50% of their income on charitable activities, the charity sector realised it would have to become smarter at defending itself. In October

umbrella groups, Acevo and the NCVO, launched an initiative to promote better treatment of charities in the media. Larger charities are responding by working in a more co-ordinated way across their departments. Some charities have turned to other channels: Help for Heroes and the RSPCA have both responded to negative coverage by writing directly to their supporters. However, overall there is an admission that more needs to be done to enhance the sector's relationship with the media.

Third Sector, July-August 2016, pp31-33

Virtual garden to thank donors

Cancer Research UK is to display a virtual flower garden at the Hampton Court Flower Show this week. The experience, which has been created by Atomic London, is designed to thank the more than 100,000 people who have left a gift in their will to the charity. The "Life Garden" is a physical installation but people can be transported into an endless field of flowers by wearing an Oculus Rift VR headset.

charitydigitalnews.co.uk, 1 July 2016

Durable consumer goods

Five-a-day – the connected juicer

Juicero has produced an app which can help consumers get the fruit juice they need through a \$700 connected juicer. The app enables people to connect the juicer to the internet via Wi-Fi and special packs of juice can be ordered via the app. The juicer is currently only available in California but Juicero is hoping to expand into other markets.

Mobile Europe, June-July 2016, p11

Economy

Brexit – the after-shock

Financial markets reacted with shock following the UK's vote to leave the EU. The greatest effect was on sterling, which fell to a 31-year low, although a weak pound makes British assets more attractive to foreign investors. Now investors are left wondering what the overall economic impact of Brexit will be. Doubts are being prolonged by uncertainty over the nature of the deal that will be reached between Britain and Europe. A survey from Retail Economics reveals that half of consumers plan to reduce their spending on non-essential items while nearly three-quarters of economists polled by Bloomberg believe that Britain will enter recession this year or next. However, some experts hope that Britain will acquire a more vibrant economy post-Brexit.

The Economist, 2 July 2016, p68

Brexit – the winners and losers

In the wake of Brexit some companies have done well, especially those who have enough overseas earnings to benefit from the weakness of the pound as well as those linked to precious metals or that sell essential goods. Overall the FTSE 100 has pretty much recovered but the FTSE 250 is down, largely because it contains companies that rely on the home market for much of their earnings. The *FT* notes that the biggest beneficiaries are miners, pharmaceuticals and consumer essentials while the biggest losers are general retailers and real estate investment/services.

Financial Times, 1 July 2016, p19

Energy and utilities

The Americas look to green energy

At a summit in Ottawa last week, the US, Canada and Mexico committed to produce half their energy from clean sources by 2025. The lion's share of this will have to come from the US, which produces around 75% of the energy of the three countries put together, only a third of which is clean.

New Scientist, 2 July 2016, p7

British Gas introduces free weekend power

British Gas has introduced a Free Time tariff which offers smart meter customers free electricity on either Saturday or Sunday, between 9am and 5pm. Having trialled the scheme, the company reports that thousands of customers have changed their behaviour and reduced their bills by £60 per annum. British Gas has so far installed 2.4m smart meters in homes.

utilityweek.co.uk, 1 July 2016

Environment

Green products – purchase intentions

Although there are plenty of green products on the market, there has been a lack of take-up among consumers, with a gap between consumers' green buying intentions and the lower-than-expected sales of green products. This study aims to address this gap by examining the impact of economic motives (price and value) and altruistic motives (social and environmental consciousness) on green purchase intentions. It reveals that environmental consciousness is the only factor directly related to green purchase intentions while price, value and social consciousness are not associated. However, price fairness affects the relationship between altruistic motives and green purchase intentions.

Social Business, Vol 6(1) 2016, pp39-64 (Iyer et al)

Flat pack solar plants head to Africa

Over 620m people in sub-Saharan Africa have no electricity, or tend to rely on diesel generators. Now a German start-up, called Africa GreenTec, is using

crowdfunding to help build solar power plants in Africa. It has designed an entire solar plant kit which can be packed into a standard shipping container and sent off to a village in Africa.

New Scientist, 2 July 2016, p21

Fashion

Toms takes community approach to footwear

As part of a series on “shoestring marketing”, *Marketing Week* looks at the success of footwear brand Toms, which is built on a “One to One” mission inspired by founder, Blake Mycoskie, who travelled around Argentina where he saw children who were too poor to own shoes. The company offers to donate one pair of shoes for every pair purchased. The brand has taken off through word-of-mouth and its *One Day Without Shoes* (ODWS) initiative – every time someone posts a picture of their bare feet on Instagram, Toms will donate another pair of shoes. Toms relies on social media and its digital community, the “Toms tribe”. The marketing strategy is combined with the sponsorship of small live events and link-ups with like-minded brands.

Marketing Week, 30 June 2016, pp20-21

Fashioning the Brexit

During the EU referendum campaign the British Fashion Council said that 90% of the almost-500 fashion designers it polled were going to vote for Remain. Although the fall in the pound has been good news in the short-term, there are concerns about the long-term repercussions of Brexit, such as restricted opportunities for UK fashion graduates. On the upside, fashion is a creative industry and is expected to respond in a creative, positive manner, says Andrew Groves, director of the BA in fashion at the University of Westminster.

Financial Times, 2-3 July 2016, p5

Financial services

Islamic religiosity and purchase intention

There has been rapid growth in Islamic Financial Products (IFPs) around the world but a lack of research on Muslims’ buying behaviour in relation to these products. This research investigates the relationship between religiosity (level of commitment to a particular religious group), consumer buying attitude and purchase intention towards different categories of IFPs. The findings aim to help Islamic finance practitioners to identify potential consumers and to segment the market based on religiosity and IFP category.

Journal of Financial Services Marketing, Vol 21(2) 2016, pp141-152 (Newaz et al)

Chinese banks

The Industrial and Commercial Bank of China (ICBC) was the biggest bank in the world by the end of

2015, according to *The Banker’s* ranking of top 1,000 banks. Chinese banks, which occupy four out of the top five positions, remain more profitable than those of any other country. However, despite accounting for 32% of global profits, their performance has peaked and profits have fallen by 3.5% for the first time since 2004.

The Economist, 2 July 2016, p85

Facebook ID used for money transfers

Singapore is trialling a system which allows customers of 20 banks to wire money to people who have linked their public internet profiles to their bank accounts. They can use their Facebook ID or Twitter account instead of a sort code and account number. As banking apps gain popularity, banks are trying to move their products into the digital age.

The Daily Telegraph (Business), 4 July 2016, pp1,3

FMCG

Beverages

Brewing a Brexit

The Boston Brewing Company has applied for a “Brexit” cider trademark at the US Patent and Trademark Office. The brewery submitted the application for the word “Brexit” on the day that the result of the UK’s EU referendum was announced. Boston Brewing owns the Samuel Adams brand.

The Daily Telegraph (Business), 1 July 2016, p8

Brewing up in the Middle East

Beer brewing is beginning to make some headway in the Middle East. In Lebanon it is a growing trend, with brands such as 961, Colonel Brewery and Beirut Beer. Israel also has a craft beer industry and even Jordan has its own microbrewery in the form of Carakale. Although the Koran bans alcohol, Lebanon, Palestine and Jordan all have Christian populations and brewers have spotted opportunities for growth in a region where wine, arak and whisky are still the most popular tipples.

The Economist, 2 July 2016, p50

English wine beats European competitors

An English wine has been awarded the only “top gold” award in the International Organic Wine Awards, beating over 60 competitors from eight countries in Europe. The winning wine was a 2015 rosé from Sedlescombe Organic Vineyard in East Sussex. The English wine industry is growing, with 37 new producers setting up vineyards last year.

The Times, 30 June 2016, p23

Food

Food waste – it’s all in the labelling

Date labels on food influence consumer behaviour but only the ‘use by’ date is legally binding: it is an

offence under the UK's General Food Law to sell or distribute food beyond its 'use by' date. Wrap has questioned whether these dates are too conservative – it believes that 250,000 tonnes of food waste could be avoided if shelf lives were extended. However, it is the 'best before' date which is the most controversial because both supermarkets and consumers will often throw away food that has reached this date. The Food Standards Agency's Food Safety Week (4 to 10 July) aims to give guidance on food labels and extending the life of food. Its social media campaign, *#EatitCookitFreezeit*, offers recipe videos and advice on food labelling. *The Daily Telegraph* reports on Wrap's research into the amount of food that is thrown away because consumers do not understand when it can be frozen.

The Grocer, 2 July 2016, pp24-27,38; The Daily Telegraph, 4 July 2016, p9

Government and public sector

Brexit lessons so far

Deborah Mattinson, founding director of BritainThinks, identifies five lessons from the EU referendum campaign. The assumption was that Remain would win despite the polls constantly showing that both sides were neck and neck (believing hearsay); people were not sufficiently engaged with the campaign (message matters); Boris Johnson was 15% more likely to be trusted than David Cameron (trust and truth); Leavers and Remainers are divided by geography, age and social class (demographics); and the winners looked like losers (post-Brexit doubts).

Campaign, 30 June 2016, pp2-3

US news benefits from political season

This month US cable networks are taking advantage of the Republican and Democratic conventions. For example, CNN is charging \$40,000 to \$100,000 for a 30-second ad spot during the conventions compared with the normal fee of just \$5,000 for a prime time ad. Fox News has similar plans. The conventions are set to be two of the most interesting "in modern political history", according to Sam Feist of CNN, but overall viewership during the political season will depend on how well Trump (who attracts ratings) fares against Clinton.

Bloomberg Businessweek, 27 June-3 July 2016, p23

Product safety recalls group

UK business minister, Anna Soubry, has created a new industry group to work with government on improving product safety recalls in the UK. The setting up of the Recall Review Steering Group follows the publication of an independent review by consumer campaigner Lynn Faulds Wood.

gov.uk/government/news, 1 July 2016

Health and pharmaceuticals

Nurofen ad banned...

The Advertising Standards Authority (ASA) has banned one of Nurofen's ads which was shown on TV in April. It featured a woman being relieved of her back pain together with images of Nurofen acting on the pain. The ASA said the ad was "misleading" because it implied that the product had a special mechanism for targeting back and joint pain when that was not the case. Reckitt Benckiser (RB) has been told not to show the ad again in its present form. This follows a ban and a fine for a similar ad in Australia's Federal Court

Marketing Week, 30 June 2016, p7; The Times, 30 June 2016, p20

...but not the only one to incur censure

The Guardian identifies other ads for healthcare products that have fallen foul of the Advertising Standards Authority. These include a 2009 e-mail promotion by Prince Charles's Duchy Originals herbal tincture, which claimed to be able to treat a range of conditions, including colds!

The Guardian, 30 June 2016, p2

Less personal contact reduces teen drinking

New figures from the Health and Social Care Information Centre show that underage drinking among teenagers who regularly use social media has reached its lowest level since records began. Data also reveal that the percentage of children aged 11 to 15 who drank alcohol was 38% in 2014, down from 62% in 1988. Teenage drinking has been declining since 2003. Academics argue that this is because teenagers are spending less time together and more time on social media. ONS data also reveals that teenage pregnancy has almost halved since the spread of social media!

The Daily Telegraph, 1 July 2016, p15

China's life sciences buoyed by ex-pats

Many ex-pat Chinese scientists are returning from the US to work in the Chinese biopharma industry. These returnees, referred to as 'sea turtles', are trading on relationships made in the US and tapping into the vast venture capital money available in China, in order to start their own businesses. Commercial investment in China's life sciences sector reached \$30 billion last year, up by 70% year-on-year. China is now the second-largest pharmaceutical market in the world after the US.

Bloomberg Businessweek, 27 June-3 July 2016, pp41-42

IT and telecoms

Blocking live event recording

The habit of recording concerts and plays on phones – which spoils the event for other people – could soon come to an end. Apple has patented a

technology that will allow venues to block the iPhone camera using an infrared beam which disables photographs and videos. The technology could have other applications, such as preventing documents from being secretly photographed. Another company, Yondr, sells self-locking phone pouches which are handed out to concert-goers as they enter a venue and can only be unlocked when they exit the venue.

The Daily Telegraph, 30 June 2016, p11

The rise of hearables

A number of start-ups are developing devices which will change the way in which people interface with gadgets. Here One, launched by Doppler labs, is a pair of earplugs which samples the audio environment and plays back an augmented version – users can use their smartphone to alter the levels of individual sounds. Meanwhile Bragi has created The Dash, a smart earphone that incorporates various functions, such as a pedometer, music player and pulse rate monitor. Doppler CEO, Noah Kraft, believes that the future lies in voice input and output and voice-controlled assistants so that “hearables” will eventually take over from screens.

New Scientist, 2 July 2016, pp20-21

Key must-haves for smartphone makers

A new Gartner report says that wireless charging, flexible displays, virtual and augmented reality and e-SIMs are among the features that smartphone makers will introduce during the next 18 months. It claims there are ten features that smartphone makers will need in order to succeed in today’s market. In particular it highlights virtual personal assistants (VPAs) as a key success factor, predicting that by 2020 40% of mobile interaction will be facilitated by VPAs. Gartner also forecasts that smartphone sales will grow by just 7% this year, down from 14.4% in 2015.

Mobile Europe, June-July 2016, p6

Leisure and tourism

Trends in consumer travel

In this report Mintel identifies three key travel trends: hotel and airline brands seeking to differentiate themselves by providing “uber-personalised” and unique experiences. In the UK nearly 20% of consumers say they try to stay in hotels with individuality and character (Mintel dubs this the iConcierge); digital, which is enabling consumers to coordinate and track their travel plans via a mobile device (Trackable Travel); and traditional hotels, which are trying to provide guests with all the comforts of home in a bid to compete with the likes of Airbnb (Hometels).

mintel.com/travel-marketing-trends, June 2016

MacDonald’s gets thumbs down in Florence

MacDonald’s is receiving strong opposition to its proposed new restaurant in Piazza del Duomo in Florence, which would be within site of the city’s 15th century Renaissance cathedral. Some 16,000 locals have signed a Facebook petition to stop MacDonald’s moving in. The Florentine city council, which has issued a decree limiting kebab shops, mini-markets and convenience stores from opening up in the historic centre, will make a final decision this summer.

The Daily Telegraph, 30 June 2016, p14

Materials and mining

Polish coal mining – plenty of energy yet

The WHO has estimated that two-thirds of the EU’s 50 most-polluted cities are in Poland, mainly in Upper Silesia where coal is mined. Poland believes that, by building more efficient coal plants, it can do a better job of cutting CO₂ emissions than if it developed renewable energy sources. Poland’s three largest utilities have agreed to spend around \$387m on a stake in mining company Polska Grupa Gornicza. While some believe that the company has little chance of being profitable, coal mining remains a powerful force in the country.

Bloomberg Businessweek, 27 June-3 July 2016, p19

Mined diamonds – not necessarily for ever

Diamonds have had their fair share of notoriety since the expression ‘blood diamond’ came to the fore in the 1990s. Reputational problems have been compounded by a glut of diamonds due to falling consumer demand in China which has led to significant price falls. There have also been improvements in the production of synthetic stones: California-based Diamond Foundry produces lab-grown rough diamonds that are almost identical in quality to those being mined. The company is able to challenge traditional miners by guaranteeing ethical sourcing. “Morally pure” diamonds will also appeal to the social conscience of millennials. Although sales of such diamonds are small compared with the mined stones, ethics-based marketing is of concern to the traditional industry.

The Economist, 2 July 2016, pp62-63

Media

Books

Penguin brand launches in Germany

Penguin is to launch 64 book titles in Germany for the first time. Penguin Verlag is overseen by Thomas Rathnow, who is on the board of Verlagsgruppe Random House, Germany’s largest trade publishing group. Penguin Verlag will be a publishing house in its own right, rather than simply part of a global publishing strategy for Penguin offering German

translations. However, Penguin in London will remain the “guardian of the brand”.

The Bookseller, 1 July 2016, p26

Film

Consumer acceptance of product placement

There are concerns about consumers’ perceptions of the ethics and acceptability of using product placement in movies. This study looks at the importance of consumer materialism and ethical evaluation of product placement as factors affecting consumer acceptance of product placement in films. The survey, which was based on 250 UK film-goers, finds that those who score higher on materialism, are more accepting of product placement than those who score lower.

Social Business, Vol 6(1) 2016, pp65-82 (Manyiwa and Brennan)

Games

Taiwan PC market plays the game

For years HP, Dell and other PC makers have turned to Taiwan for their computers and components. Now that PC sales are falling, Taiwanese companies are turning to PC gamers who still require specialised, high-powered machines. While some companies are focusing on features designed for gameplay, others target those who want to custom-build their PCs. Gamers are prepared to pay highly for the right technology – average selling prices for gamers can be two to three times higher than those for normal PCs. IDC predicts that the PC market will shrink by 7.3% this year.

Bloomberg Businessweek, 27 June-3 July 2016, pp30-31

Internet

Media owners and the ‘big two’

Facebook and Google have become so powerful that smaller media owners should find ways of reducing their dependence on them, according to Shane Smith, co-founder and chief executive of Vice Media, who was speaking at the Cannes Lions festival last week. Google and Facebook account for around 40% of all digital marketing spend, with the shift to mobile helping to widen the gap between the ‘big two’ and everyone else. Smith believes that 90% of media companies are dependent on either Google or Facebook. He says that advertisers, media agencies and owners are looking for viable alternatives, such as Snapchat.

Campaign, 30 June 2016, p20 (Spanier)

Google to draw together data sources

Google is to bring together personal data from all its services – Gmail, YouTube, search and others – for the first time so that it can improve its ability to track users and target them with more personal advertising. Users will receive an e-mail asking them to opt into the service in return for which they will get more control over which ads they view online

through a new site called My Activity. The site allows users to check through their personal history and delete whichever bits they want to.

The Times, 30 June 2016, p28

Music

Spotify challenges Apple pricing

Spotify’s lawyers have written to Apple because of its rules on in-app subscription payments which restrict developers from offering lower prices for their services. Apple recently blocked a new Spotify app from entering the App Store because it directed users to Spotify’s website, so avoiding paying commission to Apple. Spotify is concerned that Apple is reducing the competitiveness of Spotify on iOS as it is a rival to Apple Music. Spotify remains the market leader in music streaming, with 30m subscribers vs Apple’s 15m.

The Times, 4 July 2016, p13; Financial Times, 2-3 July 2016, p15

Newspapers

Pop-up paper launches for Remain voters

The New European, which launches this Friday (8 July) is a new national newspaper aimed at those who voted to stay in the EU. Described as a “pop up paper” by the publisher, Archant, it will focus on London, Manchester and Liverpool as well as other strong “Remain” areas. This is the first “pop up” publishing model for a national newspaper. Archant’s chief content officer, Matt Kelly, says the newspaper is a “politician-free zone. They are banned”!

thedrum.com, 4 July 2016; Financial Times, 5 July 2016, p3

Radio

News Corp moves into radio

News Corp is to acquire Wireless, the owner of TalkSport for £220m. News Corp says its diversification into radio will provide cross-media opportunities for its newspapers, which include *The Sun* and *The Times*. This is useful at a time when the newspaper industry continues to face declines in advertising and circulation. Wireless Group owns local radio stations in the UK and Ireland plus digital stations such as Virgin Radio. Talksport has the UK radio rights for live commentary of most Premier League matches.

The Guardian, 1 July 2016, p25; Financial Times, 1 July 2016, p23

Social media

Bots boost ballots

In the lead-up to the UK’s EU referendum, researchers discovered that bot accounts were busy sharing and promoting messages on both sides of the campaign, using social media. The researchers found that many of the tweets generated between 5 June and 12 June were probably automated. The

Brexit bots were seen to tweet more than three times as often as the Remain bots. Bots have the power to introduce unsubstantiated rumours into public conversation. This is not the first time that political bots have been detected and it is unlikely to be the last – the upcoming US election is almost certain to see substantial bot activity.

New Scientist, 2 July 2016, p22

Television

Sky offers lower-end TV bundle

Sky is looking to attract customers away from competitors with the launch of a contract-free bundle under its Now TV sub-brand which targets the lower end of the market. Suppliers frequently offer triple-play bundles, enabling people to buy broadband, pay-TV and telephone all in one package but regulators are concerned that these, and quad-play packages (which include mobile), lock customers in so that they lose the flexibility of being able to switch individual products. Meanwhile Sky hopes that the 40% of households who still use only Freeview might be tempted to test out pay-TV.

The Times, 30 June 2016, p51

Nielsen adds digital viewers to ratings system

Nielsen, the company responsible for supplying TV ratings to the US TV ad market, has devised a new system that can count digital viewers. This could mean that audience levels will effectively rise by on average 10% or up to 50% for the most popular shows. TV has been experiencing years of falling ratings and Nielsen has been criticised for not responding fast enough to changing viewing habits. The new system will capture viewing wherever it takes place, including Netflix and YouTube. Some in the industry have reservations about the new system, however, and there is no guarantee as to how quickly this will affect advertising investment.

Financial Times, 1 July 2016, p21

Video

Video marketing

More people are watching video content than ever before and video marketing is a good way for a brand to engage its target market. It is important to carefully formulate a video marketing strategy in order to maximise its reach. The author provides some suggestions for doing this, such as publishing a schedule for a story that can be posted in multiple parts; using short-form video; keeping track of video analytics; and using remarketing lists in AdWords.

Marketing Africa, Issue 12 2016, pp84-85 (Muthoni)

Packaging

Banning non-returnable bottles

Environmentalists for Europe, a cross-party group co-chaired by 'Brexit' Boris Johnson's father, wants

the EY to ban non-returnable bottles – 5.5 billion household plastic bottles per annum are not recycled. The group wants consumers to be charged a 20p deposit which is refundable when the bottle is returned. The alternative suggestion is that all plastic bottles should be refillable. Meanwhile plastic recycling plants are closing down because they are not sustainable.

The Guardian, 30 June 2016, p2

How green is your shampoo bottle?

Failing to use up the last drops of shampoo in a plastic bottle may not seem like a big deal, but it is damaging to the environment because the bottle is thrown away while still containing chemicals. Scientists at the Ohio State University in Columbus have created a plastic embedded with nanoparticles which can repel shampoo so that it slides easily out of the bottle. The technology might also be used for medical supplies, or food so that bacteria doesn't cling to it.

New Scientist, 2 July 2016, p15

New packaging aims to reduce food waste

Tesco has redesigned the packaging for its chicken breasts so that each piece is in a separately-sealed compartment, allowing consumers to access one while keeping the other one fresh. The packaging forms part of Tesco's 11-point plan to reduce food waste. (See also under Food)

The Grocer, 2 July 2016, p38

Retailing

Omnichannel retailing

Many bricks-and-mortar retailers, who have to compete with online-only sellers, have invested heavily in e-commerce operations but this can lead to financial challenges. Some omnichannel retailers have resorted to promotions and coupons to promote purchasing, but few have examined the profitability of such initiatives or looked at one of the key factors – the distance between the customer's home and the nearest store. Marketing professor Xueming Luo worked with a Chinese department store to find out how these variables affected customer behaviour. The results illustrate the advantages of having a physical store as part of an omnichannel strategy.

Harvard Business Review, July-August 2016, pp22-23

What next for the supermarkets?

Britain's 'Big Four' supermarkets have been trying to win back market share from discounters, Aldi and Lidl. But marketing has tended to focus on price and competition while 'copycat marketing' has resulted in a lack of differentiation and brand vision. But, apart from good food, quality and service, what can the supermarkets do to offer something distinctive? Advertising on its own might not be the answer, but

the recent spate of advertising reviews could lead to a creative renaissance in the sector. The ad campaigns of eight supermarkets are reviewed.

Campaign, 30 June 2016, pp30-33

Aldi ad complaint upheld

Complaints from Wm Morrison and members of the public about three of Aldi's ads have been upheld by the ASA. The ads focused on the savings that could be made if shoppers switched from the 'Big Four' supermarkets. Supermarkets argued that Aldi hadn't made it clear that it was comparing Aldi's own-brand products with rivals' branded products. The ASA said that Aldi should have compared its own-brand products with rivals' similar versions. Aldi argued that "The use of comparative advertising is a well-established principle and is firmly in the interests of consumers".

The Times, 30 June 2016, p51

Services

Remain dating

A new dating app will ensure that EU Remain voters will not inadvertently be matched with a 'Brexit' voter. The app, which has been dubbed "Remainder", but is described as a "dating and social app for the 48% who voted to stay in Europe", was started as a joke between two unnamed people who felt depressed after the Brexit vote. A crowd-funding site has been set up to develop the app with the target number of sign-ups being 16,141,241, the number who voted to remain.

The Guardian, 29 June 2016, p11

Innovation – a legal challenge

This supplement emphasises the need for UK law firms to embrace change in the face of declining legal aid, lower fees and competition from businesses owned by non-lawyers. Topics include the rise of AI and virtual assistants; the need to deliver better client services; an infographic setting out pressures, services and challenges; the struggle to enter the digital age; and the use of outsourcing.

The Times (Legal Innovation), 29 June 2016, pp1-19

Serviced offices

This infographic provides data on global serviced offices provision. The UK has 32% of the market followed by the US with 27% and EMEA with 22%. The individual UK markets are identified by region: not surprisingly London has the largest number of

centres in the UK (944) and experienced the greatest growth (16%) last year.

Financial Times, 30 June 2016, p3

Transport and travel

Railways – customer satisfaction

Customer satisfaction with the UK's railways has reached a five-year low according to a new report. It suggests that 61% of commuters are satisfied with the punctuality of trains, down by 4% over the past year. Southern and Southeastern trains were deemed to be the worst operators in the country: only 53% of passengers on Southern were satisfied with the reliability of its service compared with a national average of over 80%.

The Times, 1 July 2016, p24

Non-US markets more drone-friendly

Amazon Prime Air, the company's drone development programme, plans to deliver parcels directly to people's doorsteps. Yet the biggest challenge comes from US regulators who have only just released their first set of rules for commercial drone use. Amazon has responded by looking elsewhere in the world for launch markets, notably Japan, the UK, Ireland, France or Canada. Jeff Bezos, chief executive of Amazon, has said that UK's rules offer "a very encouraging example of good regulation".

Financial Times, 1 July 2016, p21

Written by CIM's Knowledge Services Team

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Name	From	To	New title	Source
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Flora Edward	FACETS PR	Toni & Guy	Senior Brand PR and Social Media Coordinator	fashioninsight.co.uk
Chris McDonough	Homebase	L.L.Bean	Chief Brand Officer	thedrum.com
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Journal of Product Innovation Management**(12 month embargo)

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The Marketing Review**

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Marketing Week **

Market Leader

www.mintel.com

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www.utilityweek.co.uk

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