

Cutting Edge: Our weekly analysis of marketing news

7 September 2016

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

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Marketing trends and issues

Advertising

Ad evaluation depends on exposure duration

Consumers are exposed to thousands of ads every day but this exposure might amount to no more than a few seconds. This research looks at the importance of 'thin slices' of information in ad and brand evaluation. Three experiments reveal that advertising evaluation does depend on the length of ad exposure. 'Upfront' ads, which instantly convey what they are promoting, tend to be evaluated positively after both brief and longer exposures. However, 'mystery' ads, which don't immediately state what they are promoting, are evaluated negatively after brief exposure and positively after longer exposure. 'False front' ads, which initially convey something other than what they are promoting, are evaluated positively after brief exposure but negatively after longer exposure.

Journal of Marketing Research, Vol 53, August 2016, pp563-579 (Elsen et al)

The days of static OOH are over

Innovations that were once only possible online are now appearing in the physical environment of cities. Working alongside this is the so-called 'Quiet Movement' of out-of-home (OOH) advertising. OOH was once synonymous with billboards and static signage, but now it is linked with digital platforms which can change the advertising landscape. Now OOH is capable of updating information, such as weather warnings, in real time. These days OOH has many applications: in Hong Kong one OOH company is using DNA phenotyping to display on billboards the faces of people who have been seen littering. Meanwhile urinals, sponsored by brands, encourage public cleanliness by using digital games aimed at improving 'pee accuracy'!

thedrum.com, 1 September 2016

Agencies

Gender pay gap

Following the report by the Institute of Fiscal Studies regarding the gender pay gap, the IPA comments on the implications of the forthcoming Equality Act 2010 (Gender Pay Gap Information) Regulations 2016 which will apply to all member agencies with 250-plus employees who work in Great Britain and whose contract is governed by UK legislation. The final version of the regulations has been delayed and is not likely to be finalised until April 2017. The IPA has set out a likely timetable for compliance – the first gender pay gap reports must be published by 29 April 2018. Separately Chris Daly, chief executive of CIM, has called for companies to address the gender pay gap which he believes is creating "barriers to growth".

ipa.co.uk, 1 September 2016; Campaign, 2 September 2016, p5

Brands and branding

Branded flash mobs

Marketers use flash mobs as a marketing tactic to increase brand exposure and interaction. This paper discusses the use of flash mobs using studies to understand how they are being used and if they are an effective form of communication and persuasion. The author classifies flash mobs as a subsection of guerrilla marketing. He analyses branded flash mobs on YouTube and shows: that they are used mainly to promote entertainment, travel and retail organisations; that most flash mobs are dance performances; and that they usually occur in a plaza or mall. The paper also examines the behaviour and motivations of flash mob stakeholders and discusses implications for the marketing manager.

Journal of Marketing Communications, Vol 22(4) 2016, pp349-366 (Grant)



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www.cim.co.uk/charteredcpd

Brand personality in online communities

It is important that consumer perceptions of brand personality should correspond with what the company seeks to communicate. This study investigates brand personality alignment in the context of digital environments. Data, collected from company and consumer internet communications across a sample of fashion brands, were analysed using software which extracted sets of adjectives describing brand personality. The adjectives were further analysed to calculate ratios measuring: the degree of alignment between company-defined vs. consumer-perceived brand personality; the similarity in personality between brands; and consumer perception of similarity between brands.

Journal of Interactive Marketing, Vol 35, August 2016, pp70-85 (Ranfagni et al)

Creating durable brands

Preschool brands, such as Peppa Pig and Teletubbies, are timeless and durable. This is because at that age, children's needs tend to be the same – post-millennial kids still like *Thomas the Tank Engine* – and the brand has no need of regeneration. Unfortunately marketers of brands who have an ageing customer base cannot enjoy the same level of certainty. The author advises such marketers to desist from chasing a younger age group and instead wait until the next tranche of customers reaches that certain age.

Campaign, 2 September 2016, p37

Conferences and events

How green is your city?

Scandinavia, which has been at the forefront of sustainable meetings destinations, used a measurement tool, the Scandinavian Sustainable Destination Index (SSDI), to compare the social and environmental sustainability performance of 16 cities in five countries. Earlier this year the SSDI became the Global Destination Sustainability Index (GDS-Index) with the aim of promoting the sustainable growth of meetings destinations, best practice and responsible tourism. One of the four areas covered by the GDS-Index is Convention Bureau strategy and initiatives. The target is for over 100 cities to be on the Index by 2020. This article covers Copenhagen, Stuttgart, Vancouver, Sydney and Bristol.

Association Meetings International, August 2016, pp21-23 (Lancaster)

Protecting the creative pitch

Event agencies often discuss the costs, resources and time involved in pitching to new clients while neglecting to protect the ideas and intellectual property that they are giving away for free during the pitch. Sometimes agencies discover that ideas, which they have presented during an unsuccessful pitch, are being used by the successful agency for the very same event. At *C&IT's* agency forum in

August, a panel of experts debated if and how agencies can protect their creative ideas during pitches. Here are some of the ideas and opinions.

Conference & Incentive Travel, September 2016, pp22-23 (Harwood)

Consumer behaviour

Purchase intentions for green products

Environmental-related advertising can improve product evaluations but marketers still know little about how to promote their green claims effectively. This type of advertising could even be counter-productive if the claim appears to be misleading. The authors investigate consumers' willingness to pay during the purchase decision process for green products and look at the influence of two factors: price and green message claim. The results suggest that the use of ecological messages, and frames of prices in an aggregate form, can have a positive effect on consumers' purchase intentions.

Journal of Marketing Communications, Vol 22(4) 2016, pp367-384, (Ayadi and Lapeyre)

Social labour leads to social value

Current literature on social media tends to focus on two facets: the community aspect of social networking and consumer co-creation. The authors reveal these sites to be 'distinctive spaces of consumer-to-consumer work'. They introduce the idea of 'social labour' whereby consumers add value to their identities and social relationships through producing and sharing content which is then rewarded through social value.

Marketing Theory, Vol 16(3) 2016, pp383-400 (Anderson et al)

Customer relations

Evaluating failing B2B relationships

Most buyer-supplier literature focuses on developing successful B2B relationships but there is a gap in knowledge when it comes to the breakdown of relationships. This paper explores B2B relationships facing dissolution in the context of owner-manager SMEs. It uses critical incident technique to investigate and interpret the owner-manager evaluation process using 51 incidents recounted by 25 SME owner-managers. The evaluations focus on relationship closeness; current and future relationship rewards; and costs and relationship performance. The evaluation processes produce different outcomes depending on the state of the relationship.

Industrial Marketing Management, Vol 58, October 2016, pp83-93 (Fleming et al)

Direct marketing

Nuisance calls not market research

Steve Eckersley, head of enforcement at the Information Commissioner's Office (ICO), has warned against making unsolicited marketing calls while pretending to be conducting market research, a practice known as 'sugging'. The ICO has recently issued a 'stop' order against Change and Save, a company that claimed to be conducting a lifestyle survey and then went on to promote will-writing, funerals and legal services.

Database Marketing, Issue 190, July-August 2016, p10

Law

Community Registered Designs

The EU General Court has rejected an attempt by H&M to invalidate an application by Yves Saint Laurent (YSL) for a Community Registered Design (CRD) in the class of 'handbags'. H&M claimed that the bag in question had no "individual character". The case is significant because it examines the law on the validity of CRDs which requires the design to have 'individual character' and must create a 'different overall impression' on the 'informed user'. The Court has proposed a four-stage process for deciding whether a design has individual character and has also provided guidance on identifying the 'informed user'.

lexology.com, 24 August 2016 (Addleshaw Goddard LLP)

Marketing

Plural marketing structures

Alliance partners can influence a company's marketing strategy through new markets, products or knowledge. A plural alliance structure (vertical relationships between the upstream firm and downstream partners plus horizontal relationships among downstream partners) has become increasingly popular, yet research has tended to focus mainly on dyadic structures (vertical relationships). The authors conduct two studies to test the performance of plural and dyadic structure alliances in a range of high-tech industries. The implications for firm performance and marketing alliances are revealed.

Journal of Marketing Research, Vol 53, August 2016, pp628-645 (Fang et al)

The future for sales and marketing

The relationship between sales and marketing has always been tricky – traditionally marketing has been positioned as an upstream activity culminating in the setting up of appointments for sales teams, at which point ownership of the customer relationship passes over to sales. Companies have realised just how expensive this process is and the focus has shifted to customer retention. In the future salesperson performance might be measured in terms of the quality of the customer relationship, such as how happy the customer is with their

purchase. By contrast, marketing is expected to continue its investment in technology and systems, which are essential for supplying the right kind of communication and information.

The Times Raconteur, The Future of the CMO, 5 September 2016, p11 (Ryals)

Sales forecasting

Shareholders expect a return on their investment and that return is normally stated in the business forecast or plan. Everything rests on accurate forecasting and reporting which is where the sales community has a key part to play: not only must it meet its sales targets but also be able to forecast sales accurately. An inaccurate forecast will upset every line in the management's plan. This article examines how the salesperson can get better at forecasting, explains the role of sales and marketing in establishing trust and presents a sales forecasting matrix.

Winning Edge, May-June 2016, pp22-25 (Spence)

The rise of the data scientist

The importance of the data scientist has largely been seen in a B2C, rather than a B2B context where there appears to be a lack of understanding of what the job actually entails. This article looks at the role of the data scientist, why it is relevant to B2B marketers and why they should have a data scientist on their team. Four data scientists tell their stories.

B2B Marketing, Q2, 2016, pp35-39 (Green)

Market research

Creating an insights engine

Most successful companies have a good understanding of their customers, which requires a great deal of marketing data and, according to the authors, an 'insights engine'. The latter is defined as 'a set of structures, people and processes that translate into actionable strategy'. Research by the lead author's company has identified a number of operational characteristics that are necessary in order to achieve superior insights. The authors discuss each characteristic using Unilever's Consumer Markets and Insights Group as a case study in which an insights engine has helped to create significant revenue and sales growth.

Harvard Business Review, September 2016, pp64-74 (Van Den Driest et al)

Automating market research

Traditional market research methods are being replaced by real-time insight delivered through a software platform. A survey on insight automation, commissioned by The Future Place consultancy, identifies new approaches to market research, which include automated facial coding, research online management, social media listening and the use of apps for smartphone-based research. In some cases automation actually increases engagement while

real-time tracking makes data gathering 'seamless and painless' for participants. Although automation delivers faster, more cost-effective results, there are downsides and it is important to ensure that the elements being automated are quality checked. The most commonly-used automation methods for market research are listed.

The Times Raconteur, The Insight Economy, 1 September 2016, p10

Public relations

Overcoming the scandal effect

Executives coming from a company that has been involved in a scandal may be at a disadvantage when it comes to getting another job even though they may have had nothing to do with the scandal. Executives who suffer from the 'scandal effect' are paid almost 4% less than their peer group. Although it is not possible to control corporate scandal, you can plan for such a risk. The advice is to be transparent and offer a full disclosure as this can help to overcome the stigma; to 'borrow' the good reputation of others in your network to prove innocence by association; and to accept a 'rehab job' in which you can excel and which counteracts the scandal.

Harvard Business Review, September 2016, pp90-98 (Groysberg et al)

Storytelling: digital personal reputation

This study investigates the effect of self-storytelling on personal reputation in online communities. It looks at the meanings and stories contained in personal profile descriptions and their relationship with reputation. It reveals that powerful storytelling structures have defined phases and are critical for reputation-building. The presence of archetypes – the 'Sage' and the 'Ruler' – also give reputational power to stories. The results suggest opportunities for peer-to-peer organisations, traditional companies and social businesses.

Journal of Interactive Marketing, Vol 35, August 2016, pp44-55 (Pera et al)

Sponsorship

Gaming data benefit Premier League

Premier League football teams are increasingly being sponsored by gaming companies as a way of attracting a younger audience that may no longer be watching the matches on TV. Liverpool and Barcelona already have deals with Konami, publisher of Pro Evolution Soccer. Manchester United has just acquired its first official video-games sponsor in the form of EA Sports, allowing it to benefit from partnering with the most popular football game as well as gaining data on gamers. EA Sports will use the club's channel to promoting its forthcoming FIFA 17 release.

Campaign, 2 September 2016, p7

Agriculture, fishing and forestry

GLEAM aids production and greenhouse gases

The UN Food and Agriculture Organisation (FAO) has developed an interactive tool which could help farmers, policy makers and scientists to calculate meat, milk and egg production as well as calculating greenhouse-gas emissions from livestock. GLEAM-I (Global Livestock Environmental Assessment Model interactive) can answer questions such as how to improve egg and milk production as well as giving advice on ways of reducing greenhouse gas emissions. FAO reckons that GLEAM can help livestock farmers increase production and reduce emissions by nearly a third. The model is currently assisting projects in South America and Africa.

farming.co.uk, 2 September 2016

Naked barley makes a comeback

It has been 80 years since naked barley was grown in Britain. Now three farms in the east of England have harvested the barley as part of a project to develop a new niche for cereal growers. The project is being led by natural ingredient company Edme. In contrast to the traditional malting barley, where the husk sticks to the grain and is used in brewing, the naked barley husk falls off during harvesting so that it can be used for human consumption. It can be used in bread, biscuits, breakfast cereals and other food. The barley is believed to have three times the amount of beta glucans (which breaks down cholesterol) of oats.

fwi.co.uk, 2 September 2016

Building industry

Bad architecture

Bad architecture is far more intrusive than a bad film or piece of music. An annual competition, the Carbuncle Cup, aims to identify the UK's worst buildings. Last year the winner was the Walkie Talkie in London, described as an example of 'disastrous planning'. This year The Diamond at the University of Sheffield (decorated with diamond-shaped windows) and the 'groundscraper', the new UBS HQ in London which is covered in stainless steel, are among the nominees. But how do you select a bad building when there is so much choice? Architecture follows fashion and will inevitably become dated yet it is here to stay!

Financial Times, 1 September 2016, p2

Construction recovering

The latest Markit/CIPS Index shows that the construction sector has revived after its seven-year low following the EU referendum vote. The index increased from 45.9 in July to 49.2 in August although it remains below the 50 mark, which

separates expansion from contraction. Construction accounts for 6% of the economy and economists hope that the impact of the Brexit vote will be less severe than predicted.

The Times, 3 September 2016, p48; Financial Times, 3-4 September 2016, p2; The Guardian, 3 September 2016, p22

Businesses and strategy

Supplier involvement in NPD – Unilever

Companies across different industries recognise the importance of involving third parties in new product development (NPD) activities. Technological complexity makes it difficult for any one company to keep up to date with all the technologies relevant to NPD and it is common practice to involve suppliers with knowledge of specific technologies in the early stages of NPD. However, timing of this involvement continues to be a management challenge. The authors set up a 'quasi-experiment' (non-intrusive intervention in the field) to observe and understand supplier involvement at Unilever.

Industrial Marketing Management, Vol 58, October 2016, pp162-171 (Laursen and Andersen)

Agile manufacturing

Agile is a set of methodologies used in the development of new software products based on the *Agile Manifesto* created by IT industry leaders. But can Agile work in the manufacturing context? So far the evidence suggests that it can be combined with the traditional Stage-Gate (stages or phases separated by gates) model and that manufacturing firms have used an Agile-Stage-Gate hybrid model for new products. The advantages of the hybrid model are: a faster, more adaptable response to customer requirements; better integration of 'voice-of-customer'; better team communication; improved development productivity and faster time to market. The authors use a case study from LEGO but also stress that there are downsides to this model.

Journal of Product Innovation Management, Vol 33(5) 2016, pp513-526 (Cooper and Sommer)

Charities and NGOs

Charity Pulse

This year's *Charity Pulse*, a survey of staff morale, reveals improvement in ten out of the 46 areas surveyed, despite the tough time experienced by the sector over recent months. Overall the results suggest that there has been no significant fall in staff satisfaction levels. The key indicator (morale) rose to 42% from 33% last year, while 59% of respondents expressed confidence in senior management compared with 54% in 2015. However, there are a number of areas in which satisfaction levels have fallen. This article contains graphical data from the survey.

Third Sector, September 2016, pp28-32

Fundraising media – targeting age groups

The Institute of Fundraising and fast.MAP recently published their *Fundraising Media DNA 2016/17: effectively targeting different age groups*, which is aimed at helping charities to gain a better understanding of attitudes and behaviours of various age groups towards fundraising channels. The survey reveals that DRTV, direct mail and e-mail are the channels with which all age groups engage. Social media was found to be the top channel for 18 to 34 age group engagement. In contrast, the over-55s were found to be most engaged with street fundraising. This article summarises the key findings for each channel, with data being presented in the form of graphs.

fundraising.co.uk, 1 September 2016

Durable consumer goods

CMA looks at electronic toy acquisition

The Competition and Markets Authority (CMA) is to investigate VTech's acquisition of Leapfrog. The companies are two of the largest suppliers of electronic devices for children. The CMA is concerned that "Retailers see them as close rivals and rely on competition between the companies to keep the prices down". It is therefore concerned about rising prices, declining quality and a smaller range of products on offer.

out-law.com, 31 August 2016

Economy

Global youth unemployment

After years of declining youth unemployment, it is on the rise again: the global unemployment rate for 15- to 24-year-olds is predicted to rise by 13.1% this year. The greatest rate of unemployment will be in the Arab states while, in South Africa, more than half of young people will be unemployed. Last year over a third of young people in the EU were doing temporary work because they couldn't find permanent roles.

The Economist, 27 August 2016, p77

EU takes bite out of Apple

The EU has ordered Apple to pay €13 billion in underpaid taxes to Ireland because a 'sweetheart' deal reached by the Irish tax authorities and Apple is deemed to have been illegal. Both Apple and Ireland are angry and there is likely to be conflict between the EU and US. Ireland plans to appeal the decision because it may damage its reputation as one of the most attractive countries for multinationals. Apple has warned that investment by multinationals in Europe may be curtailed as a result. Corporation tax currently stands at 12.5% in Ireland compared with 20% in the UK and 33.3% in France.

The Guardian, 31 August 2016, pp1,8-9

PMI shows thriving services sector

According to the latest Markit/CIPS purchasing managers' index (PMI), the UK services sector has experienced its biggest month-on-month rise in the survey's history. The index rose from 47.4 in July to 52.9 in August, taking the sector back to pre-referendum levels. The services industry accounts for nearly 80% of the UK economy. Despite fears that the UK economy would go back into recession, this latest report contributes to the signs of recovery which occurred in manufacturing and construction last month. Chris Williamson, chief economist at Markit, believes there could be a 0.1% expansion in GDP for the three months to September. However, other analysts have warned that the PMI should be treated with caution.

bbc.co.uk/news, 5 September 2016

CIM adds marketing voice to CIC

CIM has joined the Creative Industries Council (a joint forum between the creative industries and UK government) by becoming a partner in their new 'Create Together' strategy. Creative industries have become a vital part of the UK economy – they are worth £81.4 billion a year and are growing at the rate of 8.9% annually. As the voice of the marketing profession, CIM has joined the CIC to speak up for the importance of professional marketing. Take a look at *#CreateUK – CIM is boosting Brand Britain* to see why it is this important for marketers.

<https://exchange.cim.co.uk/editorial/createuk-how-cim-is-boosting-brand-britain> (Woolley)

Energy and utilities

Blockchain energy

Last month Australia started a trial which allows neighbours to trade excess energy from solar panels using a blockchain ('a cryptographically secure ledger' where the computers monitor each other to prevent fraud) to record the transactions. PowerLedger, a start-up, is running the system, which enables excess energy to be sold back to people rather than energy companies. Lawrence Orsini of LO3 Energy, which is responsible for a similar project in Brooklyn, believes that hundreds of blockchain energy companies will appear over the next couple of years.

New Scientist, 27 August 2016, p22

Environment

Tackling microbeads

Environment Secretary, Andrea Leadsom, has announced a consultation into banning the sale and manufacture of cosmetics and personal care products containing microbeads. Billions of microbeads are finding their way into the sea where they can be swallowed by sea creatures. There will also be an investigation into the impact of microbeads in other products, such as household

and industrial cleaning products. Twenty-five UK cosmetics and toiletries companies, such as Unilever, are voluntarily phasing out microbeads from their products and Waitrose is to stop stocking products containing microbeads by the end of September. Meanwhile manufacturers are looking at natural alternatives, such as nut shells, salt and sugar, which are not a threat to the environment. Legislation is due to be changed by next year.

govwire.co.uk/news, 3 September 2016

Eco-churches

Over 3,500 churches in England have already switched or are switching to renewable electricity tariffs. Some 16 Catholic dioceses are now running entirely on renewable energy. This initiative is largely in response to Pope Francis' encyclical for the environment last year, when he asked Catholics to tackle climate change. Renewable energy churches also include 920 Salvation Army sites and a third of Britain's Quaker Meeting Houses, which receive energy from green energy company Good Energy. So far, almost 700 churches from other denominations have also signed up to the Big Church Switch. It was launched in February this year to encourage religious institutions to move away from fossil fuels.

cleanenergynews.co.uk, 2 September 2016; *Financial Times*, 1 September 2016, p2

Sainsbury's takes temperature check

Sainsbury's is giving away a million fridge thermometers as part of its drive to reduce food waste. The thermometers will be handed out at events held in its supermarkets on 11 September. Customers will be advised that their fridges should be kept between nought and five degrees in order to keep food fresh. The initiative stems from Sainsbury's food waste trial at Swadlucote, a test site for its £10m 'waste less, save more' project.

The Grocer, 3 September 2016, p5

Fashion

Zalando – staying ahead of Amazon

Berlin-based Zalando is Europe's biggest online seller of clothing and footwear. The company has accumulated 18m shoppers a year thanks to its flexible business practices (for example, shoppers have 100 days in which to return items at no cost) and an unconventional, 'Silicon-Valley-inspired', work environment. It also benefits from the wealth of data taken from its over-5m daily visits. The question is whether Amazon will challenge Zalando's offering. At the moment it targets the higher-value, more brand-conscious segment, while Amazon appeals to the more price-conscious shopper.

The Economist, 3 September 2016, p67

A Reserved entry into Britain

Polish fashion chain Reserved is to occupy BHS's high profile site in London's Oxford Street. Reserved, which offers men's, women's and children's clothing, is likely to compete with H&M and Zara. It is part of LLP, one of the fastest-growing fashion chains in Europe, which is currently present in 18 countries. However, the UK is one of the most competitive markets in the world. Although having a site in London is important for global brands, it could be "more of an international marketing statement" than a desire to have a big presence in Britain, according to fashion consultant Lorna Hall.

The Guardian, 3 September 2016, p26

Materialistic fashion

Amsterdam-based Iris van Herpen creates clothing out of unusual materials, such as 3D-printed polymers, magnetic resin or laser-cut feathers. At Paris Fashion Week in July she displayed a dress made from thousands of hand-blown glass bubbles. Her designs start with the material rather than a shape and her creations have been worn by the likes of Lady Gaga and Beyoncé. She is currently considering the use of emerging technologies such as 4D printing.

Wired, October 2016, pp84-84

Financial services

UK insurers need to target customers

New research suggests that UK insurance companies are missing out on a potential market worth around £1.3 billion. The survey, commissioned by REaD Group, reveals that one in five Britons have no insurance policies; London has the highest percentage of uninsured citizens (30%) while the East Midlands has the highest proportion of insured (81%). The report also shows that insurance companies are increasingly reliant on aggregator sites, such as Comparethemarket, for their customers while brand awareness of traditional insurance companies is low. For example, only 24% have heard of RSA while 87% have heard of GoCompare. Insurance companies are advised to move away from such sites and begin targeting consumers according to their attitudes and needs.

Database Marketing, Issue 190, July-August 2016, p8

Employee tracking

Banks already use Big Data to gain insights into their customers. Now they are looking inwards at their employees to see how they can improve their operations and reduce losses. The likes of JP Morgan Chase and Bank of America are looking at systems, such as wristwatch sensors, that can monitor worker emotions and warn traders to leave their desks if they are becoming too emotional. Other surveillance tactics include machine-learning programs, microphones and analysis of e-mails and

phone calls. Younger traders, who are accustomed to devices like Fitbit, might not be as fazed by monitoring applications designed to boost performance as older traders.

Bloomberg Businessweek, 5-11 September 2016, pp34-35

Contactless cards overtake cheques

Research by Mintel shows that contactless cards have overtaken cheques for the first time. Use of contactless cards has risen from 28% last year to 39% now. In contrast only 31% of adults have written a cheque over the past three months, down from 40% last year. Meanwhile many shops and restaurants no longer accept cheques while gifts of money are often made via electronic transfer.

The Daily Telegraph, 1 September 2016, p7

FMCG

Beverages

Refreshing the parts other beers can't reach...

KLM and drinks company Heineken have joined forces to provide a specially-designed in-flight beer tap. KLM will be the first airline to use Heineken's draught beer trolley on its planes. The appliance will fit a standard airline drinks trolley but won't be made available to economy passengers – KLM plans to use the innovation "as much as possible" on special flights for business class flyers.

thedrum.com, 1 September 2016

Starbucks turns to Nespresso pods

Starbucks is introducing its first Nespresso-compatible capsules into the UK in response to the growing popularity of coffee pods. Sales of pods in supermarkets are expected to overtake roast and ground coffee – pods offer better margins than other types of coffee but only one in seven households buy them so there is room for growth in the market.

The Grocer, 3 September 2016, p34

ASA bans Captain Morgan ad

The Advertising Standards Authority (ASA) has banned a TV ad for Captain Morgan rum because it suggests that alcohol could enhance the drinker's popularity or confidence. The ASA took exception to the ad's depiction of a man (with a Captain Morgan face) dancing in an uninhibited way and the use of the word 'captain', which suggested self-assurance and dominance.

The Grocer, 3 September 2016, p37

Vietnam to sell state brewers

Vietnam is planning to auction off its two biggest state brewers, Sabeco and Habeco, which control

over half the country's beer market. Multinational brewers already have their sights set on Southeast Asia as they seek to target the growing middle classes in the region. Carlsberg, Heineken and Boon Rawd Brewery of Thailand already have a presence in Vietnam or have plans to enter the market.

Financial Times, 5 September 2016, p18

Cosmetics and toiletries

Male star in foundation campaign

L'Oréal has launched its first makeup campaign to star a man. '#YoursTruly', which promotes the brand's True Match foundation, features 23 campaign stars, one for each shade of its foundation range. They include beauty blogger Gary Thompson.

Campaign, 2 September 2016, p5

Food

Online junk food advertising to children

A report by the Irish Heart Foundation (IHF) in June said that 'Subtle, sophisticated and surreptitious' tactics are being used by food and drinks companies to advertise unhealthy products to children. The IHF claims that 10% of major food and drinks companies have 'child orientated content' on their websites, such as cartoons or advergames. Last month the UK Prime Minister abandoned plans for tighter advertising controls in relation to childhood obesity. This article examines online marketing to kids, its impact and what is being done to tackle it. The Committee of Advertising Practice's (CAP) current and future rules on online ads for food and drinks are summarised.

The Grocer, 3 September 2016, pp24-27

Tobacco

Vaping in Japan

In Japan, as in other countries, smoking is in decline. Last year sales of vapor-producing products rose fivefold to reach \$4.6m in the country. This year Philip Morris International and Japan Tobacco have launched vaping products that are heated (not burned). Philip Morris's iQOS product involves the use of a tobacco-filled 'Heatstick' while JT's Ploom TECH system, which has a capsule containing granulated tobacco, has been so popular that supply can't keep pace with demand.

Bloomberg Businessweek, 5-11 September 2016, pp22-23

Health and pharmaceuticals

Aldi takes the well-being initiative

German food discounter Aldi has launched an online well-being portal which gives information and tips on physical exercise, nutrition and mind-related matters including recommendations from experts. It is free to use and visitors can set personal targets, such as healthy eating or weight loss. Aldi's head of marketing, Sandra Sibylle Schoofs, says: "As a food

retailer, we have a particular responsibility for the health of our customers."

news.mintel.com, 26 August 2016

Biosimilars in the EU

Biosimilars (biological medicinal products that are similar to a reference product but do not fulfil the definition of a generic medical product) are becoming increasingly important to the EU's biopharmaceutical environment, with both generic and innovator companies entering the biosimilars market. Biosimilars have been known to gain over 90% of market share within a couple years of launching. The authors look at the process for approval of biosimilars within the EU as well as safety, management and market access issues.

European Pharmaceutical Review, Issue 4, 2016, pp12-14 (Jones)

An intelligent approach to diagnosis

A study published this year revealed that medical error is the third leading cause of death in the US, much of this due to incorrect diagnoses. Artificial intelligence machines, such as IBM's Watson, are learning about ailments so that they can help to diagnose conditions. In order for AI to work, doctors will have to relinquish some of their control to a machine and medical technicians. Another obstacle is the handing over of patient data to tech companies. The jury is out over a recent deal between Google DeepMind and the UK's NHS...

New Scientist, 3 September 2016, pp20-21 (Rutkin)

IT and telecoms

The demise of the silicon chip

Moore's law – the idea that the number of silicon transistors on microprocessors doubles every two years – will soon be defunct because you can only put so many on one chip. The Semiconductor Industry Association has estimated that computing's energy demands will outstrip global energy supply by 2040. Researchers around the world are looking for alternatives to silicon that can handle huge amounts of data. Paris-based start-up, LightOn, and a group at the UMPy lab near Paris, are just two of the groups investigating alternative approaches to how computers learn.

New Scientist, 27 August 2016, p20

Cloud computing

Linux (open-source software), developed by Linus Torvalds, and Amazon Web Services (AWS), the cloud computing arm of Amazon, have been central to the rise of cloud computing services. Both succeeded on a large scale, allowing them to benefit from the network effects which make popular products even harder to compete with. Open source software and cloud computing are bad news for the traditional IT firms because the more companies use

the cloud, the less they will buy equipment from the likes of Dell and HP. However, the so-called 'cloud-computing wars' are not over yet: Gartner estimates that \$205 billion (6% of the \$3.4 trillion global IT budget) will be spent on cloud computing this year. AWS has the momentum and could just end up dominating the IT industry.

The Economist, 27 August 2016, pp51-52

Bluetooth – not long in the tooth

Bluetooth, named after Scandinavian king Harald Bluetooth, has been around for over 20 years, having been launched in 1994 as an alternative way of exchanging data. Last year three billion Bluetooth products were shipped and in June Bluetooth 5 technology was unveiled offering the potential to provide 'connectionless' Internet of Things networks and other capabilities. This article looks at the Bluetooth's potential, its durability and the trust it inspires among developers.

Mobile Europe, No 247, August-September 2016, pp24-25 (Craik)

Leisure and tourism

Chinese aim for football success

Some \$2 billion-worth of Chinese investments have been made in foreign football clubs since January. Now there is speculation that Everbright, a state-backed financial conglomerate, wants to buy Liverpool FC. China has also been putting money into individual footballers, such as the \$61m invested in Givanildo Vieira de Sousa, A Brazilian footballer. Chinese president, Xi Jinping, aims to create a domestic sports industry worth \$850 billion by 2025 and wants China to host the World Cup by 2030. Firms are being incentivised to invest in the game, with many spending on football at home as well as overseas. However, analysts are uncertain how successful China will be at 'spending its way to the top in football'.

The Economist, 27 August 2016, pp53,56

Materials and mining

Cementing a green future

The cement industry accounts for 5% of manmade CO2 emissions largely because it requires so much energy. In 2014 4.3 billion tonnes of cement were used worldwide. China, which used more than half of this, produces 60% of the world's cement, followed by India and the US. Although cement firms have not attracted as much attention from environmentalists as oil companies, they will need to start setting environmental targets if they are to cut emissions in line with the UN climate talks. Just six companies currently dominate the market and there has been much consolidation due to transportation problems. Further consolidation is expected, which may just help the industry to clean up its act!

The Economist, 27 August 2016, p53

Precious metals enjoy Brexit bounce

Precious metals have been performing well, in part because they are perceived as a safe asset in the wake of the Brexit vote and partly because of low interest rates. Gold prices have risen by 24% over the last eight months while silver has increased by 35% this year, thanks to industrial demand especially from smartphones and solar-panels. Platinum and palladium have achieved rising sales because of their use in catalytic converters for cars.

The Economist, 3 September 2016, p85

Media

Books

Amazon expands into bricks-and-mortar

Last year Amazon opened a successful bookstore in Seattle. Now it is to extend the initiative with more bricks-and-mortar store openings planned for Chicago, San Diego and Portland. The Seattle store also stocks Amazon gadgets, Kindles and the Fire TV with prices being kept the same as those online.

news.mintel.com, 26 August 2016

Wattpad – advertising between chapters

Wattpad, the online storytelling community, is to allow writers to earn additional revenue through a new advertising scheme. Wattpad Futures places ads between chapters in stories, allowing writers to earn money every time a chapter is read. The programme focuses on North America and the ads will be promoting mobile products, such as gaming apps. Wattpad also runs Wattpad Stars which offers writers various options, such as brand partnerships.

The Bookseller, 2 September 2016, p14

University bookshops

The University of Leicester bookshop, which has been on the campus for nearly 50 years, is threatened with closure as the university looks at new ways of selling books to students. *Students' Information Sources in the Digital World 2015/16* by Nielsen, reveals that, of all the students who had purchased physical books, 72% did so online while 41% said they had purchased from a bookshop at some point. Nielsen points out that, although Amazon has gained customers, its share of volume sales has fallen while that of campus bookshops has grown.

The Bookseller, 2 September 2016, pp20-21

Internet

ICANN allows two characters for countries

The Internet Corporation for Assigned Names and Numbers (ICANN) has published a paper called *Proposed Measures for Letter/Letter Two-Character ASCII Labels to Avoid Confusion with Corresponding*

Country Codes. New proposed measures will give governments and country code Top Level Domain operators the chance to acquire two-character generic Top Level Domains (gTLDs). These domains had previously led some governments to worry about confusion with their own TLDs and many two-character domain names were subsequently blocked. Portugal and Italy, for example, blocked pt.blog and it.travellers.

lexology.com, 24 August 2016 (LimeGreen IP)

Ad-blocking – is it breaking the rules?

The Body of European Regulators for Electronic Communications (BEREC) has published guidance on network-level ad-blocking, which it claims is a violation of EU rights on net neutrality. BEREC's report states that: 'ISPs should not block, slow down, alter, restrict, interfere with, degrade or discriminate advertising when providing an internet access service' although there are exceptions to the rule. Allan Sørensen, policy committee chairman of IAB (Interactive Advertising Bureau) Europe, has reacted positively to the guidelines, stating that "Consumers have the right not to receive online advertising...and to compensate publishers and providers of other online services in some other way".

research-live.com, 2 September 2016; Financial Times, 1 September 2016, p13

Music

Cat music gives paws for thought

Universal Music is to produce its first major album aimed at animals. It has signed up National Symphony Orchestra cellist, David Teie, to produce *Music for Cats*, which contains five 'cat-friendly compositions'. Universal took up the album after it had sold 10,000 copies through a Kickstarter campaign. According to a study, 77% of cats have responded positively to the music compared with just 38% for other composers such as Bach!

The Times, 3 September 2016, p12

Social media

Celebrities – undeclared sponsorship

The UK's Competition and Markets Authority (CMA) has warned celebrities that it will take action if they continue to promote products and brands on social media without disclosing that they are being paid to do so. The CMA has already rapped Social Chain, a digital marketing agency, for posting unlabelled advertising on Twitter, Instagram and YouTube. Celebrities who act as influencers can expect significant financial rewards: footballer, Cristiano Ronaldo, earned \$88m last year, which made him the highest-paid athlete in the world. Some 20% of 16 to 24 year-olds say they have discovered products or brands through social media endorsement.

Financial Times, 1 September 2016, p4

Facebook drone makes maiden test flight

Facebook's solar-powered drone, Aquila, has undertaken its first test flight. Its function is to beam wireless connectivity and it is capable of circling an area of up to 60 miles in diameter for up to three months at a time. Aquila is part of Internet.Org, Facebook's initiative to connect remote parts of the world.

Mobile Europe, No 247, August-September 2016, p6

Television

Netflix enters world of kids' TV

Children's TV is the next big battleground in pay-TV: Amazon and Sky are already developing programmes for children at a time when free-to-air channels are cutting back. Netflix is to produce its first children's TV programme following an agreement with the BBC and German broadcaster ZDF to fund a new adaptation of *The Worst Witch Series*.

The Daily Telegraph, 1 September 2016, p5

Live streaming

Online subscription streaming services have already reached the mass market in the form of Netflix and Amazon. Live streaming services present another opportunity to disrupt pay-TV. Younger companies, such as Perform Group, are moving into this territory. Its DAZN service, which is currently operating in Germany and Japan, offers live sports coverage, including English Premier League football. However, there are huge technical and financial barriers to mass internet broadcasting and even big companies, such as BT, can get it wrong.

The Sunday Telegraph, 4 September 2016, p5

Packaging

Lib Dems want 5p cup charge

The UK's Lib Dem Party wants to impose a 5p charge on disposable cups, which it says could result in more than 2 billion fewer cups being used in the UK. It estimates that 2.5 billion disposable cups are thrown away every year and that less than 1 in 400 are recycled. The policy has been introduced following the success of the 5p charge for plastic bags which has led to an 85% reduction in usage. The Foodservice Packaging Association's executive director, Martin Kersh, claims that the Lib Dems are "wholly mistaken" and misinformed; he believes that the proposal will not reduce coffee cups by 2 billion but will result in the public having to pay more.

packagingnews.co.uk, 2 September 2016

Ban on plastic picnic products

The French Government has banned plastic plates, goblets and cutlery and has ruled that 50% of material used in such products must be organic by 2020, rising to 60% by 2025. The Government has

already banned thin plastic bags in favour of reusable ones, in an effort to reduce pollution. The French, who are very fond of their picnics, threw away 4.73 billion plastic goblets last year. Manufacturers predict that the new products will be more expensive than current ones and analysts predict the return of the traditional picnic hamper with reusable crockery.

The Times, 2 September 2016, p32

Retailing

M&S on making friends

M&S has a mission to become the world's most sustainable retailer. Mark Barry, who heads up this mission, looks at the changing nature of relationships between the company and its customers. He says that companies should behave more like a "much-loved, vital, member of your family" who "know how you feel, what you want and when you need it". He proposes five elements that a business needs to consider if it wants to be the customer's 'lifelong friend'.

Campaign, 2 September 2016, p21 (Barry)

Online-only grows faster than multichannel

Online-only retailers have achieved year-on-year growth of 24.8% while multi-channel retailers have grown by just 9.5%, in the first half of the year, according to a report from IMRG and Capgemini. Over the past year the average basket value for pure play retailers has been £6 higher than for multichannel players. A significant factor is increased sales growth through smartphones as phones shift away from being used mainly for research purposes to devices for completing purchases. In addition, online-only retailers have been able to focus on issues such as mobile optimisation while multichannel retailers are required to tackle numerous other problems.

Database Marketing, Issue 190, July-August 2016, p6`

Personalisation – retailers as soulmates

Retailers are going to great lengths to achieve personalisation. US department store, Barneys, is a leader in multichannel personalisation; it is currently using beacon technology to bring personalisation to its New York store, with shoppers receiving push notifications as they move around the store. This article highlights the initiatives of brands such as Uniqlo and American Eagle. It also focuses on location-based marketing: according to research, around 50% of consumers say they have used or are interested in services that use their smartphone location to send them nearby deals. Customer experience consultant David Conroy emphasises how "great" personalisation can help make shoppers feel as though their retailer is their "soulmate".

retail-week.com, 5 September 2016

Retail prices just keep on sliding

The UK's retail prices fell by 2% year-on-year, compared to a 1.6% year-on-year fall in July, according to the *BRC Nielsen Shop Price Index*. Food experienced its highest year-on-year price fall since 2006 when the index began; deflation was 1.1% in August, up from 0.8% during the previous two months. Non-food deflation increased to 2.5% in August, from 2.2% in July. Clothing and footwear prices suffered the largest decline, of 6.8%.

retail-week.com, 5 September 2016

Services

McDonald's

McDonald's is famous for its small-owner franchise system where people with just one or two stores deliver excellent customer service. Now the company is beginning to close its 'mom and pop' stores in favour of people who have larger numbers of stores. This enables the company to speed up renovations and the introduction of new technology. To put this in context, the nine largest McDonald's franchisees own 40 stores each compared with other chains, such as Burger King or Pizza Hut, where franchisees each own hundreds of stores.

Bloomberg Businessweek, 5-11 September 2016, pp21-22

Amazon Dash launches in UK

Amazon has just introduced its Dash button to the UK, offering branded buttons which use Wi-Fi to send an order to Amazon after just one press of a button. Amazon Prime customers can receive their products the next day free of charge. So far 48 brands are participating, with names such as Fairy, Finish, Huggies and Whiskas. Amazon also plans to launch the Dash Replenishment Service which allows devices to automatically reorder items, such as detergent, when they are running low. Manufacturers, such as Bosch, Siemens and Samsung, are building integrated devices aimed at the service. Separately lawyers warn that the Dash button encounter problems with EU law.

The Grocer, 3 September 2016, p6; out-law.com, 2 September 2016

Transport and travel

Uber launch driverless cars this year...

Uber has announced that it will launch a trail fleet of driverless cars in Pittsburgh this year. The cars (Volvo XC90s) will have two human supervisors, can be summoned via the Uber app and will be free!

New Scientist, 27 August 2016, p22

...but is beaten to it by MIT

Nutonomy, an MIT start-up, has just launched the first public self-driving taxi service in the world. The service, which is being tested in Singapore, collects passengers from one of the city's business parks.

There is currently no charge for the service since the passengers will be feeding back useful data on the performance of the cars.

New Scientist, 3 September 2016, p21

Electric vehicles in China

The Chinese Government has been tackling the country's pollution problem by encouraging the use of electric vehicles (EV) and offering financial incentives for companies to develop them. Over 200 companies have announced plans to develop EVs, but now the Government is imposing stricter technology standards on start-ups and may limit the number of EV entrants to just ten. Last year China overtook the US to become the biggest market for 'new-energy' vehicles with 331,092 being sold. Its sales target is 3m units a year by 2025. Companies that "don't own the core technology and can't build up the brand" will struggle, according to analyst Yale Zhang.

Bloomberg Businessweek, 5-11 September 2016, pp19-20

MPs criticise lack of electric car investment

The UK's environmental audit committee – a cross-party group of MPs - has warned that the country is "playing catch-up" when it comes to electric and hybrid plug-in cars. It predicts that green vehicles will make up just 3% to 7% of the van and car market by 2020, falling short of the target figure of 9%. A key factor is the lack of a proper strategy on charging points which discourages motorists from investing in electric vehicles. Consequently they continue to be reliant on diesel and petrol vehicles which are affecting air quality in city centres.

The Times, 1 September 2016, p21

Written by CIM's Knowledge
Services Team

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On the Move

Name	From	To	New title	Source
Jez Audus	Live Union	Top Banana	Client Services Director	Conference & Incentive Travel
Andrew Day	News UK	Sainsbury's	Chief Data Officer	The Grocer
Polly Elliott	n/a	Top Banana	Marketing and Communications Manager	Conference & Incentive Travel
Andrew Hamilton	Dunhumby	Getty Images	Senior Vice-President of Data and Insights	Database Marketing
Rufus Olins	Newsworks	The Co-op	Chief Membership Officer	The Grocer
Ashley Phillips	Haven Power	Dong Energy	Sales and Marketing Director	utilityweek.co.uk
Tim Rees	Reckitt Benckiser	Vita Coco	Commercial Director, UK & Ireland	The Grocer

Promotions

Name	Company	Previous title	New title	Source
Aedamar Howlett	Coca-Cola GB	Country Manager, Coca-Cola Ireland	Marketing Director	Campaign
Jen Smith	Maxus Global	UK Head of Strategy and Planning	Global Creative Director	Campaign

Sources

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