

Cutting Edge: Our weekly analysis of marketing news

14 September 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

UK adspend

Total adspend for the UK is forecast to increase by 4.2% in 2016, representing a 1.3% downgrade since April's forecast. The *Advertising Association/Arc UK Expenditure Report* predicts that adspend will reach £20.9 billion compared with £20.1 billion last year. Internet will attract the largest budgets (£9.7 billion), followed by TV (£5.3 billion). The effects of digital on the allocation of budgets are marked: print accounted for 57% of total spend in 1985 but just 13% this year. This article contains graphs showing share of total adspend by medium; UK adspend by product category; TV adspend; and mobile as a percentage of internet adspend.

Admap, September 2016, pp48-49

Britain so far unaffected by Brexit

Global adspend is expected to grow by 4.4% this year, up from the 4.1% predicted in June, according to ad agency Zenith. This could be good news for the wider economy as the ad market is often regarded as a barometer of economic health. Zenith reports that Britain's adspend has hardly been effected by the Brexit vote, with adspend predicted to grow by 5.4% this year – faster than the global rate. TV advertising is still the largest sector globally, at 37% of total spend, but is due to be overtaken by internet ad spending next year.

The Daily Telegraph (Business), 12 September 2016, p3

Likeability and video ad sharing

To achieve viral advertising it is essential to understand how consumer evaluations of online ads affect their intention to share the ad content online. This research investigates consumer decisions with

regard to sharing video ads and, in particular, the "moment-to-moment" likeability of an online ad. It reveals that high likeability at the start and end of a video ad is important although the ending has a greater effect. It also finds that variance in likeability evaluations has a positive effect on the ability of the ad to go viral. Other findings and implications are discussed.

Journal of Interactive Marketing, Vol 35 August 2016, pp27-43 (Shehu et al)

Spillover in advertising

This study focuses on two sets of research questions relating to advertising spillover: firstly, do ads increase the likelihood of consumers purchasing products other than the one being advertised and; secondly, how large can advertising spillovers be in relation to competitors? The study, which uses a restaurant-search website, reveals that ads significantly increase the chances of sales for non-advertised restaurants although this effect applies to restaurants which offer the advertiser's cuisine and that have high ratings. The spillover effect is largest when the frequency (intensity) of advertising is low but, as the frequency increases, the spillovers disappear and the advertiser benefits from more sales.

Journal of Marketing Research, Vol 53 August 2016, pp459-478 (Sahni)

Embracing disability

Back in April Channel 4 launched its *Superhumans Wanted* competition as part of its *Year of Disability* activities leading up to the Paralympics. In a series of articles *Campaign* focuses on how advertisers are embracing diversity and disability and offers tips for those looking to do so. However, it points out that the ad industry has a problem portraying disability and wonders how it can break "the last taboo" and be more representative. Four disabled agency



Chartered CPD Programme

Don't forget, reading this publication can count towards your annual CPD record.

www.cim.co.uk/charteredcpd

employees share their experiences. (See also under Food)

Campaign, 9 September 2016, pp14-21

Agencies

Establishing a unique culture

Trefor Thomas, chief creative officer at Lida, explains how important it is for an agency to establish its own identity. Each agency should develop its "own unique culture" in order to "breed diversity" which can "help keep the industry vibrant and interesting". A strong personality and culture provides a sound foundation for employees. It is also essential to have a culture that allows all sorts of people to come together to respond to a brief in an era of multiple channels, complex data, and demand for genuinely useful customer experiences.

Campaign, 9 September 2016, p33

Brands and branding

Brand communities – shaping image

The authors propose that brand communities are an effective element of integrated marketing communications (IMC). They use the Brand Concept Map (a quali-quantitative technique) to compare the mental associations of a group of non-members of a brand community with a group engaged in the community. The brand used in the study is Nutella, (the chocolate spread), which has an active brand community. This claims to be the first exploratory study to look at how brand communities influence the shaping of brand image in the minds of consumers.

Journal of Marketing Communications, Vol 22(4) 2016, pp385-402 (Gabielli and Baghi)

The risks of selling namesake brands

John McAfee developed the first commercial anti-virus software – with the brand name McAfee – before selling it to Intel. Now he is in a legal spat over the right to use the McAfee name. John McAfee is suing Intel over the right to use his own name in new ventures. There are other examples of company founders who have encountered problems over the right to use their own name in business after their namesake company has been sold. Meanwhile McAfee is marketing his cybersecurity services in the hope that he can use his surname to do so.

brandchannel.com, 8 September 2016

Conferences and events

Event trends 2016

As the events industry constantly evolves, new trends are emerging all the time thanks to new technologies and changing attendee expectations. The author takes a look at eight of the top event design trends for 2016: paperless events; beacon technology; video content; grazing stations; event

apps; contactless payment; dedicated event staff; and event streaming.

eventindustrynews.co.uk, 8 September 2016 (Macri)

Beating afternoon fatigue

Recent research reveals that one in three people feels tired between 2pm and 4pm, which is not helpful for those speaking in the after-lunch slots. C&IT asked four event planners for advice on tackling that afternoon drowsiness. Tips include serving "fresh, light lunch"; choosing the right speakers; introducing ice breakers; and putting a "plant" in the audience to argue with the speaker!

citmagazine.com, 9 September 2016

Consumer behaviour

Sound frequency and colour lightness

Consumers are exposed to many competing visual stimuli during the course of a day. Much work has been devoted to visual cues, but less to the impact of other sensory stimuli on visual attention. This research looks at the impact of sound and colour lightness on visual attention. It reveals that high-frequency (rather than low frequency) sounds increase attention towards objects with a light (rather than dark) colour; that this effect occurs automatically; and that it applies to "consumer-relevant" consequences, such as marketing message recall and product choice.

Journal of Marketing Research, Vol 53 August 2016, pp551-562 (Hagvedt and Brasel)

Customer relations

Emerging relationships and trigger issues

Impersonal communication can be used to communicate basic technical or commercial data, but a social exchange involves personal contacts between the "actors" involved in the relationships. In most relationships there is huge variation in the amount of time it takes for the actors to form perceptions of each other. Little research has been conducted into how business relationships are formed. "Business relationship emerging flow" describes the process by which business relationships occur – from a starting point through to various "trigger" situations and the establishment of new relationships. The authors study trigger issues using a Hungarian company as a case study. A theoretical framework is developed using the dimensions of space and time for analysing these trigger issues.

Industrial Marketing Management, Vol 58 October 2016, pp137-147 (Mandják et al)

Identifying the "job to be done"

In a recent McKinsey poll, 94% of global executives indicated their dissatisfaction with their organisation's innovation efforts. Globally innovation success rates are very low and have been so for years. This is because marketers and product

developers spend too much time focusing on customer profiles, and looking for data correlations, rather than finding out what customers want to achieve in a particular situation. Successful innovators will identify where customers have “poorly performed” jobs and then design products, experiences and processes to enhance these jobs.

Harvard Business Review, September 2016, pp54-62 (Christensen et al)

Ditch the jargon

Mission statements that are full of waffle and corporate jargon can alienate both customers and workers, according to a study by US academics, published in the journal *Organisational Dynamics*. They suggest that the secret to inspiring people is to choose words that are both evocative and easy to visualise. Slogans such as that of Toys'R'Us (“put joy in kids’ hearts”) or Lush Cosmetics (“We believe in long candlelit baths”) are better than aiming to “deliver robust solutions to empower communities”.

The Times, 8 September 2016, p15

Direct marketing

ICO hits two more companies with fines

The Information Commissioner’s Office (ICO) has fined two more companies for unsolicited marketing. Omega Marketing Services and Vincent Bond have been issued with fines totalling £100,000. Omega Marketing Services made 1.6m calls to people who had registered with the Telephone Preference Service (TPS) and who had not consented to the calls. London debt management company, Vincent Bond, sent 346,162 spam texts to people who had not agreed to receive them. One text, which offered quick cash loans, was among the top 20 most complained about messages in November 2015. The ICO receives around 13,000 complaints about spam texts, e-mails and nuisance calls every month.

dataiq.co.uk, 8 September 2016

Law

Guidance on CDP Act changes

The repeal of section 52 of the Copyright, Designs and Patents Act 1988 has raised questions for various groups, including the design sector and publishing. The Government has published updated guidance aimed at helping businesses, organisations and individuals to consider whether they are affected, what action they should take and what copyright exceptions might help them continue to carry out their business. The guidance is available through the following link:

www.gov.uk/government/publications/copyright-protection-of-industrially-manufactured-artistic-works

Drones and the law

Major concerns surrounding the private use of drones include safety, privacy and regulation. It is possible that companies may have liability for the

acts of their employees in cases where they are required to pilot drones. The insurance sector will have an increasingly important part to play in the future of drone use. However, aviation regulators are likely to be the most concerned because, for the first time, almost anyone has easy access to aviation. Public, commercial and civilian drone use will facilitate new sources of information, new methods of delivery and other attributes. This article considers drones in the light of regulation, data protection and the ‘Red Flag Act’ of 1865.

halsburyslawexchange.co.uk, 5 September 2016 (Dalby and Sethi)

The Digital Economy Bill

The new UK Digital Economy Bill had its first reading in July 2016, coinciding with the Brexit decision and the EU’s announcement of its digital single market initiative. This raises the question as to how Britain will retain its leading position in the digital economy. The Bill primarily targets internet and broadband connectivity, but includes measures to protect children from harmful online content and to protect individuals’ rights, including a direct marketing code of practice to provide better protection against spam e-mail and nuisance calls. This paper provides a useful summary, including obligations for communications providers; the new Electronic Communications Code; ISP switching; intellectual property; online harmful content; and data privacy in the context of the Digital Economy Bill.

lexology.com, 7 September 2016 (Maughan)

Marketing

B2B – data and insight are essential

The role of data in B2B marketing has become more important than ever: as buyers are increasingly in control, marketers need to “deliver the right message to the right person via the right channel at the right time” or they are unlikely to be successful, says Jon Clarke, CEO of Cyance. Insight is essential because companies must understand their customers and the behaviours that lead to purchase. This in turn requires a clean, reliable database. Geoff Downer, director at Insight Stream, agrees that data management and insight are the “bedrock of multichannel work”. This article looks at best practice in B2B database marketing.

Database Marketing, July-August 2016, pp14-17 (Lawson)

Auditory identity

Some academics believe that non-visual elements of corporate identity can play a vital role in the communication of corporate identity or corporate brands and in the formation of corporate image. Yet sensory aspects of corporate identity have been largely ignored in the literature. The authors seek to address this gap through a qualitative study exploring the auditory dimension of the corporate

identity mix alongside visual identity. They investigate factors which inspire the management of auditory identity within an organisation and identify the consequences of auditory identity.

Journal of Marketing Communications, Vol 22(4) 2016, pp419-436 (Bartholme and Melewar)

Marketing, not manipulation

Consumers are becoming more suspicious of business in general, while marketing is often described as "manipulative". Harvard law professor, Cass Sunstein, writing in the *Journal of Marketing Behaviour*, claims that "those who sell products are engaged in at least arguable forms of manipulation". The author of this article argues that marketing "is not and should not be considered, manipulation". He suggests that the profession should be proactive in changing people's views and proposes ways in which this can be accomplished.

Journal of Strategic Marketing, August-September 2016, p41 (Gatignon)

Moment marketing

TVTY's most recent survey shows that the travel industry is no longer leading the way in "moment marketing", having fallen to fourth place. Moment marketing involves online campaigns which are prompted by offline events; they use data and technology to carry out the campaigns within a brief window of opportunity. Events might include TV programmes, the economy, weather or sport. Top place in moment marketing is occupied by entertainment and media, followed by business and industrial, and retail. The survey found that 81% of companies have launched moment marketing campaigns, while 98% said they would like more detailed insight about offline triggers that effect consumers' moods and purchasing behaviour.

bizreport.com, 12 September 2016

Market research

Neuroscience in the early stages of creativity

Creative standards tend to come from research techniques that investigate conscious responses to adverts – testing that produces spoken responses from consumers, such as focus groups. However, market researchers in consumer neuroscience and behavioural science have demonstrated the importance of the unconscious when analysing consumer responses. These types of responses are essential for forming a comprehensive view of consumer behaviour. Creatives should be educated on how to integrate neuroscience insights into the early stages of their creative development to close the gap between conscious and unconscious feedback. The author analyses some ads which illustrate how neuroscience insights have been used during ad development.

Admap, September 2016, pp42-43 (Adler)

Sponsorship

Paralympics – underestimated opportunities

The Paralympics in Brazil has failed to attract the top partners that the Olympics has done. While some sponsors – Toyota, Visa, Samsung, Atos and Panasonic – have partnered with both the International Paralympic Committee and the International Olympic Committee (IOC), others – P&G, McDonald's, Coca-Cola and Omega – have only partnered with the IOC. It could take a decade for marketing investments in the Paralympics to achieve parity with the Olympics. In the UK many well-known Paralympians do not yet have commercial support. Sainsbury's, which pioneered sponsorship of the Paralympics, says its investment has "exceeded expectations".

Campaign, 9 September 2016, pp2-3

Winning gold for sponsorship effectiveness

Samsung achieved the most effective sponsorship of the Rio Olympics, according to new research by monitoring company Alva. It compared public reaction to content from the 11 global Olympic sponsors in the year leading up to the event, with their reaction during the actual Games. It measured changes in visibility, likeability and advocacy. Samsung topped the visibility league, while achieving second place for likeability. McDonald's came in second place for its visibility growth. Although Coca-Cola's visibility grew by 40%, its likeability fell by 6%, probably because of media coverage of health concerns.

PR Week, September-October 2016, p12

Agriculture, fishing and forestry

Agribusiness – consolidation and competition

Bayer has made a second attempt to take over Monsanto by upping its bid to \$127.50 a share. If the takeover were to succeed it would create the largest company in the world to supply seeds and agricultural crop sprays. This has led to concerns over competition, choice and the food that ends up on people's plates. In 1996 there were 600 independent seed companies, most of which have been bought out, leaving the big six companies, which now control 63% of the global seed market. Some farmers believe that more competition (and fewer mega-deals) would be better at a time of falling crop prices. This article includes data on the global seed market.

Financial Times, 7 September 2016, p18

Dairy UK promotes dairy products

British dairy farms are facing a "demographic time bomb", according to industry trade association, Dairy UK. It warns that younger people are increasingly rejecting milk and other dairy products

in favour of soya and other products. These are being promoted by celebrities advocating a vegan diet while others claim that cattle are bad for the environment. Dairy UK is launching a campaign to counter misconceptions about dairy products and to promote their health benefits. Milk is consumed by 93% of people over the age of 55 compared with 81% of 16 to 34-year-olds. Meanwhile over 1,000 dairy farms have closed in England and Wales since July 2013.

The Times, 7 September 2016, p4

Building industry

Buildings with a twist

Farshid Moussavi, founder of FMA (Farshid Moussavi Architecture), started out designing spaces for art and retail that could be reconfigured according to requirements. Now she is using her theory of unpredictability to design residential and commercial projects. An office block in Fenchurch Street, London, features a curtain wall made from concave glass pieces. Some Paris apartment blocks are twisted on their axis to give residents unique views.

Wired, October 2016, p35

Wood – a tall order

New building techniques allow wood to be used in the construction of tall buildings: the tallest to date is a 14-story block of flats in Bergen, Norway; but in 2017 work will start on the 21-story Haut building in Amsterdam, which will use sustainable European pine. Some architects have begun work on wooden skyscrapers, such as the Trätöppeln (Treetop), in Stockholm. Concerns over strength and fire-resistance have been dismissed and there are significant advantages of using wood, such as cost. However, as building codes vary around the world, a major obstacle could be regulation.

The Economist, 10 September 2016, pp72-73

Businesses and strategy

Customer involvement in NPD – role of sales

The benefits and limitations of customer involvement in new product development (NPD) has been extensively investigated, but what this customer involvement actually consists of is an under-researched area. The authors use a case study of the development of a new product over a five-year period to propose a comprehensive model of customer involvement in the NPD process and to examine the role of sales in this process. Among the findings, they demonstrate that the sales function plays a central role in connecting the supplier and customer organisations. They also identify organisational capabilities that are vital for developing an effective customer-supplier interface.

Industrial Marketing Management, Vol 58 October 2016, pp45-57 (Rocca et al)

Making a sound judgement

Sometimes managers have gathered together all the facts at their disposal and performed an analysis, but still can't decide what to do when faced with a decision. In these cases judgement is critical. The author proposes five questions that can be asked to improve your chances of making a sound decision. All the questions have to be answered but, by working through them you can be sure that you've approached the problem in the right way. There may not be a right answer but only you can decide what the "most relevant rules or principles are in this particular case".

Harvard Business Review, September 2016, pp104-107 (Badaracco)

Corporate governance rankings

Tesco, Berkeley Group and Rolls-Royce are the bottom three companies in the Institute of Directors (IoD) FTSE 100 ranking of corporate governance. The IoD warns that companies should improve how they are governed at a time when there is an increased focus on large executive payouts, corporate scandals and the way in which boards operate and deal with their employees. Tesco was in 100th place because of its accounting and audit practices, while WPP was 96th because of the £70m-payout awarded to chief executive Sir Martin Sorrell. British American Tobacco achieved number one position despite a low perception score.

The Guardian, 7 September 2016, p22

SMEs prefer not to borrow

Small businesses are less inclined to borrow money from banks, according to the latest quarterly *SME Finance Monitor*. The research revealed that 36% of companies used external finance from April to June, down from 44% four years ago. Nearly half of businesses said they were "permanent non-borrowers" while three-quarters said they would rather accept a lower growth rate than borrow and grow faster.

The Times, 8 September 2016, p47

Charities and NGOs

One-to-one fundraising

It has been a tough year for the charity sector, which is why the DMA has taken part in a project with fundraisers and other stakeholders to discuss the future of the fundraising industry. The result of the discussions was a white paper providing a clear set of recommendations for creating "an ideal future for one-to-one-fundraising". The recommendations set out goals, actions and stakeholder endorsement to act as a roadmap for achieving more sustainable fundraising. The goals and recommendations are set out here.

Database Marketing, July-August 2016, pp24-27

Successful campaigns

The author considers what makes for successful campaigns and campaigners. She refers to a new report, entitled *Networked Change*, by American consultancy NetChange. In it the authors identify three campaign models which essentially recommend a mixture of horizontal and vertical approaches. Another US book, *How Organisations Develop Activists* (Hahrie Han), makes the distinction between organising and mobilising, where organising is decentralised and encourages relationships and individual development. Citizen's UK and Friends of the Earth offer equivalent campaigning-type models in the UK. Yet most of the relevant thinking comes from the US. In a post-Brexit society, the UK's civil society will be doing more campaigning and should perhaps develop some campaign ideas of its own!

Third Sector, September 2016, p59 (Tibball)

Durable consumer goods

Lego growth slows in largest toy market

Lego has reported an 11% increase in revenues to Dkr3.49 billion year-on-year. The company is working with retailers in the US, the world's biggest toy market, to improve its consumer marketing after sales in the country plateaued; this is despite double-digit growth in Europe and Asia. Over the past decade Lego has managed to buck the trend in which many traditional toy makers have lost out to digital toys.

Financial Times, 7 September 2016, p13

Economy

Index of production

The Office for National Statistics' (ONS) first *Index of Production* to contain post-EU referendum data, reveals that production for July 2016 was up by an estimated 2.1% compared with July 2015. All main sectors saw production increases, although mining and quarrying made the biggest contribution to growth, (up 7.2%). Manufacturing increased by 0.8% over the same period, with transport equipment achieving the greatest growth at 5.7%. Production output for the month is estimated to have increased by 0.1% compared with June 2016. Manufacturing was the only sector to contract compared with June 2016. However, the ONS warns against placing too much emphasis on one month's figures alone.

www.ons.gov.uk/releases/ukindexofproductionjuly2016

Top private manufacturers in the South

Business Magazine's Southern Manufacturing 100 league reveals that many have increased their sales over the past year although the list reflects the situation prior to the Brexit vote. The EEF, a manufacturer's organisation, claims that UK

manufacturers are focusing on the global picture, by making sales outside Europe, but warns that "non-EU markets are not an easy substitute for EU ones". The combined list of 150 companies comprises private, independent businesses who are trading in the Thames Valley or Solent areas. They have annual sales ranging from £4m to nearly £1 billion.

The Business Magazine - Thames Valley, September 2016, pp38-41

Energy and utilities

E.ON and RWE – splitting up is hard to do

E.ON and RWE, Germany's largest utility companies are to split up their organisations so that their renewables businesses can run on their own, while the "dirtier" power-generating businesses are kept in separate companies. On 12 September E.ON spun off Uniper, a company that controls its coal- and gas-fired power stations. RWE plans a similar split by moving its renewables, grid and local businesses into a new company called Innogy. Both companies have huge numbers of customer who might be prevailed upon to adopt renewable energy but, in the meantime, the utility giants are suffering from plunging share prices.

The Economist, 10 September 2016, p64

Alternative water model is a bore

The Alternative Water company is a new player in the non-household market with a business model that claims to be a "gamechanger" for the industry. It plans to design, build and maintain boreholes and supply water from underground water sources which are already on the properties of large customers. It plans to undercut other water suppliers by up to 25% and to effectively take customers "off the grid". The reduction in costs for the English retail water market could be £30m to £50m over the next five years. The company will also provide sewerage services by treating the sewage on a customer's site and returning it straight to the environment.

utilityweek.co.uk, 9 September 2016

The first large-scale tidal energy farm

Scotland has announced the world's first large-scale tidal energy farm with the unveiling of a turbine measuring 15 metres in height with blades of 16 metres in diameter. This is the first of four turbines which will be installed underwater off the north coast of Scotland. The initiative is considered to represent an important advance for the renewable energy sector.

The Guardian, 13 September 2016, p28

Putting a tiger in your tank – tiger dies

A tiger who appeared in Esso's fuel advertising has died at the age of 22. Tango was one of seven tigers to appear in Esso's "put a tiger in your tank" ads of the 1990s. When the ads ended he was sold

to a German circus where he was badly treated but was then bought back by Britain's Woodside Wildlife Park. He was the oldest tiger in Britain.

The Times, 12 September 2016, p10

Environment

Nestlé is most sustainable

The *Dow Jones Sustainability Index* has named Nestlé as the world's most sustainable food business, ahead of Coca-Cola and Unilever. The *Index* examines the ethics of companies in various areas, with Nestlé scoring 92 out of 100. It achieved 100 points in operational eco-efficiency, health and nutrition, packaging, human capital development and raw material sourcing.

The Grocer, 10 September 2016, p12

What does Brexit mean for the environment?

The Commons environmental audit committee has argued that membership of the EU has converted Britain from the "dirty man of Europe" in the 1980s to a leader in addressing air quality, climate change and food waste. *The Grocer* considers whether the Brexit vote will really be as bad as environmentalists have predicted.

The Grocer, 10 September 2016, pp14-15

Fashion

Redesigning the fashion model

When September's New York Fashion Week show is over, the clothes won't be available for four to six months, yet 'fast fashion' retailers, such as Zara, will be selling similar designs straight away. Now the industry is beginning to wake up to the dilemma: the Council of Fashion Designers of America and The Boston Consulting Group have suggested alternatives to the traditional, slow retail cycle and a small group of designers is testing out new business models in New York with the idea of showing the clothes and selling them at the same time. Designer, Rebecca Minkoff, will present her collection outside her Manhattan store, where guests can shop straight away. In September Burberry's show will feature only clothes that are available immediately, making it less of a trade show and more of a marketing event for customers. Some experts are concerned that the new trend may stifle innovation.

The Economist, 10 September 2016, p62

ASOS vs ASSOS

ASOS, the UK online fashion e-tailer, has been ordered to pay £20.2m pounds because of the trademark infringement of two rival clothing retailers, ASSOS of Switzerland and Anson's Herrenhaus of Germany. The UK High Court had originally found in favour of ASOS, but its decision was overturned by the Court of Appeal last year, which ruled that the ASOS' trade mark was likely to

cause confusion and damage the distinctive character of the ASSOS mark. However, ASOS will be allowed to start selling athletic leisurewear although it is not allowed to sell cyclewear or to open shops in Germany.

lexology.com, 8 September 2016

Financial services

Know your customer

Research from Equifax reveals that one in five people in the UK have been rejected when applying for a financial product and 62% say they are unlikely to use the company again following that rejection. The survey, reveals that people felt frustrated (23%), embarrassed (19%) and upset (12%) by being rejected. Equifax says that financial providers should implement a "know your customer strategy" in order to avoid products being marketed to people inappropriately as this could result in damaged relationships.

Database Marketing, July-August 2016, p10

Contactless saves years of your life

UK consumers together save an average of 34 years of time every month by paying with contactless cards, according to research from Card Cutters. It takes on average less than five seconds to conduct a transaction using a contactless payment card chip while PIN card payments can take more than ten seconds (according to 53% of people who use them). The study also suggests that women pay faster via contactless than men.

nfcworld.com, 7 September 2016

FMCG

Beverages

Rebranding brandy

Brandy has been in decline as a category in South Africa – in the seven years up to 2014 annual sales volumes fell by 34% while whisky sales rose by 33% – which means that brand owners had to find a way of revitalising its image. In 2011 a campaign, led by the South African Brandy Federation, set about repairing brandy's fortunes. It wasn't until 2015 that the industry started to turn around, with brandy volume sales up by 1% while whisky sales were down by 7%. This article looks at the issues for the South African brandy industry and its marketing and rebranding strategy.

Journal of Strategic Marketing, August-September 2016, pp25-26 (Thomas)

'Big Drink' forms lobbying organisation

Big drinks companies have come together to form the Alcohol Information Partnership, a lobbying group, aimed at ensuring "the debate around

alcohol remains balanced". Members include Diageo, Pernod Ricard, Campari and Bacardi.

Campaign, 9 September 2016, p3

Carling has finger on the button

Carling has created a button which consumers can press to order more supplies of the beer. The button, which is placed on the door of a fridge, connects with a smartphone app enabling users to choose from one of the big four supermarkets who will then place Carling in their online shopping baskets. The button was launched in response to research among consumers which revealed that they could only see ten products per page when shopping for online groceries – one in three said they didn't bother to click beyond that page after searching for a product.

Marketing Week, 8 September 2016, p6

Food

Veggie Prets to be made permanent

Pret A Manger has decided to make its pop-up vegetarian shop in Soho, London, into a permanent entity because of its popularity among vegetarians, which includes approval from Sir Paul McCartney. Now it plans to convert some of its other shops into "Veggie Prets". It is estimated that 12% of British adults are vegetarians, rising to 20% among 16 to 24 year-olds, according to Mintel.

The Times, 7 September 2016, pp40-41

Maltesers – first sign language ad

Channel 4 has broadcast the first-ever TV ad in Britain to be entirely conducted in sign language. The ad for Maltesers is the result of a competition by Channel 4, in which Mars Chocolate UK won £1m-worth of free advertising for its campaign "championing diversity and disability for the Paralympics." The three ads celebrate diversity by featuring people with disabilities telling funny stories about their lives. The ads were first shown during the Paralympics opening ceremony on 7 September. (See also under Advertising)

brandchannel.com, 6 September 2016

Government and public sector

Private tuition on the up

According to a report by the Sutton Trust, the proportion of state school children who have private tutors has increased from 18% to 25% over a decade, rising to as high as 42% in London. It also reveals that children at independent schools are twice as likely to receive private tuition as those at state schools; girls are more likely to have private tutors than boys; and ethnic minorities (41%) more likely to do so than white pupils (21%). The Trust is advocating a means-tested voucher scheme so that

lower income families can pay for tutors.

The Times, 8 September 2016, p20; Financial Times, 8 September 2016, p2

Land Registry up for grabs?

The UK Government has been considering the sale of the Land Registry following a consultation which closed in May. The proposed \$1 billion sale is highly controversial, attracting critics from solicitors' firms, media companies and the competition watchdog and a petition has been signed by 317,930 people. Law Society president, Robert Bourns, says the proposal could "create serious risks to a vital piece of national infrastructure".

The Guardian, 8 September 2016, p28

Health and pharmaceuticals

Viagra rival gains approval

Futura Medical, a small British biotech company, has just passed late stage clinical trials for its erectile dysfunction gel, Eroxan. It aims to achieve 20% market share once it has global approval for the product. The global market for such remedies is worth about \$5 billion, with the largest player, Viagra, generating \$1.7 billion in sales last year in the US and \$57m in Europe, where there is generic competition.

The Daily Telegraph, 8 September 2016, p7

People not getting their five a day

A new survey by Public Health England reveals that fewer than one in ten teenagers and one in three adults are consuming their 'five a day' fruit and veg. In fact the daily intake has fallen across all age groups. The *National Diet and Nutrition Survey* also reveals that four to ten year-olds are consuming more than twice the recommended level of sugar. Although most of the population knows that they should eat five a day, the rising cost of food is an issue, with unhealthy foods tending to be cheaper. The results show how difficult it is to change dietary habits.

The Daily Telegraph, 10 September 2016, p14

IT and telecoms

Raspberry Pi built by robots

Raspberry Pi, the credit-card-sized personal computer, passed the five million sales mark last year. This year the third version of the computer was launched. Founder, Eben Upton, is trying to increase production at the company's site in South Wales by using robots which can assemble components, although humans still have to perform some of the tasks. Production was moved from China to the UK in 2012, enabling the company to automate tasks. The next challenge is to get the robots to do the packing!

Wired, October 2016, pp36-37

Micro focuses on HP acquisition

Berkshire-based Micro Focus has created a niche by helping to prolong the life of old software that is still being used by big companies. Over the past decade it has expanded its offering through a number of acquisitions, the latest of which is the \$8.8 billion purchase of the software business of Hewlett Packard Enterprise (HPE). Although HPE has more than double the revenues of Micro Focus, its profits are less than half, which is why Micro Focus may be successful in running the company. Separately the *FT* looks at what a smaller HP Enterprise may look like.

The Times, 9 September 2016, pp38-38; The Daily Telegraph, 9 September 2016, p5; Financial Times, 9 September 2016, p16

The future of smartphones

After nearly ten years – from the release of the first iPhone in mid-2007 – the growth and speed of innovation in the smartphone market have slowed while prices have fallen. Some people have even predicted the “end of the smartphone era”. Smartphone penetration rates in rich countries have reached 90% and most people already have phones which meet their needs. Nevertheless, the numbers are still impressive and around 1.46 billion units will be shipped this year, according to IDC. Other devices, such as wearables and smart speakers, will become more popular but are not a must-have. IDC predicts that the smartphone industry is likely to be dominated by just three companies: Apple, Samsung and Huawei.

The Economist, 10 September 2016, pp61-62

Leisure and tourism

Thomas Cook looks to China

Tour operator, Thomas Cook, has entered into a joint venture, Thomas Cook China, with Chinese conglomerate Fosun in Shanghai. The travel agent, which will offer 90 packages to over 40 destinations, will target affluent Chinese. Fosun has forecast that the country's outbound travel market could increase by up to 20% per year. The two companies are also investing €500m in hotels in Europe.

The Daily Telegraph, 9 September 2016, p5

F1 – changing channels

Formula One is a sport that relies on technological knowhow but it has so far failed to connect with digital technology. All this could change if its proposed takeover by Liberty Media takes place. Although grand prix motor racing earns over £1 billion a year, it has almost no presence on social media. Bernie Ecclestone has focused on charging TV broadcasters and circuits a rights fee to broadcast races, but this old model is wearing thin. Liberty Media is likely to use F1 to move into new forms of streaming, including VR and “mixed

reality”, in response to changing viewing habits. This means that traditional TV stations are likely to lose out.

The Times, 7 September 2016, pp40-41

Media

Books

Micropublishing

Some micropublishers, such as not-for-profit Jurassic Press, are closing down due to workloads and other pressures. Although book publishing has a more level playing field than previously because of technological developments, small publishers still find it hard to attract the attention of booksellers and literary prizes. Alex Davis of Boo Books, which has published just ten books since its foundation in 2014, believes that there is a need for “relationship-building” in the industry. Micro-publishers are confident that they play an important role by nurturing new talent and allowing experimentation, but few of them have yet to make a profit.

The Bookseller, 9 September 2016, pp18-19

Film

Watson helps make film trailer

IBM's Watson has already been used for all sorts of purposes, notably medicine, but now the AI expert is being used in film-making. Watson is collaborating with 20th Century Fox to create a trailer for the forthcoming sci-fi film, *Morgan*. To enable Watson to create something that could frighten people, it was fed with trailers of 100 horror films. It was then able to identify ten scenes from *Morgan*, which have been put together to make the trailer.

New Scientist, 10 September 2016, p23

Data analytics – driving audiences

Media companies, such as Legendary Entertainment, are using data analysis to help target their blockbuster films. *Warcraft*, a film that was unsuccessful in the US, proved to be a smash hit in China, largely thanks to detailed data on who was buying advance tickets and the ability to target similar fans. Matthew Marolda, chief analytics officer, says most money put into advertising films in the US, goes to TV but “in China you can be so much more digitally-oriented and the cost is much lower”. The Marolda team's job is to respond rapidly to new data as it appears. A traditional marketing campaign, running before and during a film's release, costs millions of dollars.

Financial Times (Special Report: The Connected Business), 7 September 2016, pp1-2

Internet

Personal data

Individuals currently have very little control over their own data when using social networks or

shopping online, hence the rise of ad-blocking. This situation could gradually change: CitizenMe, a start-up, is launching an app which allows users to see exactly what data they are sharing. It could even provide them with information that they didn't know about themselves. CitizenMe also offers its users small fees if they choose to share their data with brands and researchers. Other personal data firms are springing up. Neil Lawrence, an advisor to CitizenMe, believes there is a niche for companies offering something of value, such as health data, in exchange for personal data. Lawrence says that: "The best outcome for personal data is that we all naturally think of data as we think of money".

New Scientist, 10 September 2016, p22

Making a good impression

The use of the 'impression' as a way of measuring advertising effectiveness has always been questionable. The Internet Advertising Bureau's current guidelines say that 50% of the pixels of a banner must be visible for one second in order to qualify as an impression. Publishers, including the *FT* and *Economist*, suggest that 'attention minutes' could be a better, alternative metric. They both trade attention on a cost-per-hour basis so advertisers buy 'active view' hours. Jon Slade, chief commercial officer at the *FT*, argues that "if your proposition for the customer is one of value and not just volume then you are in a far stronger position".

Marketing Week, 8 September 2016, pp18-19

Music

Spotify – a window of opportunity

Spotify, which continues to run at a loss, might change its unlimited access to free music model. In exchange for restricting some albums to paying subscribers only for an initial "windowing" period, it hopes to benefit from a reduction in the royalties it pays. However, it might be hard to persuade labels and rights holders to accept less than 70% of streaming revenues when they already receive 73% from Apple Music. "Windowing" – akin to films appearing in cinemas before being streamed online – may be the answer. Spotify currently has 100m users on its free service and 30m who pay a monthly fee.

Financial Times, 7 September 2016, p16

Streaming revenues up as live music shrinks

UK music streaming revenues rose by 49% to £251m last year while live music revenues fell by 2%. The *Measuring Music* report claims that streaming services are the key to growth in the British music industry. The report also identifies unease at the power of YouTube, which has been accused of failing to provide fair payments to artists and rights holders.

Financial Times, 12 September 2016, p20

Social media

B2B – social media assessment

Social media marketing budgets continue to rise yet many marketers don't know how to measure the impact it has on their business. An August survey of US-based CMOs revealed that both B2C and B2B marketers are struggling to understand the effect of social media on their business. This was truer of the B2B sector, where almost half of respondents didn't understand the impact of social media on their business. As a result, more CMOs report increasing their investment in social media marketing analytics. Marketers are also looking more closely at the ROI on a variety of social media platforms. A March 2016 survey suggested that Facebook offered the best ROI of any social media.

emarketer.com, 9 September 2016

Burberry has dedicated followers of fashion

For the fourth consecutive year Burberry is the most viewed FTSE 100 company on Twitter, with 6.8m followers. This is according to media agency Battenhall, which also reveals that Paddy Power Betfair is the FTSE 100's most influential brand on the social network. Overall the survey indicates that British companies are becoming better at using social media: there has been a 73% rise in the number of FTSE 100 brands to have more than 10,000 Twitter followers. David Battenhall believes that more FTSE 100 companies will start to use Snapchat for customer service, recruitment and brand news.

The Times, 12 September 2016, p41

Television

Ad revenues down in wake of EU vote

The TV advertising market is expected to fall by 5% in September and October due to advertisers remaining cautious after the Brexit vote. ITV has already said that its revenues will be down by 5% to 10% in September year-on-year but Channel 4 is optimistic that the Paralympics will boost its ad revenues. Media buyers warn that October's ad revenue could fall by up to 10%.

Campaign, 9 September 2016, p5

Video

McDonald's closes YouTube channel

McDonald's has withdrawn its YouTube project, Channel Us, because it hasn't attracted a big enough audience. Launched last year, it was heralded as a "ground-breaking moment for McDonald's" and some of its videos clocked up six-figure viewing figures, but the videos have attracted disappointing viewer numbers this year. CMO, Alistair Macrow, says that McDonald's has learnt important lessons about which collaborators and content are likely to be effective. *Campaign* looks at Pepsi Max, Red Bull

and Nike, three brands that are successful on YouTube.

Campaign, 9 September 2016, p6

Packaging

NZ – plain packaging for soft drinks?

A study by the University of Auckland suggests that soft drinks consumption among young people could be reduced if plain packaging and graphic warning labels were to be introduced. The research found that such measures had a greater impact than price on whether a person would buy the drink. However, Mike Rideway, of the Consumer Packaging Manufacturers Alliance (CPMA), warns that what happened with tobacco packaging could spread to other sectors. He claims that the UK has seen a severe reduction in the production of packaging materials following the introduction of plain tobacco packaging.

packagingnews.co.uk, 12 September 2016

Retailing

Retailer deception – consumer perceptions

Research consistently reveals how consumer perceptions of deceptive practices by retailers, leads to significant negative consequences, such as complaints, switching and distrust. The authors investigate the effects of consumer perceptions of retailers' deceptive practices on their evaluations of both online and bricks-and-mortar retailers. The research shows that the direct and indirect influence of consumer perceptions of deceptive practices affects their evaluations of aspects, such as product satisfaction, retailer satisfaction and word-of-mouth.

Journal of Interactive Marketing, Vol 35 August 2016, pp16-26 (Riquelme et al)

High street sales – downward fashion trend

In August Britain's high street sales fell for the seventh consecutive month due to a continuing decline in fashion sales. Like-for-like sales for August were down by 1.5% for retail as a whole, with a 3.3% fall in fashion. Nevertheless, the weak pound attracted tourists, which helped to raise sales of lifestyle goods by 0.7% while homeware retailers enjoyed an 11.3% rise. In contrast, online sales rose by 21.1%, slightly less than the 21.7% growth in July. The figures suggest that retailers with non-store channels should benefit in the lead-up to Christmas.

The Times, 9 September 2016, p40

Services

Amazon competes on restaurant delivery

Amazon's Prime customers are being offered one-hour delivery slots from restaurants in London. The company is entering the £9 billion-takeaway market by signing up over 180 restaurants and delivering to

21 London postcodes. The service, which already operates in 12 US cities, will be competing with Just Eat, Deliveroo and Uber Eats.

The Daily Telegraph, 8 September 2016, p5; Financial Times, 8 September 2016, p18; The Times, 8 September 2016, p25

Booking apps team up with carmakers

Indian carmaker Mahindra & Mahindra has collaborated with local car-booking app, Ola, to allow the car drivers to buy cars at a reduced price, with the aim of selling 40,000 vehicles in the first two years. Other car manufacturers have teamed up with car-booking apps in similar schemes (Toyota and Uber; General Motors and Lyft; and Tata and Uber).

Financial Times, 9 September 2016, p14

Gambling on M&A

Britain's gambling industry is undergoing a transformation through consolidation. Last year Ladbrokes and Coral completed a £2 billion merger; this was followed by a deal between Paddy Power and Betfair to form a company worth nearly £8 billion. In August this year Rank and 888 made a bid for William Hill, Britain's largest bookmaker but it was rejected by Hill's board. Analysts believe that the wave of consolidation in the sector will continue and that there are still plenty of opportunities for the industry.

The Daily Telegraph, 9 September 2016, p8

Transport and travel

Keep on trucking with smart wristband

Truck-driving is a popular job but it is also unhealthy: a recent study reveals that over two-thirds of drivers are obese. While most trucking firms make use of fleet management systems to reduce costs and monitor how vehicles are driven, they do not reveal anything about the drivers. In October, Jean Gelissen and his team at the European Institute of Innovation and Technology, will begin trialling a wearable device that will provide information about the driver's well-being. The Call Ready to Perform wristband connects to a tablet in the truck, provides biometric information about the driver, and is fed back to the fleet management system. This type of technology will become more important as driverless trucks start to appear on the roads.

New Scientist, 10 September 2016, p23

Shipping industry – the need to get smarter

The recent bankruptcy of South Korean container line, Hanjin Shipping, reflects the state of the world's shipping business. Of the 12 largest shipping companies who announced their results for the last quarter, 11 have made big losses. Activist investors are urging companies to merge in order to avoid

collapse. The situation has been caused by declining world trade and overcapacity in the global container fleet. The severity of the downturn in the industry means that companies will have to start doing things differently. Maersk Group, owner of industry leader Maersk Line, is being closely watched as it considers the possibility of splitting up the conglomerate. It is also working on making its ships smarter by retrofitting them to collect more data. The rest of the industry will probably follow its lead.

The Economist, 10 September 2016, pp59-60

BMW – connected vehicles

BMW vehicles are to have LTE and Wi-Fi using the company's ConnectedDrive technology. Deutsche Telekom is to install eSIMs into vehicles that have Connected Drive, a system operating in over 50 countries. Drivers will be able to create a local Wi-Fi network using Deutsche Telekom's HotSpot Drive portal. Meanwhile BMW motorbikes will be fitted with the company's Motorrad ConnectedRide, which displays journey information.

Mobile Europe, August-September 2016, p7

Buzz phrases

Ambivertism

Employees are usually discriminated against because of their race, gender or age but little consideration is given to the poor treatment of introverts. Yet introverts make up a third to a half of the population. Corporate introverts can feel uncomfortable for a variety of reasons, including open-plan offices, group work and hyper-connectedness. Companies often forget that, while extroverts get energy from other people, introverts need time on their own. Jim Collins, author of *Good to be Great*, suggests that chief executives who stay at the top for the longest in their industries tend to be the quieter types – both Bill Gates and Mark

Zuckerberg are introverts. Some companies are beginning to examine what they can do to make things better for introverts. Enlightened companies should create an environment where all types of personalities can flourish – one might label these "ambivert" organisations!

The Economist, 10 September 2016, p65

Written by CIM's Knowledge Services Team

© Copyright 2016 CIM

The views expressed in *Cutting Edge* are not necessarily those of The Chartered Institute of Marketing.

On the Move

Name	From	To	New title	Source
Sophie Brendel	BBC	V&A Museum	Director of Marketing and Comms	PR Week
Richard Collins	FocusVision	Big Sofa	Chief Customer Officer	research-live.com
Amanda Cumine	Lastminute.com	First Utility	European Corporate Comms Director	PR Week
Scott Knox	Marketing Agencies Association	Institute of Communications Agencies in Canada	President and Chief Executive	Campaign
Jane Lawrie	Coca-Cola	Tesco	Group Comms Director	PR Week
Kate McQuaid	Faber & Faber	William Heinemann and Windmill	Publicity Director	The Bookseller
Vickie Sheriff	Heathrow Airport	Which?	Director of Comms and Campaigns	PR Week

Sources

We created this edition of *Cutting Edge* from the sources listed in the next column. As a member you have access to a discrete range of them through the CIM website, some are freely available on the internet, but there will be others that we can only supply you with through our photocopying service.

To access the journals you have available to you as a member:

- Go to www.cim.co.uk/elibrary and log in to the site.
- You will then have access to the links to Ebsco, Emerald and the e-books available via MyLibrary.
- A user guide for the electronic resources is also available here.

Please note: the titles as they appear in *Cutting Edge* are **not** the same as in the original article. If the journal is within Ebsco, you can search by publication, which then allows you to choose the date. This page will also clearly show if there is an embargo on the title or if there is a short delay.

Key

**Full text available on Ebsco – although there may be an embargo

*Abstract available on Ebsco

+Full text available on Emerald

~Available online if you register

Key Note reports are available in the library at Moor Hall. Members can request the contents pages of a report and can receive up to 10% via our photocopying service. We can also supply the reports in full at a discount.

Please contact the library if you would like any further assistance or would like more information on our photocopying services (charges apply) or purchase of Key Note reports.

Tel +44 (0)1628 427333

Email library@cim.co.uk

Admap

www.bizreport.com

The Bookseller**

www.brandchannel.com

Business Magazine

Campaign**

www.citmagazine.co.uk

The Daily Telegraph ~

Database Marketing

www.dataiq.co.uk

www.emarketer.com

The Economist*

www.eventindustrynews.co.uk

The Financial Times ~

www.gov.uk/government/publications

The Grocer

[The Guardian](http://TheGuardian)

www.halsburyslawexchange.co.uk/

Harvard Business Review**

Industrial Marketing Management

Journal of Interactive Marketing

Journal of Marketing Communications** (18 month embargo)

Journal of Marketing Research**

Journal of Strategic Marketing** (18 month embargo)

www.lexology.com

Marketing Week **

Mobile Europe

New Scientist** (1 month embargo)

www.nfcworld.com

www.ons.gov.uk

www.packagingnews.co.uk

PR Week

[Third Sector](#) (selected articles available)

The Times

www.utilityweek.co.uk

[Wired](#) (selected articles available)

Please contact the library if you would like any further assistance or would like more information on our photocopying services.

Tel +44 (0)1628 427333

Email library@cim.co.uk

Contents

To fast forward click on the following links:

[Agriculture, fishing and forestry](#)

[Building industry](#)

[Businesses and strategy](#)

[Charities and NGOs](#)

[Durable goods](#)

[Economy](#)

[Energy and utilities](#)

[Environment](#)

[Fashion](#)

[Financial services](#)

[FMCG](#)

[Beverages](#)

[Food](#)

[Government and public sector](#)

[Health and pharmaceuticals](#)

[IT and telecoms](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Agencies](#)

[Brands and branding](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Customer relations](#)

[Direct marketing](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Sponsorship](#)

[Media](#)

[Books](#)

[Film](#)

[Internet](#)

[Music](#)

[Social media](#)

[Television](#)

[Video](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)

[Buzz phrases](#)

[On the move](#)