

Cutting Edge: Our weekly analysis of marketing news

2 November 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

Advertising 2020-style

Jerry Wind, Professor of Marketing at The Wharton School, has been sounding out leaders and innovators around the world about what shape they think advertising will take in 2020. The findings are set out in his latest book, entitled *Beyond Advertising*, in which he proposes two interconnected strategies for success in advertising in 2020. Communications through all touchpoints should be “RAVES” (a Relevant and Respectful, Actionable, Valuable Experience which tells a Surprising story that people want to share). The context of this content should be based on the “MADES” principle (Multisensory, Audience, Delivery, Environment and Synergies).

Research, September 2016, pp34-39 (Bowman)

Adspend higher than expected

Advertising spend has been higher than expected for the first half of the year, which has led to the forecast for 2016 growth to be revised upwards by 1% to 5.2%, according to the Advertising Association/Warc *Expenditure Report*. However, it has downgraded 2017's growth by half a point to 3.3%.

Campaign, 28 October 2016, p3

When is an ad not an ad?

The ASA has been receiving an increasing number of complaints about social media content which is not obviously identifiable as advertising. In this brief paper, CAP (Committee of Advertising Practice) seeks to clarify the differences between “sponsored” and “ad” in the context of advertorials. It defines both expressions, explains that all ads should be identifiable as such – the onus being on the

publisher or influencer just as much as the brand – and describes how the content should be labelled.

cap.org.uk/news-reports, 27 October 2016

Agencies

The first “returnship” scheme for women

The ad industry's first scheme to encourage women to return to work has been launched by Creative Equals in partnership with the IPA, the British Interactive Media Association and other organisations. The “returnship” scheme allows women to apply for a “return to perm” scheme at agencies such as SapientNitro; to train at the School of Communication Arts; or to answer briefs from home through agencies or Pimp My Cause. Research conducted earlier this year revealed that 60% of young women in the creative industries feel they cannot return to work because they have young children. In a separate article *Campaign* looks at the lack of women at the top of agencies and the shift towards more family-friendly working practices.

Campaign, 28 October 2016, pp2,30-33

WPP – strong growth despite Brexit concerns

WPP has reported a slowdown in UK sales growth in all areas except for data investment management and public relations and public affairs, which it attributes to “perhaps the first signs of Brexit anxiety”. Nevertheless the weak Pound has contributed to WPP's total revenue growth of 23.4% to reach £3.61 billion. WPP has made 49 acquisitions this year which has also helped to increase international revenues for the first nine months of the year.

The Times, 1 November 2016, p38

Brands and branding

Brand purpose

The author seeks to offer a better definition of



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www.cim.co.uk/charteredcpd

brand purpose than has previously been achieved. She points out that many companies provide bland purposes, such as "To celebrate life every day, everywhere" (Diageo) or "Serving Britain's shoppers a little better, every day" (Tesco). She argues that a purpose becomes suitable when it "brings value to your customers and drives your commercial aims". Patagonia and Dove are examples of brands that recognised early on what brand purpose really meant. She offers some advice on how to come up with a brand purpose, but warns not to tack on a social purpose that doesn't fit.

Market Leader, Q4 2016, pp30-33 (Karaian)

Children

Collecting data

The US has relatively few restrictions on collecting information from children off-line. However, the collection of information from children over the internet is regulated by the Children's Online Privacy Protection Act. The EU's new General Data Protection Regulation, which comes into force in 2018, says that "children deserve specific protection of their personal data, as they may be less aware of risks, consequences, safeguards and their rights." This article provides some advice on what to consider when reviewing a website for compliance with US and European law.

lexology.com, 26 October 2016 (Cave)

Conferences and events

How green is your meeting?

Glasgow has recently announced that it aims to become the first UK city to join the Global Destination Sustainability Index. Yet it also boasts of playing host to numerous meetings which attract overseas delegates. One of the major conundrums facing the sustainable-meeting agenda is air travel. It is estimated that the average three-day, 1,000-delegate international conference produces 584 tons of CO₂ emissions with 70% coming from air travel. Instead, associations could be holding more local meetings or selecting cities with good rail networks. Another solution could be hybrid events with co-located meetings linked by satellite.

Association Meetings International, October 2016, pp36-37 (Lancaster)

Google presents with the Jamboard

Google's latest invention is the Jamboard, a 55-inch touchscreen and the first piece of hardware in its G Suite of cloud-based tools aimed at making long-distance collaboration easier. Ironically collaboration isn't always easy when everyone is together in one meeting room and people are busy using different devices. The advantage of a Jamboard session is that anyone can join in using the Jamboard app: a real-time feed from the board enables attendees to add text, photos or drawings wherever they are.

wired.com, 25 October 2016

Consumer behaviour

Don't forget the Baby Boomers

By 2050 the number of people over the age of 65 will outnumber those aged five and under. The over-50s already account for 60% of US consumer spending and 50% of UK spending. They also control 89% of disposable wealth in the UK. Yet this group is often excluded from technology: only 4% of those aged 55 to 64 think that tech brands meet the needs of older people very well, according to the Office for National Statistics. So why aren't Baby Boomers receiving the digital services they need while the majority of services are targeted at Millennials? This article looks at what the tech industry can do to address the problem, including defining new value propositions; co-creating; and educating the workforce.

Admap, October 2016, pp41-43 (Ng)

The last of the big spenders?

Retailers are having to deal with an increasingly fragmented market so who are the big spenders? Here is the lowdown on Baby Boomers, Generation X and the Millennials. The question is whether the Millennials can take over the shopping from the Boomers (born between 1946 and 1964) who are starting to age. Failing that, there are always the 'DINKS' (dual income no kids) or the '1 percenters' (the super-rich) to take up the slack.

Bloomberg Business, 24 October 2016-6 January 2017, pp64-65

Customer relations

Retaining B2B loyalty

One-off loyalty incentives used to work when it came to keeping loyal customers happy, but we are in the age of instant reviews and fierce competition. B2B brands are increasingly aware that the benefits of retaining existing customers far outweigh the cost of attracting new ones. Research from Market Metrics suggests that there is a 60% to 70% chance of selling to existing customers compared with 5% to 20% for prospective customers. This article examines who should receive loyalty rewards; what you should give them; how you measure loyalty; and preparing for long-term loyalty.

B2B Marketing, Q3 2016, pp22-25 (Matejka)

Customer experience – return on investment

Few businesses know how to monetise the value of customer experience and many executives struggle to demonstrate that customer experience improvements provide a return on investment. There has to be a system in place to show that such improvements link directly to business growth. The author explains why customer experience has become so popular and how to create a customer-centric culture before going on to define the key indicators of customer-led growth. She then

examines how to measure the impact of customer experience improvements.

Velocity, Vol 18(3) 2016, pp30-35 (LeBlanc)

Direct marketing

E-mail – empathy is key

This article looks at how some multi-unit brands address their e-mail strategies. It stresses that you need to be “perceptive and sympathetic” towards the recipients so that you can connect a proposition to what is going on in their lives. Transport companies are good at doing just that. Here are some real examples of messages and images sent by train companies to their customers: Virgin Trains’ selfie summer e-mail; Trainline’s summer campaign; and Chiltern Railways’ staycationing message. The train companies have all based their communications around customers’ needs, demonstrating that all-important sense of empathy.

dma.org.uk, 31 October 2016

Law

The Bribery Act 2010...

Marketers should take care not to contravene the Bribery Act, bearing in mind that it has long been common practice to bestow gifts on valuable customers. Aziz Rahman, an expert in corporate crime defence, warns that companies should be aware of bribery laws because: “A gift or perk can be construed as a bribe in certain circumstances”. He outlines five steps to help businesses identify what constitutes a bribe.

B2B Marketing, Q3 2016, p26

...doesn’t prevent bribery overseas

A new report concludes that bribery is a way of life for British companies that operate in emerging markets and that 85% of managers have to resort to it regularly in order to conduct business. Professor Andrew Kakabadse of Henley Business School believes that bribery has become “highly organised” with “business agents taking facilitation fees to secure deals”. Although boards of companies are aware of Britain’s Bribery Act and the US’s Foreign Corrupt Practices Act, they know that bribery is a “fact of life” for those lower down in the company. He calculates that corrupt payments cost companies around 5% of their revenues.

The Daily Telegraph (Business), 27 October 2016, p8

Marketing

Programmatic marketing

Programmatic has become part of the B2B marketing mix but many marketers remain confused about its strengths and weaknesses as a marketing tool. It represents a new way of targeting audiences with tailored content, enables marketers to operate in real time and allows trends to be identified as soon as they appear. *B2B Marketing*, in association

with LinkedIn, held a recent roundtable to address concerns about programmatic marketing and to set out a roadmap for success. Ten key findings are summarised here.

B2B Marketing, Q3, 2016, pp40-42

Importance of marketing for small businesses

Chris Daly, Chief Executive of CIM, says that every small business should take marketing seriously and that successful marketing does not necessarily mean having a big budget. Marketing is all about understanding customers and communicating brand messages. There is a lot of help out there for small firms to undertake their marketing effectively. He offers some top tips for small businesses who want to make the most of their marketing.

London Business Matters, October 2016, p50 (Daly)

Market research

Emotion detection – is it ethical

When making purchase decisions, emotions matter so the ability to understand and even influence emotions may provide an opportunity to alter behaviour. Data collection about emotions is collected in two ways: research companies use facial coding and other tools to assess reactions to ads; and emotions can also be tracked by sensors as people move through public spaces. For example, M&C Saatchi partnered with Clear Channel and Posterscope to produce an ad that showed unique images based on people’s facial reactions. A survey of people’s reactions to emotion detection in out-of-home advertising has revealed that over half were uncomfortable with it, but under a third would be more accepting if it wasn’t linked to personal information. This article looks at whether emotion detection is ethical and sets out some guidelines.

Research, September 2016, pp20-21 (McStay)

Public relations

The role of the PR industry

Francis Ingham, Director General of the Public Relations and Communications Association (PRCA), sums up the value of PR in two words: trust and reputation. A good PR and comms campaign can enhance an organisation’s reputation while consumers will want to buy from businesses they trust. PR and comms not only help to drive product sales, they also provide access to new markets, funding and investors, as well as protecting a company’s reputation and attracting quality talent. Ingham goes on to describe the role of the PRCA in supporting the comms industry.

London Business Matters, October 2016, pp48-49

Why Samsung’s brand will survive the crisis

Things are not looking too good for Samsung at the moment due to its Galaxy Note 7 smartphone recall, but how concerned should Samsung be? There are

three reasons why Samsung will weather the storm: it has a large, loyal base of customers who will protect the brand; "geographically identified" brands often survive because they have national support, in this case from South Korean customers; and the Note 7 crisis is limited to just one product and is self-contained. (See also IT and telecoms)

hbr.org, 26 October 2016 (Dholakia)

Sponsorship

O2 in longest-running sport sponsorship

O2 has extended its sponsorship of England's rugby team by five years which makes it one of the longest sponsorships in world sport – it first partnered with England Rugby in 1995. O2 and English Rugby will be working to see how digital can play a bigger part in audience experience during match days at Twickenham Stadium.

Campaign, 28 October 2016, p3

Agriculture, fishing and forestry

Olive oil – tough time for growers

The olive oil market is in a state of turmoil due to climate change, growing demand and variable prices. Olive oil prices hit an 18-year high last year following drought and pests in Spain and Italy, two important oil-producing areas. Although prices have since come down, the Olive Oil Council predicts a 7% decline in the 2016-17 harvest and a rise in prices. Demand in some traditional consumer markets has slowed as consumers switch to cheaper oils, but consumption has been rising in markets like Japan and the US.

Financial Times, 27 October 2016, p30

Garlic crisis

China, which accounts for over 80% of global garlic exports has seen prices almost double over the past year due to bad weather and bulk-buying from speculators. This has led to a decline in exports of 12% for the first seven months of the year.

Financial Times, 31 October 2016, p15

Exchange rate helps UK egg demand

There has been an increased demand for British eggs, partly because consumers want British ingredients. Egg producers have also been receiving enquiries from food manufacturers who are turning to UK eggs because of the exchange rate. British Lion Egg Processors and the British Egg Industry are long-time critics of the use of imported eggs and both want stricter rules on country-of-origin labelling on foods made using imported eggs.

The Grocer, 29 October 2016, p41

Growing appetite for organic food

The Soil Association reports that sales of organic food have risen by 6% over the past year due to consumers' "growing level of mistrust" of the food industry. Soil Association trade consultant, Fin Cottle, believes that people will continue to buy organic food despite possible rising prices due to Brexit.

The Grocer, 29 October 2016, p42

Building industry

UK Government promotes prefab homes

The UK Government is hoping to increase the UK's housing stock by encouraging the use of prefabricated homes that have been constructed offsite. Over 100,000 modular homes could be created in order to meet the Government's target of one million new homes by 2020. Housing and planning minister, Gavin Barwell, said: "We want to see more innovation like this emulated across the housebuilding sector". Large players, such as Laing O'Rourke and Legal and General, are showing an interest in this sector.

constructionenquirer.com, 31 October 2016

Businesses and strategy

Innovation portfolio management

Innovation portfolio management (IPM) is described as a "dynamic decision-making process" in which projects can be evaluated and selected and resources allocated to them. Little research has been done on the quality of the decision-making process and the agility with which the portfolio can be adapted. This study reveals that both decision-making and agility are enhanced by a clear innovation strategy; formal portfolio processes; the frequency of portfolio monitoring; and an environment which encourages innovation and open communication of risks.

Journal of Product Innovation Management, Vol 33(6) 2016, pp670-686 (Kock and Gemünden)

Traditional ecosystems vs start-ups

While innovators, such as Uber and Tesla, have successfully gathered data about their customers, enabling them to create groundbreaking products and services, many incumbents have failed to develop digital relationships with their customers. This is because it is difficult to change an established business model. Another barrier to change is the effect it has on the value chain. Successful start-ups, which don't have the same dependence on outside partners for sourcing, distribution and servicing, tend to keep more functions in-house. If incumbent companies were to do this, they could upset existing relationships. Incumbents are advised to consider the macro trends that will influence their industry in the future; adopt a digital strategy that meets customers'

needs; develop better metrics; and create business opportunities for partners.

Harvard Business Review, November 2016, pp68-74 (Wessel et al)

Coopetition

“Coopetition” is defined as the “simultaneous cooperation and competition between two actors”. Research on the topic has followed diverse paths so the authors decided to undertake a systematic literature review, by drawing all the research together, to help gain an understanding of the concept. Based on this analysis, they identified five areas of research for coopetition: the nature of the relationship; governance and management; output of the relationship; actor characteristics; and environmental characteristics.

European Management Journal, Vol 34(5) 2016, pp484-500 (Dorn et al)

Ease of doing business

Many countries have introduced measures to make it easier to do business with them. New Zealand ranks highest out of 190 economies in the World Bank's *Doing Business 2017: Equal Opportunity for All* report. It has the fewest number of procedures and shortest time required to start a business. The report, which covers the year from June 2015 to June 2016, concludes that the most common reforms were those which reduced the complexity and cost of regulatory processes in relation to starting a business. These were followed by paying taxes, obtaining credit and cross-border trade.

The Economist, 29 October 2016, p89;
www.doingbusiness.org

Workers on boards – plan up in the air

Earlier this year the Prime Minister, Theresa May, said the Government would publish plans to have both consumers and workers represented on company boards. This is part of a wider move to reduce irresponsible business behaviour and empower consumer representatives. Some business leaders and cabinet ministers say the initiative would prove unpopular and unworkable. Ministers are currently considering the options...

Financial Times, 1 November 2016, p3

Charities and NGOs

Mencap asks ad industry for work placements

Mencap's new campaign, *Here I am*, aims to change public perceptions of people with learning disabilities. As part of the charity's 70th anniversary it wants to attract 70 pledges from the creative industries to offer work placements to people with learning disabilities. Several major ad agencies are supporting the scheme.

Campaign, 28 October 2016, p8

Macmillan tops brand index

Macmillan Cancer Support regained pole position in *Third Sector's* annual *Charity Brand Index* which measures public awareness of charity brands. Cancer Research UK fell to second place and BBC Children in Need climbed three places to third position. The index ranked 155 charity brands after carrying out research among UK adults. Big climbers were: Refugee Action, which climbed 48 places to 101; Scope, (up from 94 to 62); and Amnesty International, which saw a rise of 25 places to 50.

Third Sector, November-December 2016, p7

MSF – festival synergies

This article describes how Médecins Sans Frontières UK set up mobile clinics at three UK festivals (Latitude, British Summer Time and Camp Bestival) this summer so that people could experience what it is like to be a refugee. The clinics were made out of tents that had been used for patients in war zones and featured a decommissioned field ambulance that was used in Kosovo. James Kliffen, head of fundraising, describes the synergy between the music industry, festival community and charity sector.

marketingweek.com, 25 October 2016

Economy

Britain's manufacturing sector

There are constant calls to rebalance the UK economy away from services and towards manufacturing, an issue that has received even more attention since the Brexit vote. Consultant and economist, Erik Britton, argues this should not be a matter of manufacturing vs services, but productive vs unproductive activity and that: “What is special is innovation”. The creative industries embody “good manufacturing”, says Britton, and there is no advantage to returning to the old days of steel and ships. However “there is always room for more high-tech manufacturing”, according to Rich Walker of Shadow Robot Company. The conclusion is that manufacturing may not be a panacea but it still has a role to play in a balanced economy.

Management Today, November 2016, pp32-35 (Saunders)

Gender pay gap

A new report from the World Economic Forum (WEF) reveals that the financial gap between men and women around the world is rising even though in other areas, such as education, the gap is closing. Over the past four years the gender gap has widened in terms of employment and pay, leaving it at a similar level to 2008. The WEF predicts that it could take 170 years to close the gap. The report measures four main areas: health, education, economy and politics. Separately *The Times* reports that the pay gap between men and women in Britain

is at its narrowest since records began, according to data from the Office for National Statistics.

The Guardian, 26 October 2016, p26; The Times, 27 October 2016, p26

GDP fluctuations – or not!

China has reported a third quarter in which its economy grew by 6.7%. It is unusual for countries to grow by exactly the same rate for three consecutive quarters (known here as “three-peat”) but seven other countries have reported the same pattern, according to a database of 83 countries going back to 1993. As well as emerging economies, two developed economies – Austria and Spain – have experienced the same phenomenon. Since 1993 the average gap between one quarter’s growth and the next has been 0.77%.

The Economist, 29 October 2016, p74

Energy and utilities

Renewable power capacity overtakes coal’s

For the first time renewable electricity has overtaken coal as the biggest global installed power source, according to the International Energy Agency (IEA). This is attributed to the expansion of solar and onshore wind power. China, which has been installing new wind turbines at the rate of two an hour, is dubbed the “undisputable global leader of renewable energy expansion”. Renewables still account for less (23%) of global power production than coal (40%) due to their inability to generate at full capacity all the time. The IEA expects growth in renewables to be increasingly concentrated in emerging and developing economies.

The Daily Telegraph (Business), 26 October 2016, p8; Financial Times, 26 October 2016, p7

Hive gives buzz to connected homes

Hive, a smart thermostat produced by British Gas, allows people to control their heating remotely while enabling lighting and electronics to switch on and off automatically. A redesigned app has a “Honeycomb” interface (hence the name “Hive”) which is meant to mirror the “end-to-end experience, from the design language of the products to how customer-facing staff engage the public”, according to Kassir Hussain, Director of Connected Home at British Gas.

Wired, November 2016, p96

Big Six back down on best tariff offers

Four of the ‘Big Six’ energy suppliers, plus independent supplier First Utility, have been offering their best tariffs only to new customers. This means that existing customers have been excluded from the option to save up to £200 a year. Now this controversial practice has been scrapped amid rumours that the Government was considering intervening...

The Daily Telegraph (Business), 1 November 2016, p5

Environment

Sustainable cotton

Cotton is considered to be the “dirtiest” crop in the world because of its use of pesticides – it accounts for 17.5% of world insecticide sales. Increasingly companies, such as Patagonia and Nike, are using organic cotton grown by farmers who don’t use pesticides. But organic materials are expensive and this has dampened demand. Some retailers, such as Ikea, Zara and H&M, have signed up to the Better Cotton Initiative (BCI) which is committed to producing sustainable cotton at affordable prices. It aims to account for 30% of global cotton production by 2020. Other initiatives, such as Bayer CropScience’s e3 programme, are working to ensure that farmers produce cotton responsibly.

Bloomberg Business, 24 October 2016-6 January 2017, p62

Fashion

Omnichannel fashion

Brands need to become omnichannel so that they become available to consumers anytime and anywhere. This helps to boost revenue, achieve more effective marketing and align them with customers’ needs. This article describes how New York-based fashion brand, Kenneth Cole, built its digital and omnichannel strategy. Key lessons from the case study include the importance of doing away with internal silos; choosing the right technology; consistency across touchpoints; and putting the consumer first.

Admap, October 2016, pp32-34 (Belopopsky)

Rovables – more than just a cool accessory

Rovables are tiny robots that live on your clothes. Designed by a team at MIT and Stanford University, the bots resemble miniature cars which cling to the fabric and can move around to act as a brooch or a bracelet. They can also be used as sensors, digital displays or tactile feedback. In one demonstration two rovables clipped together to form a name tag.

New Scientist, 29 October 2016, p23

Debenhams profits slide

Debenhams, the second-largest department store in Britain, has suffered a 10% fall in annual pre-tax profit which is largely attributed to a fall in clothing sales. This is reflected in a sector-wide decline in UK clothing sales. The store plans to shift its focus to non-clothing, such as beauty, gift and dining-related areas. Sergio Bucher – previously a VP of Amazon’s European fashion operation – took over as chief executive of Debenhams this month. (See also Retailing)

Financial Times, 28 October 2016, p21

Financial services

Consumers prefer to speak to a human

Mastercard is launching an artificial intelligence bot that will allow consumers to “transact and manage their finances” via messaging platforms such as Facebook Messenger. This is despite a recent report (*Digital Tipping Point* by Verint and IDC, a poll of 24,000 consumers across 12 countries) indicating that 79% of people would prefer human customer interactions to remain part of customer service.

marketingweek.com, 26 October 2016

Businesses are not prepared for new £1 coin

A new Pound coin is to be introduced in March next year despite concerns that it will disrupt businesses and shoppers. The 12-sided coin has been created to help prevent counterfeiting, which the current coin is vulnerable to. The Royal Mint claims the new coin will be “the most secure in the world”. However, businesses have been warned that they will need to start training staff and adapting their equipment. The Automatic Vending Association estimates that around 500,000 machines will have to be upgraded at an estimated cost of £30m.

The Daily Telegraph, 1 November 2016, p9

FMCG

Direct-to-consumer – not mainstream for P&G

Disintermediation could present a big opportunity for FMCG suppliers but Procter & Gamble’s CFO, Jon Moeller, says that this will not become a mainstream route to market for the company. He argues that people will not want to go to “40 different websites with 40 different passwords and 40 different packages”. Direct-to-consumer sales currently account for just 0.3% of P&G’s sales. In the US its pgshop.com allows consumers to buy products directly.

The Grocer, 29 October 2016, p34

Beverages

Craft beers don’t have to be a sell out

Multinational beer companies, such as AB InBev and Molson Coors, have spent an estimated \$2.5 billion on acquiring craft brewers over the past couple of years. Every time a craft brewer sells out, there is an outcry on social media from fans who value the ethos of small breweries compared to the large brewers, which are described by James Watt, co-founder of BrewDog, as “a monolithic purveyor of bland industrial beer”. There is another model, however: some craft brewers have entered into deals to gain access to overseas markets without having to sell their companies.

Financial Times, 27 October 2016, p11

Majestic next day delivery

Majestic Wine is introducing click-and-collect and next day delivery services for all 1,250 of its wines across its 210 UK stores. It has also removed its six-bottle online order policy. Company boss, John Colley says: “We are putting the customer back at the heart of Majestic and can now offer a complete multichannel experience”.

retail-week.com, 29 October 2016

Cosmetics and toiletries

Essex teeth benefit oral care

Oral care has received a boost from the sparkling white teeth displayed by the cast of TV series, TOWIE. This explains why it is outperforming other personal care and toiletry products. Brands such as Sensodyne, with its Oral-B lines, have benefited from the “Essex effect”. This article includes market data and trends for body and hair products.

The Grocer, 29 October 2016, pp45-48

Food

Providing healthier food

In 2018 the UK is expected to introduce a tax on sugar as part of its efforts to address childhood obesity. The food industry has pointed out that this will lead to higher cost and possibly job losses. Marketers in the sector will need to take into account the increased emphasis that consumers are placing on health. Many consumers are changing what they buy and the way in which they shop. Compass Group, a key player in the UK catering industry, is well-positioned to take a lead in healthy food, as Louise Pilkington, the company’s marketing director, explains. This article lists ways in which marketing can make an impact on sustainable food.

Catalyst, October 2016, pp53-55 (Green)

Duchy dishes up the sugar

A Duchy Original vanilla dessert sold in Waitrose, has been criticised for the amount of sugar it contains. Campaigners against child obesity claim that a 100g portion contains nearly half (14.5g) the recommended daily amount of sugar for adults in contrast to Asda’s Smartprice ice cream, which contains just 7.9g. Waitrose argues that the Duchy dessert is an “indulgent product” that is not aimed at children.

The Times, 26 October 2016, p7

Tesco poaches fruit

In a bid to reduce food waste, Tesco is launching poached pears and apples. This follows the recent launch of “wonky” pears, an addition to its range of Perfectly Imperfect produce.

The Grocer, 29 October 2016, p42

Tobacco

BAT bids for Reynolds America

British American Tobacco (BAT) has announced a \$47 billion bid for the remaining 58% of Reynolds American. If the deal goes ahead, it will become the largest tobacco company in the world. The deal emphasises two changes in the tobacco industry: firstly, America is an attractive market for tobacco companies and buying Reynolds will provide an easy way for BAT to grow there; secondly, tobacco companies are under pressure to produce safer products. Reynolds will give BAT more R&D capacity and a bigger range of so-called "reduced risk" products, such as e-cigarettes. BAT's rival, Philip Morris, spends nearly twice as much on research.

The Economist, 29 October 2016, p66

Government and public sector

The Trumpkin helps to celebrate Halloween

The US has always been fairly enthusiastic when it comes to celebrating Halloween. This year, however, the event acquired a political flavour with the production of pumpkins resembling Donald Trump, better known as "Trumpkins". They come complete with fake tan and Trump's trademark hairstyle. Shops have also been selling Donald, Hillary and Bill costumes. In the past people have dressed up as the Reagans and Sarah Palin. Scary stuff!

The Daily Telegraph, 28 October 2016, pp1,15

US election – the e-mail campaign

Dmnews analyses the e-mail campaigns of Donald Trump and Hillary Clinton as the 2016 presidential election campaign reaches its final stages. The best e-mail performance from Trump, for the period 20 September to 20 October, carried the subject line "American Won Last Night", which followed the second Clinton-Trump debate. The e-mails reached 2.4m people with an inbox rate of 61% and a 28% read rate. Clinton's best e-mail campaign for the same period had the subject line "Sorry to send this" and was launched just after the leaked tapes of Trump's "groping remarks". It reached 2.5m people with an inbox rate of 90% percent and a read rate of 24%.

dmnews.com, 26 October 2016

Political advertising

The nature of political advertising is changing. During the UK's EU referendum, the Leave campaign didn't use ad agencies, instead relying on video spots, while the Remain campaign hired several agencies. In the US election Clinton is still using paid media – by the end of September she had spent \$325m across the US while Trump had spent just \$78m. Clinton's campaign has used TV, digital and social media to focus on attack ads which

technology has delivered with "extreme precision". This trend is likely to continue, although TV and billboard ads may endure.

Financial Times, 29 October 2016, pp1-2

Health and pharmaceuticals

UK healthcare spending

In this report on how UK healthcare spending compares with other countries, the Office for National Statistics reveals that the UK ranked 6th (ahead of Italy) out of the seven G7 countries for healthcare expenditure as a proportion of GDP in 2014. Total UK healthcare spending was £179 billion (9.9% of GDP). As a percentage of GDP, the UK spent less on healthcare than the US, Japan, France and Germany. The USA spent the most on healthcare, at 16.6%.

ons.gov.uk, 1 November 2016

Opium production on the rise

Opium production in Afghanistan has risen by 43%, to 4,800 metric tons this year, compared with 2015, according to the latest *Afghanistan Opium Survey* figures. UNODC executive director, Yury Fedotov, is concerned that the figures show a decline in efforts to combat the problem of illicit drugs. He has called on the international community to support sustainable development goals in Afghanistan including "peaceful and inclusive society, health, poverty, peace, and gender".

unodc.org, 23 October 2016

IT and telecoms

ASA tightens up on broadband ads

The Advertising Standards Authority (ASA) has introduced new rules forcing broadband suppliers to display upfront the monthly costs without separating out line rental prices. The rules were to have been implemented in May, but companies asked for more time to comply with the changes. This follows research by the ASA and Ofcom which revealed that most users could not correctly calculate bills using the information featured in a selection of broadband ads.

bbc.co.uk, 31 October 2016

BT payphones make way for wi-fi hotspots

Old and unused payphones are to be transformed into hi-tech kiosks which will provide high-speed internet access as well as tidying up an "urban eyesore". Next year LinkUK, backed by Alphabet, is to start replacing BT payphones with wi-fi hotspots complete with touchscreen and charging docks. People will be able to make free internet phone calls, access maps and charge up their devices. LinkUK has already had success with a similar project in New York.

The Times, 26 October 2016, p21

Vodafone in record fine

Vodafone has been fined £4.6m by Ofcom for breaching consumer protection rules following two investigations. This is the highest fine to have been meted out by the watchdog in the telecoms sector. Charges relate to "mis-selling, inaccurate billing and poor complaints handling procedures". Amongst other misdemeanours, Ofcom discovered that over 10,000 pay-as-you-go customers lost money because Vodafone didn't credit their accounts properly.

Financial Times, 27 October 2016, p21

Apple sees falling profits

Apple has suffered its first annual sales and profit fall in 15 years. In the year to 24 September sales decreased by 8% year-on-year, while net profit fell from \$53.4 billion to \$45.7 billion. Analysts are speculating over whether we have reached "peak Apple". The decline was mainly due to falling sales of iPhones, Apple's most important product which makes up two-thirds of sales. Forrester predicts that Apple may benefit from huge growth in new services, such as Apple Cloud, Apple Music and Apple Pay.

The Guardian, 26 October 2016, p3; Financial Times, 27 October 2016, p16

Samsung takes a 30% profit hit

Samsung has just reported a 30% fall in profits, revealing just how much damage the recall and discontinuation of its Galaxy Note 7 smartphones has caused. The largest maker of smartphones is predicting that the crisis will have cost it nearly £2 billion. Its mobile business usually contributes more than half of overall income. However, the company has hinted that the worst could be over and that Q4 profits could be similar to last year's. (See also Public relations)

The Daily Telegraph (Business), 28 October 2016, p5

Leisure and tourism

TV gambling ads under investigation

The UK Government is proposing to investigate gambling ads on TV. This forms part of a review of fixed-odds betting terminals and other gaming machines. Reactions from the ad industry have been mixed: ISBA Director of Public Affairs, Ian Twinn, points out that gambling ads assist in enabling people to watch live sport but Aimee Luther, MD of BMB, describes betting brands as "predatory and derogatory".

Campaign, 28 October 2016, p1

ATOL changes

This 34-page document, entitled *Modernising consumer protection in the package travel sector: consultation on ATOL changes*, represents a consultation into the UK Government's proposed

reforms to the Air Travel Organisers' Licencing (ATOL) scheme. A new EU Directive on package travel (PTD 2015) has been introduced to provide improvements to consumer protection across Europe; it is due to be implemented in January 2018. This consultation identifies some of the main changes to be made to ATOL in order to bring it in line with PTD 2015.

gov.uk/government/consultations, October 2016

Materials and mining

China – steeling itself against deflation

Steel prices have risen by almost 50% this year and Chinese steel production is growing again, having fallen last year. A boom in property sales has boosted demand for steel in China and this has also been beneficial for iron ore and coal. This article examines steel in the context of deflation in Asia and the high correlation between Chinese producer prices and other Asian economies.

The Economist, 29 October 2016, pp74-75

Composites taken up by car industry

Advanced materials, known as composites, have been gradually replacing traditional steel and aluminium in the aerospace industry because they are lighter and stronger. The Solar Impulse aircraft, made from materials supplied by Belgian chemicals company Solvay, has a wingspan wider than a Boeing 747 but weighs about the same as an SUV. Now the cost of composites is coming down to the point that experts are predicting that carmakers will soon be using them en masse. This article looks at the growth prospects for the composites market in the context of the car industry.

Financial Times, 28 October 2016, p19

Media

Books

Publishing may lose out post-Brexit

Some publishing bosses have warned that UK operations of publishing houses which have a presence in other countries may find themselves side-lined in favour of other places, should Brexit result in the restricted movement of people. Michael Hansen, CEO of Cengage Learning, confirms that his company might move its EU HQ out of the UK if there is a "hard Brexit". A new report on Brexit from the Creative Industries Federation is concerned that restricting the movement of people could lead to a "very real risk that skills shortages in the UK will be made worse – at least in the short term".

The Bookseller, 28 October 2016, pp6-7

Games

Can Nintendo switch in time?

Can Nintendo's new Switch console make up for disappointing Wii U sales? The main advantage of the console is its ability to switch between different modes: single or multiplayer, big or small screen, inside or outdoors. Although this is a novel approach, smartphones can already do this and Nintendo would be expecting users to carry around a device that can only play games. The company has not enjoyed huge success since the launch of the Wii in 2008. Switch is due to be launched in March 2017, but the popularity of *Pokémon Go* suggests that smartphones are where it's at!

Financial Times, 27 October 2016, p14

Internet

Vampire sites target night-time shoppers

A charity has drawn attention to so-called "vampire" retailers – online websites that target customers by e-mailing them deals in the middle of the night when they are vulnerable to making impulse buys. Organisations such as Amazon, Easyjet and Lastminute.com have all been guilty of this, according to the Money and Mental Health Policy Institute. The practice has led people to make purchases they later regret. It is calling for more protection for consumers who are prone to shopping at night. Research from Barclays has found that purchasing and browsing peaks between 10pm and midnight but that one in ten consumers still buy things between midnight and 3am.

The Daily Telegraph, 27 October 2016, p10; The Times, 28 October 2016, p28

Newspapers

Collaboration and consolidation

The UK referendum vote and the US election helped to increase newspaper circulation in the UK and the US, but this was just a temporary surge and print advertising continues to fall. While digital advertising is in favour and TV advertising is holding up, print is taking a nosedive. Newspapers had hoped to fill the gap with digital sales but now they are losing out to Facebook and Google, which attract around 75% of new online ad spending every year. Some of the largest UK newspaper groups are discussing whether to form a single ad sales operation. In the US four newspaper publishers have created a company (Nucleus Marketing Solutions) to sell ads across local titles. Meanwhile consolidation is a feature of the newspaper sector.

Financial Times (Special Report: The Business of Marketing), 31 October 2016, p2

Social media

Rebooting brand strategy

Research by Brandgym among 100 marketing directors has revealed that "keeping up with the latest trends" is the main reason for social media

use (62%), while only 23% said that they based their social media use on "tangible evidence of business benefits". Although 91% of marketing directors agreed that "the key to effective digital marketing is clear brand positioning", 62% admitted that with the focus on digital and social marketing, brand strategy tends to be overlooked. The survey suggests that brand strategy does not need to be reinvented so much as "rebooted". It identifies three main ways to achieve success, illustrating these with case studies of Pot Noodle, Lynx and Purdey's.

Campaign, 28 October 2016, pp14-15

Twitter struggles with declining growth

Twitter is about to reduce its workforce by up to 300, according to reports. This news comes just as the company is expected to announce a ninth consecutive fall in quarterly revenue growth which had peaked at 124% as recently as Q2 2014. The company is still digesting the news that a potential sale to bidders, such as Salesforce, Walt Disney and Apple, is off the table. The company has also announced that it is to axe Vine, its video-sharing app.

The Daily Telegraph (Business), 26 October 2016, p8; The Times, 28 October 2016, p53; The Daily Telegraph, 28 October 2016, p5

Television

Consolidation and changing viewing habits

AT&T's offer for Time Warner epitomises a trend in the media industry for distribution to be combined with content. If the deal goes ahead, AT&T will acquire HBO and other major cable channels plus Warner Brothers' films. As the second-biggest wireless-carrier in the US, AT&T will be in a position to compete with Netflix and Amazon on content. *The Economist* examines the takeover in relation to the changing ways in which people watch TV.

The Economist, 29 October 2016, pp9,65-66

Packaging

Packaging trends

This supplement looks at packaging innovations, which not only aim to attract consumers, but also seek to create sustainability. One article describes how biomaterials can be used in anything from chip paper to bottles, while a double-page infographic explores sustainability through the packaging journey. Meanwhile brands are paring back their designs to the bare essentials to enable them to stand out on shelves and screens. Affordable digital printing has enabled personalised packaging, while behavioural economics and neuroscience are creating a better understanding of human decision-making. The final article focuses on that well-known entertainment genre – the "unboxing video"!

The Times (The Future of Packaging), 27 October 2016, pp1-15

Carrier bag use drops as bin liner sales rise

New research indicates that supermarkets in Britain are handing out 90% fewer single-use plastic bags than they were two years ago. According to market analyst IRI, 8.5 billion single-use bags were given out in the year to October 2014 but the number had fallen to just 1.1 billion in the year to October 2016. However, the decline in single-use bags has coincided with significant growth in sales of bin liners: value sales have risen from £156m to £169m since the introduction of the plastic bag charge.

The Grocer, 29 October 2016, p6

Retailing

Rebuilding bricks-and-mortar

For several years there have been concerns about the state of the UK's high street, as retailers struggle to adjust to online and mobile. Marks & Spencer and Holland & Barrett are two examples of retailers that have managed to continue growing on the high street despite everything. Their case studies demonstrate how retail brands can use insight to identify genuine customer needs, build on their strengths and deliver an experience which can't be achieved online.

Admap, October 2016, pp24-25 (Hoad)

Tesco tests paperless receipts

Tesco is trialling an app which allows customers to store receipts digitally. Shoppers are given a card which they tap on a terminal after they have paid for the goods. The app, which uses the same technology as contactless bank cards, will then send proof of purchase to the user's smartphone. Tesco says that since no e-mail address is required, the information is anonymous and cannot be used for marketing purposes.

The Guardian, 26 October 2016, p12

Retail sales up for October

A CBI survey reveals that October has been the best month for UK retail sales in over a year. The balance of companies reporting a rise in sales in October was +28 compared with the same month last year. Retailers say that the rise is due to people buying winter clothes, which is good news for retailers after Debenhams and Next reported lacklustre results. However, the CBI survey is at odds with a British Retail Consortium report which has found that the number of jobs in retail was down by 3% in Q3 and by 2.4% in Q2. Market research group GfK has also reported a fall in consumer confidence this month, due to concerns over the pound and Brexit. (See also Fashion)

The Times, 28 October 2016, p49

First female leader for John Lewis

For the first time 152-year-old John Lewis is to be run by a woman. Paula Nickolds is to become Managing Director in January, as she takes over from Andy Street. Nickolds, described as a John Lewis "lifer", joined the company in 1994 and rose through the ranks to join the board as Buying and Brand Director three years ago before becoming Commercial Director.

The Times, 26 October 2016, p39

Services

Reviving the Neolithic long barrow

Around 5,000 years ago the cremated ashes of Neolithic people were placed in long barrows. Now the trend is being revived in the form of a modern barrow with a network of underground passages near Devizes, Wiltshire, where cremated remains can be placed in niches. The idea has proved so popular that a new barrow has just opened near St Neots, Cambridgeshire: the Willow Row Barrow, a beehive-like stone structure, has the capacity to hold hundreds of hand-crafted urns. The company behind the structures, Sacred Stones, plans to build eight more such barrows.

The Times, 26 October 2016, p7; The Guardian, 27 October 2016, p15

Uber workers win employment rights

Uber is to treat its employees as workers and not self-employed, according to a London Tribunal. This could lead to Uber's 40,000 drivers in Britain claiming the national living wage, holiday pay, pensions and other employment rights. This has opened up a can of worms for the so-called "gig economy" which works on the premise that people who work via apps are independent and not employed by a company. It means that companies like Deliveroo, which focuses on 'last-mile' delivery, could face legal challenges.

The Guardian, 29 October 2016, pp1,5; Financial Times, 1 November 2016, p20; The Daily Telegraph, 29 October 2016, p2

Chatbots – dirty talking

Lonely men are increasingly turning to female-voiced chatbots for their fantasies. They are using sexually-explicit language and four-letter words to talk to their virtual assistants such as Apple's Siri, Amazon's Alexa and Microsoft's Cortana. Relationships between humans and chatbots or robots have been used in sci-fi for many years. The 2013 film, *Her*, depicts a man with an obsession for his chatbot, Samantha, voiced by Scarlett Johansson.

The Times, 27 October 2016, p3

Airbnb hit by state legislation

New legislation in New York City, Airbnb's largest US market, may limit its operations in the state. New York has made it illegal to offer rentals of whole units in residential blocks for less than 30 days. Airbnb was set up so that people could offer a spare room to tourists, yet 27% of its New York listings are offered by people who own multiple properties. Airbnb argues that it is an online marketplace and not responsible for the content placed on its site. The hotel industry says that professional Airbnb hosts should be classed as hoteliers and therefore comply with taxes and regulations. Other cities, notably Berlin, are taking steps to ban short-term apartment lettings.

The Economist, 29 October 2016, p69; Financial Times, 27 October 2016, p13

Transport and travel

Tesla – fully autonomous

Tesla says that from now on all its cars will have everything needed to be fully autonomous, such as cameras, radar and a computer that is 40 times more powerful than the previous one. Founder, Elon Musk, claims that in the future it will be possible to "summon" the car simply by using a command on your phone.

New Scientist, 29 October 2016, p24

Honda designs 3D printed car

Honda and product developer, Kabuku, have built a system that allows the designing, printing and building of customised products more efficiently than using existing techniques. The project involved building an electric minivan for a confectionary vendor in Japan who need a customised vehicle to navigate the narrow roads in the city of Kamakura. The unique car also acts as advertising for the vendor. Honda and Kabuku used their Rinkak Mass Customization Solution, a cloud-based service, to solve the problem. The companies believe that this has opened up more options for 3D printing.

psfk.com, 26 October 2016

Written by CIM's Knowledge Services Team

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On the Move

| Name | From | To | New title | Source |
|------------------|--------------------------|--------------------------|---|--|
| Katie Begg | n/a | Anthony Nolan | Assistant Director, Awareness and Influencing | Third Sector |
| Charlotte Grace | Swarovski | Hackett London | Senior Global PR Executive | fashioninsight.co.uk |
| Mira Hasancioglu | Halpern | Bally | Global PR & Events Coordinator | fashioninsight.co.uk |
| Rose Henry | Singing Dragon | HarperCollins Children's | Brand Executive | The Bookseller |
| Joe Hitchcock | IpsosMORI | Britain Thinks | Senior Research Executive | research-live.com |
| Antony Nelson | Abbott Mead Vickers BBDO | Adam & Eve/DDB | Deputy Creative Director | Campaign |
| Mike Sutherland | Abbott Mead Vickers BBDO | Adam & Eve/DDB | Deputy Creative Director | Campaign |
| Sue Wixley | NPC | Hospice UK | Director of Communications and Campaigns | Third Sector |
| Alix Wooding | Macmillan Cancer Support | Anthony Nolan | Assistant Director, Fundraising | Third Sector |

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