

Cutting Edge: Our weekly analysis of marketing news

9 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

Mobile increased market share

Mobile accounted for 47% of online adspend in the US for the first half of the year (up from 30% the previous year), with spending rising by 89%. This far exceeds the 19% share achieved by banner ads, according to data from the Interactive Advertising Bureau (IAB) and PwC. David Doty, VP of the IAB, points to the decline in desktop and its replacement by mobile. Online adspend rose by 19% in the first half of 2016, with digital set to topple TV's lead in the US ad market next year.

Financial Times, 2 November 2016, p16

Unilever director – most advertising is terrible

Dan Izbicki, Creative Excellence Director at Unilever, has claimed that "most advertising is terrible". He attributed this to the growth of digital media which has had a negative effect on "truly creative and effective work". He also said that Unilever's products are "not high interest categories" so "we need great creativity and great work to cut through that". Sport England's Director of Partnerships, Tanya Joseph, argued that fear of taking risks within organisations is one of the biggest barriers to creativity. They were both speaking at the Effectiveness Week conference on 2 November.

marketingweek.com, 3 November 2016

Agencies

The client-agency life cycle

The relationship between an ad agency and its client has traditionally been characterised by its "closeness and longevity" but all this is changing and relationships often last less than three years. This reflects the changing marketing communications environment and the focus on return on investment

from marketing activity. Studies have identified new stages in the client/agency life cycle which have not previously been noted. This paper uses literature and insights from press and reports to suggest a new client/ad agency life cycle framework.

The Marketing Review, Vol 16(2) 2016, pp111-127 (Turnbull)

18 Feet gains accreditation

18 Feet & Rising is the first UK ad agency to have been awarded B Corp status. The latter, a movement started ten years ago in the US, provides certification to for-profit companies that meet high standards of social and environmental performance, accountability and transparency. Over the next year the agency will be expected to audit its clients' social impact to make sure that they meet the required standards.

Campaign, 4 November 2016, p7

Brands and branding

Brand management for small business

The concepts of brand management can be too much for SME B2B businesses to cope with, while the promotional aspects can be too expensive for them to implement. In this paper the author aims to simplify brand management so that it is more accessible to a B2B SME owner. He introduces a simple brand management model based on four elements: product, service, corporate identity and communication. Three themes are applicable throughout the four elements: co-creation, consistency and congruence. He suggests that this model can help SMEs to improve customer satisfaction and create brand value.

The Marketing Review, Vol 16(2) 2016, pp149-182 (Johnston)



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National brands

Almdudler, an Austrian soft drink, uses nostalgic national stereotypes in its advertising. This runs counter to what other large Austrian consumer brands are doing – for example, how many people know that Red Bull is Austrian-owned? This is a problem for other companies wondering whether to make use of “Brand Austria” overseas. Many people have a positive image of the country but others see it in terms of stereotypes such as *The Sound of Music*. Austrian brand experts are aware of the need to update the country’s traditional imagery to attract a modern audience...

Financial Times (Special Report: Doing Business in Austria), 3 November 2016, p3

Conferences and events

The afternoon drowsy spot

A global survey suggests that one in three people have felt sleepy or fallen asleep during meetings after lunch. The research, conducted by Hilton, reveals that 44% of British, German and US delegates are less productive during the 2pm to 4pm period. When British delegates lose interest they tend to use their smartphones: over half of British respondents said they send e-mails and texts while one in five said they play games or check sports results.

Conference News, October 2016, p11

Consumer behaviour

Cue-of-the-cloud

While in offline environments, such as stores, consumers will often receive a notification that a product is available online. This is a process referred to by the authors as “cue-of-the-cloud”. The research, which investigates the latter’s effects on offline consumer behaviour, reveals that when consumers are given large amounts of information in offline purchasing situations, a cue-of-the-cloud can positively influence purchase intentions and choice behaviours. The authors suggest that this is because cue-of-the-cloud increases consumers’ confidence through accessing information, which in turn creates positive feelings towards the purchase decision.

Journal of Marketing Research, Vol 53 October 2016, pp699-711 (Bhargava et al)

Don’t drink until 6pm

New research from YouGov suggests that it is now deemed unacceptable to have an alcoholic drink while out with colleagues at lunchtime: 60% of people said they thought the practice was unacceptable vs only 32% who thought it was all right. Younger people, aged 18 to 24, are more likely to think a lunchtime drink acceptable (46%) than unacceptable (42%), while just 25% of those aged 65 or over say it is ok. Nearly two-thirds (65%) believe one should wait until 6pm for a tippel!

yougov.co.uk/news, 31 October 2016

Customer relations

Emotional connections

Consumer brands have the ability to create excitement which can lead to impulse purchases. Although B2B buyers may not respond in the same way, gut feelings can make all the difference to a buying decision. The author considers how to ensure that you tap into the buyer’s subconscious and why hitting an emotional nerve can be so important in the marketing and sales process. Companies cited as creating the best emotional engagement include: Sophos, Microsoft, HP, Evermore and Caterpillar. The article includes an introduction to neuromarketing and a “customer empathy map”.

B2B Marketing, Q3 2016, pp12-17 (Pike)

The changing face of CRM

The demand for CRM solutions is increasing, forcing many companies to innovate more rapidly. Last year sales of CRM software reached \$26.3 billion, up by 12.3% on 2014, according to Gartner. To keep up with the constant demand from consumers, marketers need technology that goes beyond simply managing sales and leads. CRM companies, such as Salesforce and Base CRM, have been developing new features and solutions. Increasingly artificial intelligence is being used to power a range of apps, including CRM. This article looks at how CRM is impacting marketing.

dmnews.com, 2 November 2016 (Neely)

Direct marketing

E-mail marketers are embedding video

Digital video is one the fastest-growing ad formats and digital video viewing has become increasingly popular among consumers. Video is also becoming popular among e-mail marketers, according to new research from Liveclicker, which analysed 2,500 campaigns in the year to June 2016. The most common way for e-mail marketers to include video is through animated GIFs (46%) while 44% offered full-screen video. E-mail marketing provides strong return on investment with high acquisition and retention rates, particularly for SMEs, according to another survey conducted in June by the American Direct Marketing Association.

emarketer.com, 2 November 2016

DMA wants custodial sentence

From spring 2017 the UK Information Commissioner’s Office (ICO) will be able to fine directors of companies that are responsible for breaches under the Privacy and Electronic Communications Regulations (PECR). They could receive fines of up to £500,000 each. However, the DMA would like the Government to take this a stage further by introducing custodial sentences for the worst breaches of data protection law. To date the ICO has only collected four out of 22 fines imposed

over the past year, since directors tend to close down their company rather than pay a fine.

dma.org.uk, 8 November 2016

Law

National laws cause a "splinternet"

In May 2014 the European Court of Justice ruled that people had the "right to be forgotten". Now France's highest court, the Conseil d'État, wants Google to delete search links globally, not just in Europe. This is part of a wider trend towards the fragmentation of the internet in which courts and governments are imposing national or regional rules. This shift towards a "splinternet" could result in economic damage, hinder digital innovation and impair the "internet's enormous capacity to facilitate human progress", according to the World Economic Forum.

The Economist, 5 November 2016, pp60-61

CMA warns about Black Friday price-fixing

The Competition and Markets Authority (CMA) has warned retailers not to collude on price-fixing in the lead up to Black Friday. It has stated that "discussing and agreeing price levels with competitors is illegal". Black Friday, which is on 25 November, is the biggest shopping day of the year because of the big discounts offered by retailers. The CMA has said that it will also be writing to online companies to remind them about competition law.

The Daily Telegraph (Business), 8 November 2016, p3

Marketing

Agents of Change

The author argues that the one skill a senior B2B marketer should have in today's world is the ability to manage and respond to change. Organisations have never before been faced with demands to change so often, so quickly and so completely and this can affect all aspects of marketing. Marketers are often seen as being just the facilitators of change, but they could instead become the "Agents of Change" which means that they would be the ones to shape and initiate change. There are five main characteristics of Agents of Change, which is the subject of *B2B Marketing's B2B Leaders Report*. It argues that if you are not an Agent of Change then you are probably an "Enabler of Change" or even a "Victim of Change" and that taking charge is more of a necessity than an option.

B2B Marketing, Q3 2016, p50 (Harrison)

Ethical marketing

Ethical marketing, a term for which there is no widely accepted definition, is a complex topic for marketers. It varies across society, regions and even within organisations. No brand wants to be regarded as unethical because customers will not buy a

product with a bad reputation. Consumer demand for ethical behaviour means that companies should build purpose into their business. Regulations can help to guide ethics but businesses must not confuse legal compliance with ethical behaviour. An ethical "to-do" list for marketers is included.

Catalyst, October 2016, pp48-52

The marketing skills gap

A survey of UK marketing managers reveals that analytical ability is the most in-demand skill, according to 27% of respondents. This is followed by copywriting (16%), creativity (12%) and the ability to think in a customer-centric way (12%). One in five marketers said that the biggest skills gap for senior managers is strategic thinking (21%) followed by creativity (16%). The report, from recruitment-company, Hays, suggests that employers are in danger of hiring junior staff with particular skills rather than focusing on core marketing skills, such as strategic thinking.

Marketing Week, 3 November 2016, pp20-21

Market research

Adapting to technological change

Technology has had a huge impact on market research methodology. Ten years ago the dominant research mode was online, followed by CATI and paper. Nowadays quantitative research covers: online (which has increased its share); CATI (in decline); paper (fallen out of fashion); and CAPI (overtaken by so-called "mixed mode"). Mobile research has still not made it to the top of the agenda despite being regarded as both an opportunity and a threat. These are the findings of the annual *FocusVision Annual MR Technology Survey*. This article looks at how market research is changing in response to technology, discusses the spread of online research communities and examines how technology has made it easier to mix qual and quant research.

Research World, September 2016, pp26-29

Working towards a data-driven organisation

A new report from the Market Research Society suggests that 44% of insight functions are regarded as a "valued voice" in the business, but that less than one in four are developing insight that is "directive and prioritises action". The report, entitled *Towards an Insight Driven Organisation*, questioned participants from both public and private sectors on how effective their organisation is at using insight, and how their insight team fares in relation to 12 key attributes. It finds that much research is still ad-hoc, data remains in silos and findings often have limited impact on decision making.

research-live.com, 2 November 2016

Public relations

Addressing reputational risk

Reputational risk is meant to be the top threat for businesses today and there is a high probability that this risk will arise online. Some 41% of businesses that have suffered a negative reputation event have also experienced a loss of brand value. By way of contrast, those who are leaders when it comes to reputation grow twice as fast as their competitors. In order to protect one's reputation and brand, a proactive approach needs to be adopted. Here is some advice on the subject, including the use of automated alert systems.

London Business Matters, October 2016, p33 (Holland)

Reacting to the unexpected

Researchers, who wrote a report in response to police failings in a 2011 murder case, concluded that a sudden change in circumstances can affect an organisation's ability to "shift gear". They proposed five key questions that organisations must ask themselves to help prepare for sudden changes in their situation. Fast response organisations, such as hospitals and fire departments, spend a huge amount of time and resources in preparing for unexpected events, but businesses are less well equipped to respond to mistakes made in the heat of the moment. Practical agility is paramount and it is important that these five areas are addressed if businesses are to perform at their best.

Hr Network (Scotland), Vol 12(2) 2016, p46 (Faraj)

Agriculture, fishing and forestry

Proposed GM wheat trial in England

Scientists have applied for permission to carry out a trial of a GM wheat crop in Hertfordshire. The researchers believe that the experiment could help to improve crop yields. The first open-air trials of GM crops took place in the 1990s but crops were often destroyed by protesters. Consequently there were no outdoor trials of the technology between 2003 and 2010. Wheat yields have not increased over the past 30 years using traditional techniques. According to the UN Food and Agriculture Organisation, world food production must be increased by 40% in the next 20 years and 70% by 2050 to meet the needs of the global population.

bbc.co.uk/news, 4 November 2016

Agriculture – country contribution

A new report, entitled *Agriculture in the home countries*, looks at the contribution of agriculture by each of the UK's home countries. It reveals that in the ten years up to 2014, agriculture's contribution to the UK, in terms of its share of UK Gross Value Added (GVA), has remained at 0.6%. In 2014 agriculture's contribution to GVA was smallest in

England and Wales (0.6%) and highest in Northern Ireland (1.4%). The full report can be downloaded.

researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7754#fullreport, 2 November 2016

US exports – a positive outlook

Things are looking up for the US agricultural sector. This year US soyabean exports have been so large that they have helped to drive economic growth in the third quarter. US exports of corn are up by 97%, soyabeans by 35% and wheat by 26%, according to new figures from the US Department of Agriculture. It expects that by the time of the 2017 harvest, US soyabeans exports will be at a record high and corn exports will be the highest in nine years.

Financial Times, 4 November 2016, p30

Building industry

Construction reaches 7-month high

Construction activity in Britain reached a seven-month high in October, according to the latest Markit/CIPS *UK Construction Purchasing Managers' Index* (PMI). It had a reading of 52.6 in October, up from 52.3 in September, demonstrating the fastest growth since March. Much of the growth is attributed to housebuilding – housebuilder Persimmon has reported a 19% hike in the rate of sales over the past three months. Some construction firms have reported that customers are delaying spending decisions pending Brexit negotiations.

The Daily Telegraph (Business), 3 November 2016, p5

Evergrande has eyes on Cala Homes

Evergrande Group, China's second-biggest property developer, plans to make inroads into the UK housebuilding market. It is in talks to acquire Cala Homes which, if successful, would be the first Chinese takeover of a UK housebuilder. Cala focuses on higher-priced properties in south-east England. Some Chinese property developers, such as Dalian Wanda, are already active in the UK.

Financial Times, 2 November 2016, p19

Businesses and strategy

University-industry collaboration

Collaboration with external partners, such as universities, can be a powerful way of driving technological development but there are barriers to university-industry collaborations (UICs) such as different cultures and objectives. This study concludes that companies that often use universities as core partners and "deeply" integrate academics into their R&D, should focus on fewer research areas in order to achieve optimal benefits from the arrangement. However, those which interact less with university partners should pursue a broader common research strategy.

Journal of Product Innovation Management, Vol 33(6) 2016, pp708-725 (Wirsich et al)

Creating a culture of innovation

Rob Shelton, a MD at PwC US, argues that too much focus on culture can jeopardise the success of innovation. Instead companies should focus on changing a few critical behaviours "that would have a great impact if put into practice by a significant number of people". Shelton suggests that five behaviours could be adopted to help promote a better innovation culture: build collaboration across the ecosystem; measure and motivate entrepreneurs; emphasise speed and agility; think like a venture capitalist; and balance operational excellence with innovation.

Velocity, Vol 18(3) 2016, p9

Innovation – social and economic objectives

This research investigates how a company's capacity to innovate can result in maintaining the right balance between economic and social objectives. The specific question addressed by the authors is: "Does innovation trigger the development of objectives related to both economic and social dimensions of corporate social responsibility at the same time?" A study of 133 companies belonging to the Spanish Social Environmental Agreement suggests that companies are using innovation outcomes to support both economic and social achievements, but are only taking advantage of economic achievements to attain better financial performance.

European Management Journal, Vol 34(5) 2016, pp530-539 (Cegarro-Navarro et al)

Obtaining value from reorganisations

Two-thirds of company reorganisations result in some performance improvement but most aren't completely successful. A McKinsey survey suggests that over 80% fail to deliver the anticipated value within the time planned while 10% actually damage the company. This is because leaders of reorganisations don't set out clear objectives; miss some of the key actions; or do things in the wrong order. The authors have developed a simple, five-step process to maximise the value and minimise the distress caused by reorganisations.

Harvard Business Review, November 2016, pp84-89 (Heidari-Robinson and Heywood)

Charities and NGOs

Charities should check consent regularly

The National Council for Voluntary Organisations has recommended that large fundraising organisations should check that donors are still happy to be contacted by the organisation at least every two years. Charities should obtain the consent of individuals through all their channels of communication and also offer a way of opting out.

Third Sector, November-December 2016, p7

Nudges and default donations

The authors investigate how setting a donation option as the default in a charitable appeal influences people's decisions. Across eight studies they examine the effect of "choice-option" defaults on donation rate, average donation amount and resulting revenue. They reveal that setting defaults actually increases revenue although there can also be a "self-cancelling" effect. The implications for fundraising are discussed including the use of "nudges" in policy decisions.

Journal of Marketing Research, Vol 53 October 2016, pp829-846 (Goswami and Urminsky)

Penny for London scheme closed

The contactless donation scheme set up by former Mayor of London, Boris Johnson, has been axed after raising just £3,394. Penny for London, which asked Londoners to donate a penny each time they used their Oyster cards, was projected to raise £25m a year if one in ten Londoners signed up. It closed in August after just 22 months, having failed to attract the 50,000 users needed. The scheme had donated £30,000 to ten charities, but this funding came from partners such as Caffè Nero and food retailer, Leon.

Third Sector, November-December 2016, p6

Economy

Forecast for rising prices and falling incomes

A new economic forecast suggests that families in the UK will be poorer next year as inflation rises by 4% and incomes decline due to the collapse of the Pound. The National Institute of Economic and Social Research (NIESR) predicts that real income per person will fall by 0.5% in 2017. It expects the budget to return to surplus only if the UK can recover its £10 billion annual payments to the EU.

The Times, 2 November 2016, p35

House price growth

UK house prices stopped rising in October following 15 consecutive months of growth, according to mortgage lender, Nationwide. The average house price is now £205,904, 4.6% higher than a year ago. Over the past three years house prices have risen by 20% while wages have grown by just 6%. This has created the highest prices-earnings ratio since March 2008.

The Times, 3 November 2016, p43

SMR contribution to economy

The contribution of small businesses to the UK economy is forecast to grow to £217 billion by 2020 give them 27% share of total business contribution; this is according to new research commissioned by the Centre for Economics and Business Research (CEBR) and Hampshire Trust Bank. The top ten

cities for SME contribution to the UK economy are ranked.

smeinsider.com, 7 November 2016

How to leave the EU

The Economic and Social Research Council has just published a report which looks at how the UK might leave the EU. The report examines the triggering of Article 50 and discusses how the process might proceed; who might be involved in the process and how; and what any longer term deal between the UK and Europe might look like.

esrc.ac.uk, 2 November 2016

Family facts

An Office for National Statistics report, entitled *Families and households in the UK: 2016*, reveals that in 2016 there are 18.9m families living in the UK. The most common type of family is married or civil partnerships (12.7m). Cohabiting couples were the fastest growing family type between 1996 and 2016, rising from 1.5m to 3.3m families. Around 25% of young adults, aged 20 to 34, are living with their parents, up from 21% in 1996. However, 7.7m people live alone in the UK, the majority being women.

www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2016, 4 November 2016

Chinese buying spree

This year Chinese companies have spent a record \$200 billion on buying stakes in overseas companies. Corporate China is becoming a powerful force in the world of mergers and acquisitions and the deals are helping to reinvigorate slow-growing Western economies. Rather than initiating hostile takeovers, China's corporate bidders tend to opt for a friendly approach which often follows years of so-called "informal courtship". The Chinese Government has been encouraging companies to acquire overseas expertise as part of its aim for the country to move from low-end to high-tech manufacturing.

Bloomberg Businessweek, 31 October-6 November 2016, pp39-41

Energy and utilities

The future of UK power

A new report advocates a complete overhaul of the UK's power system to create a level playing field for clean energy technologies to compete with "dirtier" energy forms. It says this would save consumers up to £90 a year by 2030. The *Power 2.0* report, from think tank Policy Exchange, says that the shift in emphasis towards decarbonised and decentralised energy has increased the need for a smarter, more flexible power system. It proposes a series of reforms to the energy sector to bring it up to date with the growth in renewables and advances in

technologies.

cleanenergynews.co.uk, 7 November 2016

Environment

The Paris agreement comes into force

The Paris climate pact, in which Governments agreed to keep the global temperature rise to 2°C above pre-industrial levels, has now come into force. A recent UN review of national pledges to cut carbon reported that they are not adequate to keep global temperatures below 2°C. Instead the pledges will lead to a rise in temperatures by the end of the century of between 2.9°C and 3.4°C. Hillary Clinton has pledged to expand President Obama's climate policy. Donald Trump says he will tear up the agreement!

bbc.co.uk/news, 4 November 2016

The emissions gap

In its *Emissions Gap Report*, the United Nations Environment Programme (UNEP) claims that just 50 businesses are responsible for one-third of global greenhouse gas emissions. The report sets out the challenges facing governments to reduce emissions, particularly those from buildings and industry, which are the two largest consumers of energy. UK businesses have been strong adopters of ISO standards but are still behind German businesses by more than four to one.

cleanenergynews.co.uk, 3 November 2016

Fashion

The strongest rugby shirt – a nice try

Adidas has unveiled what it claims is the "strongest and most innovative ever" rugby shirt for the New Zealand All Blacks rugby team. Its strength, which is created by the way the fabric has been woven, reduces the chances of the shirt ripping. Adidas has also developed a system which lies beneath the jersey, called the "chassis system", which it says "works with the jersey to improve posture, core stability and a player's movement efficiency." But can it score tries?

fashionunited.uk, 7 November 2016

Burberry film celebrates heritage

Burberry has created a film, starring actors Sienna Miller and Domhnall Gleeson, to mark its 160th anniversary. The film, which is made to appear like a film trailer, is based on the life of the company founder, Thomas Burberry. At the same time it features items from Burberry's winter collection and from the Burberry archive. Recorded events include the kitting out of Ernest Shackleton, the Antarctic explorer, and Burberry's sponsorship of aviator, Betty Kirby-Green, who undertook a record-breaking flight from London to Cape Town.

Marketing Week, 3 November 2016, p6

Financial services

Cheaper insurance for Facebook reputation

Last week insurance company Admiral started asking for permission to access social media sites in order to create a "personality-based" profile of first-time drivers. It wanted to use an algorithm to help look for "conscientious" drivers, those less likely to be involved in an accident. The "big data" system, called Firstcarquote, was to be used to assess motorists' eligibility for a discount. Since then Facebook has blocked Admiral from accessing motorists' social media profiles on the grounds that it breaches privacy rules. Privacy campaigners have welcomed the move.

The Times, 2 November 2016, p4; The Daily Telegraph (Business), 3 November 2016, p1; The Times, 3 November 2016, p17

Digital currencies

The world is moving towards digital currencies (such as Bitcoin) and countries, including the UK, Russia, Canada and China, are looking at how they can mint their own digital currencies. The Bank of England is reportedly looking at what a central bank-issued digital currency would mean. Regulation will be a major challenge that will require cross-border cooperation. It is uncertain when official digital currencies might emerge but it could be within the next five to ten years. Six of the more popular digital currencies are discussed.

Financial Times (Special Report: The Connected Business), 2 November 2016, pp1-4

FMCG

Beverages

Vinfusion reduces wine-tasting confusion

Vinfusion is a machine designed to enable drinkers to create a glass of wine to their own personal taste. Launched by technology company, Cambridge Consultants, it follows a study which revealed that people will often order wines they are familiar with and are reluctant to ask for advice because of the mystique associated with wine-tasting. To create a new wine using Vinfusion customers have to move three sliders on a touchscreen allowing them to experiment with different flavours. This might help restaurants and bars to stock wines more in keeping with people's tastes while reducing the snobbery associated with wine-tasting.

The Economist, 5 November 2016, p80

Gin and charcoal

Should you want to create a jet-black drink, you could add activated charcoal powder. Its popularity arises from its colour, its health benefits (as yet unproven) and the fact that it is flavourless. Bartenders around the US are using it to create cocktails with names such as Heart of Darkness

(tequila and mescal), Black Gold (gin and sherry) and Black Thai Optional (lychee martini with gin).

Bloomberg Businessweek, 31 October-6 November 2016, p67

Wetherspoons could boycott European drinks

Tim Martin, boss of JD Wetherspoon, has reacted angrily towards EU leaders, such as Jean-Claude Juncker, who he says has encouraged European businesses to be deliberately uncooperative with UK companies. He suggests that the EU's "bullying" could lead to reduced sales of champagne, German beer and Swedish cider at his pub chain. JD Wetherspoon has reported disappointing results, with growth slowing to 2.3% over the summer quarter.

The Daily Telegraph (Business), 3 November 2016, p3

Food

Scientists boost value of milk chocolate

Food scientists at North Carolina State University claim to have found a way to give milk chocolate the same nutritional value as dark chocolate, while maintaining the taste. The researchers have added peanut skin extracts, which contain high levels of antioxidants, to the chocolate. In tests it was found that people liked the treated chocolate as much as the untreated product. A major barrier to mass commercialisation is the allergenic nature of peanuts. Although sales of dark chocolate have been increasing, milk chocolate is still the more popular.

The Times, 2 November 2016, p7

Frozen foods – can the sector thaw out?

US frozen food sales have been falling every year since 2009. Last year B&G Foods acquired General Mills' frozen vegetables business and now has the job of turning the sector around. It has revived the Jolly Green Giant, the character who, for nearly 90 years, appeared on TV to persuade consumers to eat vegetables. Now the giant, together with another character called Little Sprout, will be advertising frozen vegetables. Food manufacturers are working to change the image of frozen food. Some brands are tailoring their products to appeal to customers looking for healthier options.

Bloomberg Businessweek, 31 October-6 November 2016, pp23-24

British products could lose out in EU

British chocolate only gained a foothold in continental Europe in 2003: because European manufacturers had previously claimed that the chocolate was too impure since it contained milk, sugar and vegetable fat. The EU had wanted it to be called "chocolate substitute" or similar. Now former Deputy Prime Minister, Nick Clegg, has warned that British chocolate could again be the subject of an EU ban due to Brexit. He also warns that other products, such as Stilton, pork pies and pasties,

could lose their legal protection when Brexit takes place.

The Times, 2 November 2016, p38; The Guardian, 2 November 2016, p5

Meat substitutes

Substitute foods will become an important part of food manufacturing in the future. It is likely that insects will make up for the global shortage in protein – some 80% of countries around the world are already using 1,000 species of nutritious insects which they make into products such as burgers. Meanwhile Impossible Foods is designing plant-based burgers which resemble real meat. Google is a key investor in the company.

The Grocer, 5 November 2016, p29

Tobacco

Tobacco taxes

When tobacco becomes expensive enough, more people give up smoking. In November voters in four US states are being asked to raise state taxes on cigarettes by more than \$2 a pack. Research shows that tobacco taxes which boost the price per pack by 10% result in a 3% to 5% fall in adult smoking and 6% to 7% among teens. The World Health Organisation states that taxes should account for 70% of a packet of cigarettes. In California, Colorado, and North Dakota, the proposed increases will probably have a beneficial effect, but those in Missouri will not.

Bloomberg Businessweek, 31 October-6 November 2016, p12

UK cigarette prices could rise

The UK chancellor may introduce a minimum price on cigarettes in the autumn statement this month which might result in the price of a pack rising to £8.68. This would force a minimum amount of tax payable which would force manufacturers to raise prices. The more expensive brands, such as Marlboro and Camel, will be less affected because they would be above the tax threshold.

The Sunday Times (Business), 6 November 2016, p2

Vaping doesn't help stop smoking – WHO

A World Health Organisation report suggests that countries should consider restricting e-cigarettes because there is no evidence that they help people to give up smoking. On Monday a meeting was held in India of 180 countries that signed the Framework Convention on Tobacco Control to decide the future direction of tobacco control. One thing is certain – public health experts are divided as to the effects of e-cigarettes.

The Guardian, 5 November 2016, p12

Government and public sector

Brands playing politics

Research suggests that the political schism between Donald Trump and Hillary Clinton is reflected in consumer brand choices. An analysis by Slice Intelligence of 72,000 people who donated to one or other campaign, found that: Trump donors were more likely to shop for sporting goods, hotel services, video games or car parts; while Clinton donors went for grocery delivery services and apparel retailers. The analysis could help brands to understand their customers better but companies face the problem of not being seen to take a partisan position that could alienate customers. Eight years ago brands were falling over themselves to be associated with Barack Obama – this year neither candidate is popular!

Financial Times, 3 November 2016, p14

Lessons from the Clinton campaign

Although the outcome of the US election was far from certain at the time of writing, *Campaign* takes a look at the lessons that brands can learn from Hillary Clinton's campaign. When Sanders and Trump were throwing vitriol at the US economy, Clinton argued for continuity but pledged to fix the problems that remain. She was prepared to adapt as the situation changed (focus groups suggested that Trump would "legalise hate" so Hillary opted for "love and kindness") while at the same time achieving differentiation. Clinton has also played to her own strengths and stuck to the fundamentals.

Campaign, 4 November 2016, p17

App shows how the Commons vote

The House of Commons has just launched an app for Apple or Android which shows how MPs have voted on debates in Parliament. CommonsVotes allows a fast breakdown of votes to be available in a format that is easy to use and analyse. The app sorts the results by Aye vs Noes and by party. There is also the option to look at the voting record of individual MPs. The information has traditionally been available on the Hansard website, but with a delay of 2-3 hours.

parliament.uk, 2 November 2016

Health and pharmaceuticals

Sugar reduction still contentious

Health campaigners are disappointed at the Advertising Standards Authority's lack of action in relation to Kellogg's advertising. Kellogg's, a Team GB sponsor, ran a campaign this year claiming that a bowl of cereal or snack bar high in sugar was "a great start to the day" and "fuel for success". The Children's Food Campaign believes that initiatives to reduce sugar will be hampered unless the

Government clamps down on marketing. Meanwhile talks have been taking place between Public Health England, supermarkets and cereal makers regarding reformulation of products. Food and drink companies have been given three weeks to respond to new sugar reduction targets but will not be "named and shamed" if they don't comply.

The Grocer, 5 November 2016, pp5,6

Life expectation – not so long and healthy

Data from the Office for National Statistics shows a reversal in the trend for Britons to live longer, healthier lives. In 2012 a 65-year-old man could expect to be free from long-term illness for another 10.6 years, but by 2014 this figure had fallen to 10.3 years. This is the first fall since comparable records began in 1981. Experts attribute the turnaround to obesity, heavy drinking and poor care for the elderly.

The Sunday Times, 6 November 2016, p10

IT and telecoms

Carving out a niche

The iPhone has been hugely influential in the design of smartphones and in the software used in them – almost one fifth of smartphones sold last year use Apple's iOS software. Apple and Samsung between them accounted for 40% of smartphone sales but the uniformity of the market has not gone unnoticed by those wanting to find an opportunity. Kodak has just launched a customised Android phone, the Ektra, aimed at keen photographers. The phone is made by Bullitt Group, which also produces Caterpillar-branded "rugged" phones. It is estimated that these, and other niche producers, probably make up 4% to 5% of the smartphone market. This is quite a substantial quantity considering that 1.4 billion smartphones were shipped last year.

The Economist, 5 November 2016, p67

Apple turns to home automation

Apple has joined up with a group of builders as it looks at ways of entering the \$24 billion market for internet-connected home furnishings. It believes that expensive home devices, such as video doorbells, may be easier to sell if they are built into the actual house. Unlike Amazon and Google, Apple is not selling hardware – instead it aims to use its Home app to control appliances on its HomeKit platform. By increasing the iOS ecosystem, the company aims to make it harder for people to switch to Android.

Bloomberg Businessweek, 31 October-6 November 2016, pp34-35

Leisure and tourism

The mertailing economy

Hiring mermaids to provide entertainment at events is big business and many celebrities, including Lady

Gaga, Britney Spears and Katy Perry, have worn mermaid tails themselves for balls, videos or publicity shoots. The mertailing economy is thriving – in the US Linden Wolbert makes a living out of it by earning up to \$1,000 an hour. In October Walmart ordered 58,000 Mermaid Linden children's outfits. Meanwhile schools in the Philippines, France, Spain and the US run courses teaching people to be mermaids!

Bloomberg Businessweek, 31 October-6 November 2016, pp68-69

Olympics – temporary feelgood factor

The 2012 Olympics cost the British taxpayer £8.9 billion. Despite promises that it would help the economy through tourism and investment, academics argue that the Olympics are "a money-losing proposition" for most cities that host them. A new study from researchers at the London School of Economics and Queen Mary University has found that Londoners felt significantly happier and more satisfied from July to October 2012. The uplift in happiness was equated with an £8,000 pay rise. However, the happiness effect declined within 12 months of the Olympics closing ceremony.

The Times, 2 November 2016, p21

Media

Books

Inspiring BAME in publishing

A series of essays by black, Asian and minority ethnic (BAME) people working in the publishing industry describe their careers, challenges and how to encourage greater diversity in publishing. As Natalie Jerome of HarperCollins points out, acquiring more editors from a BAME background could be "the fastest, most effective way we'll tackle the overwhelming lack of diversity and the fact that the content we produce doesn't always reflect the society in which we live today". The eleven compositions were written for *The Bookseller* and commissioned by HarperCollins.

The Bookseller, 4 November 2016, pp8-15

Games

Politics – playing the game

A growing trend in video games is their response to current affairs, particularly in the run-up to the US election. There are many Donald Trump-themed titles available on Steam, the PC game store. Chris Baker, creative director at BuzzFeed, launched GOP Arcade this year, which offers satirical mini-games making fun of conservative attitudes in the US. A survey of US gamers last year revealed that 80% planned to vote in the election which suggests that there is a market for games that exploit political issues. Computer scientist, Michael Goldsmith, warns

that political games could potentially change players' opinions and should be approached with care.

New Scientist, 5 November 2016, p23

Internet

Online privacy

On 27 October the US Federal Communications Commission introduced a rule to protect personal privacy online. ISPs, such as AT&T and Comcast, must ask consumers for permission to gather and share their data if it is considered to be sensitive. However, the new rule does not impact broader online tracking and will not impact the likes of Google and Facebook. This makes the ad landscape confusing for advertisers and consumers. The question is whether regulators will extend the restrictions to Google and Facebook. On 19th October the European Court of Justice ruled that internet-protocol addresses should also come under EU data protection laws. This and other recent initiatives are rapidly undermining the ability of companies to use consumer data...

The Economist, 5 November 2016, pp66-67

Magazines

The rise of mystery comics

Mystery comics, which have been around since the 1960s and made a comeback in the late 1990s, are becoming increasingly popular. There are various publishers of the genre, such as Dark Horse, whose titles include *Black Hammer*. Publishers, DC Comics and Marvel, have noticed the upward trend and are responding with their own offerings, such as DC's *Gotham Academy*, which follows in the footsteps of *Batman*.

Wired, December 2016, p95

Newspapers

New European benefits from Remainers

The New European, originally launched as a "pop-up" newspaper targeting EU Remainers, was supposed to be published for just four weeks. Four months down the line and its pro-European stance has produced a loyal following of 20,000 as the Brexit controversy continues. Editor, Matt Kelly, says the group is considering launching an online version. Other British newspapers achieved post-Brexit sales growth but, apart from *The Times*, which increased its readership by 12% year-on-year in September, sales of other national titles have fallen.

Financial Times, 7 November 2016, p2

Radio

More cost-effective to link AV with radio

Radio's ad revenues have risen by around 2% this year and recent Rajar figures show that commercial radio share of listening has reached a 13-year high. Even so, radio has a battle on its hands to maintain a share of adspend as marketers move their budgets into video. New research commissioned by

Radiocentre (*Radio: the Brand Multiplier*) reveals that using a mixture of audio and AV can make an ad campaign 29% more cost-effective than AV on its own. Mark Barber of Radiocentre says that "Radio has high reach, emotional influence and the ability to build fame, but nobody is using it in quite the right way".

Campaign, 4 November 2016, p24

Social media

Facebook ad revenue boosts profits

Facebook's Q3 2016 profits have almost tripled thanks to a 59% year-on-year increase in ad revenues. This comes at a time when traditional publishers are losing ad revenues and making cuts. Facebook's gains are in part attributable to the US election. Facebook CEO Mark Zuckerberg told investors: "Facebook is the new town hall and we are proud of the role we've played in increasing civic engagement". Mobile phones delivered 84% of Facebook advertising, up from 78% in 2015.

The Guardian, 3 November 2016, p27

Television

Streaming services sideline broadcast TV

Four out of five Britons subscribe to at least one streaming service and some of the biggest productions are coming out of Netflix or Amazon. More than 40% of the 14m adults who subscribe to Netflix or Amazon say they rarely watch traditional broadcast TV. Analyst Eric Boroian warns that so many companies are entering the subscription economy that the market could overheat. Players will need to differentiate their products to make them work. According to the Entertainment Retailers Association, revenue from music, TV shows, films and video games reached an all-time high of £6.1 billion last year and this is expected to grow to \$6.6 billion this year.

The Times, 3 November 2016, pp38-39

Fox benefits from US election

US TV station, Fox News, has benefited from the rise in political advertising during the US presidential election campaign. It also took the largest chunk of the TV audience from the first presidential debate. Advertising sales in its cable business have risen by 6%.

The Times, 3 November 2016, p49

Retailing

Asda told to clean up

Asda is cleaning up its delivery act after BBC's *Watchdog* programme found that containers used by the supermarket for home deliveries contained bacteria levels which "equates with the dirt levels of a kitchen bin". Some of the fresh produce was coming directly into contact with the dirt before reaching the customer's kitchen. Asda claims to

have “taken immediate action to improve standards”.

Financial Times, 2 November 2016, p21

Morrisons in 4th quarter sales rise

Morrisons has reported a fourth consecutive quarter of sales growth in the three months to 30 October. Chief executive, David Potts, attributes this to the “best ever Halloween”, with 140,000 fancy dress outfits, 1.2m regular pumpkins and 5,000 “Rambo” pumpkins being sold. Potts, who has been focusing on the supermarket’s so-called core customers (those on small budgets), was in the news recently for having raised the price of Marmite by 12.5% and for upping the prices of 92 other Unilever products. This followed Tesco’s raising of Unilever product prices in the so-called “Marmitegate” controversy.

The Daily Telegraph (Business), 4 November 2016, p3

Consumers wooed by technology

Shoppers are more likely to visit a store that has touchscreen technology (65%), virtual reality (57%), smart fitting rooms (57%) or augmented reality (52%), according to Barclays *New Retail Reality* report. Over 81% of shoppers said they would visit a national retailer’s branch over the next year while just 60% said they would shop at the same retailer online. The report also revealed that UK consumers value mobile payments highly, with 37% describing them as “life changing” while 57% say the same of contactless transactions.

retail-week.com, 2 November 2016; nfcworld.com, 4 November 2016

Services

The Gig economy – employment rights

The recent court ruling in which two of Uber’s drivers were judged to be entitled to employment benefits, could affect the “Gig economy”. A report by McKinsey states that 162m people in the US and Europe (20% of working-age population) work outside normal employment. It will be difficult to decide whether workers who provide services like Uber are employees or not. Uber would argue that their workers are not traditional employees, but regulators would say that the workers are owed more than simply wages. As work becomes more flexible, so should benefits – both technology firms and workers may have to make compromises.

The Economist, 5 November 2016, p76

Uber extends personal data trawl

Uber users are unhappy about changes it has made to its app in which it asks them to share contacts and calendars. This would allow Uber to know enough about users’ habits to offer them a lift whenever it thinks they need one. Frederike Kalthener of Privacy International refers to Uber’s new app as “a prime example of data exploitation”.

The decision to extend its services comes at a time when Uber is being threatened by a court ruling that its drivers are entitled to full employment rights.

The Times, 4 November 2016, p18

Legal bots

Josh Browder, who believes that there is plenty of scope for bots to help people, is the creator of DoNotPay, a free bot aimed at challenging unfair parking tickets. Drivers have already used it to successfully argue their case for over \$5m-worth of parking tickets in 175,000 challenges in the UK, New York and Seattle. He has since received numerous requests for bots to tackle other areas of law. In January he aims to launch a bot builder which will allow anyone to create a bot to help them in a legal battle.

Wired, December 2016, p38

Transport and travel

China – growing aerospace industry

European and US aerospace manufacturers predict that China will become their biggest market over the next 20 years: because of demand from Chinese airlines and the growing Chinese middle classes’ desire to travel. The problem is that the state-owned Commercial Aircraft Corporation of China (COMAC) wants to supply planes in its own right while Airbus and Boeing regard it as their biggest customer. COMAC has already announced a deal with Russia’s United Aircraft Corporation to build a wide-bodied jet. The rise of Chinese aerospace is a benefit to Western parts suppliers but Boeing and Airbus have been told that they will have to help China’s aerospace industry if they want any future orders...

The Economist, 5 November 2016, pp65-66

Aston Martin – too much reliance on 007

Aston Martin’s director of global marketing, Dan Balmer, says that the brand has relied too much on its connection with James Bond and that now it should try to play more of an emotional part in consumers’ lives. In 2015, the company sold 3,615 cars, down from 3,661 in 2014 while operating losses have reached £58.3m. Ad agency WPP has created Team AML, a division dedicated to boosting Aston Martin’s international appeal. Balmer believes that, although people in the UK know what Aston Martin is, it isn’t so clear to people overseas. Aston Martin has sold just 70,000 cars in its 103-year history; 80% of sales now come from outside the UK which could mean that Brexit has a negative impact.

marketingweek.com, 2 November 2016

Flying cars

Uber plans to create a network of “on-demand urban air transportation” within a decade. The system, which it calls “Elevate”, is set out in a 99-page white paper. It is not certain who is going to

make the vehicles, however!

New Scientist, 5 November 2016, p24

Buzz phrases

Snowflake generation

The expression "snowflake generation" started in the US among parents who referred to their progeny as "precious little snowflakes". Later these kids would melt at the slightest sign of trouble. Generation snowflake was included in *Collins Dictionary's* 2016 words of the year. It gained traction in the workplace and at universities where young people would go into meltdown at the slightest sign of criticism or controversy. Snowflake is basically just another word for "drip", but snowflakes are also described as "dangerous, anti-free speech, anti-democratic bed-wetters". So, are you a snowflake? Take *The Times* test and find out!

The Times, 8 November 2016, pp2-3

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
James Gover	AOL	Snap (owner of Snapchat)	To manage agency relationships	Campaign
Danny Josephs	Pulse Creative	Saatchi & Saatchi	Chief Operating Officer	Campaign
Amanda Phillips	BA	Jaguar Land Rover	General Manager, Demand Creation	Campaign
Jodie Young	n/a	The Perfume Society	Head of Marketing	fashioninsight.co.uk

Promotions

Name	Company	Previous title	New title	Source
Japhet Asher	Carlton Publishing Group	Consultant	Digital Director	The Bookseller
Rachel Forde	Starcom Mediavest Group	MD, P&G United at Starcom Mediavest Group	UK Chief Executive of Mediavest	Campaign
Denis Murphy	Mars Food	Trading Director, Grocery, Convenience and Food-Service Channels	Sales Director	The Grocer
Ian Taylor	Spar	Head of Retail	Retail Director	The Grocer
Filip Weymans	Xeikon	Director, Segment Marketing Labels & Packaging	Vice President, Marketing	packagingnews.co.uk

Sources

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European Management Journal

www.fashionunited.uk

[The Financial Times](http://TheFinancialTimes) ~

The Grocer

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Hr Network (Scotland)

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www.marketingweek.com

Marketing Week **

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www.research-live.com

Research World

www.retail-week.com

www.smeinsider.com

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

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