

Cutting Edge: Our weekly analysis of marketing news

18 January 2017

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

Heuristics and ad effectiveness

Some advertising offers a rational proposition which is associated with reasoning and “effortful consideration”, known as System 2 thinking. In contrast, System 1 thinking is associated with intuitive feeling – heuristic references in ads use these mental shortcuts by bypassing System 2 effortful thinking. An analysis of 3,000 big brand ads revealed that successful ads make more heuristic references than average, which suggests that they could be an important strategy in influencing decision-making. It also found that there was a qualitative difference between the kinds of heuristics used by IPA Award winners and other ads. The methodology, findings and conclusions of the research are described.

Admap, December 2016, pp34-36 (Goode)

Value of advertising

The Value of Advertising report by Deloitte reveals that every Euro or Pound spent on advertising delivers a seven-fold return on GDP. The report, funded by the World Federation of Advertisers, reveals that advertising benefits the economy, jobs and society. Advertising provides nearly six million jobs in the EU and contributes 4.6% of total GDP. The report identifies three main areas – economic, employment and social – where advertising provides direct or indirect benefits to Europe.

research-live.com, 16 January 2017

Brands and branding

Sustainability and brand assessment methods

This article seeks to explain how brand value and sustainable development are integrated in brand assessment methods. The study specifically looks at

how methods for estimating brand equity incorporate sustainable development objectives. The authors conduct a review of the academic literature to reveal the emergence of sustainability marketing as a discipline which is positioned at the intersection of corporate sustainability management and marketing disciplines. The relationship between sustainable development and brand value estimates is analysed.

Social Business, Vol 6(3) 2016, pp219-247 (Pakseresht and Mark-Herbert)

Long-term brand-building relies on memory

The author argues that many advertisers are advertising in the “permanent present” rather than trying to build memories that will lead to purchases in the future. The most important thing for branding and advertising is the ability of humans to store and retrieve information because long-term memory is essential to brand-building. The modern trend for “real time” tends to blind advertisers to the importance of long-term memory. Ultimately the best practitioners are concerned with effectiveness while being “immune to the opposing forces of fashion and nostalgia”.

Campaign Intelligent Quarterly, Q1 2017, pp4-6 (Green)

Conferences and events

Advertising Week

Advertising Week Europe, Europe’s largest gathering of marketing and communication leaders, has announced details of its 2017 Roadshow, which will consist of events in: Stockholm, Amsterdam, Paris, Hamburg and Paris from 17-26 January. Each event will see leaders discussing the future of advertising in the digital era, the opportunities presented by new technologies, how brands can use them and how they can meet consumer demands.

eventindustrynews.co.uk, 16 January 2017



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www.cim.co.uk/charteredcpd

Consumer behaviour

Understanding the lead user

This paper examines the concept of the lead user (defined here as users who identify needs long before the majority of the marketplace and who are positioned to benefit greatly from obtaining a solution to those needs) and its role in innovation management. It provides a typology of innovative users, experts and lead users; guidance on the identification of lead users; and information on the challenges faced when identifying and working with them.

Journal of Product Innovation Management, Vol 34(1) 2017, pp3-12 (Hienerth and Lettl)

Gen Z – Africa’s new generation

The Millennials have become the most researched generation ever but now marketers are turning their attention to Generation Z. This has been described as a “game-changing” generation because it has been influenced by technology, notably the Internet and mobile connectivity. This article takes a look at what marketers in Africa can expect from the Gen Z consumer. Gen Z’s adoption of technology may vary by country but in general they are considered powerful influencers because they are so at ease with technology. Countries mentioned in the article include Nigeria, Ethiopia and Mauritius.

Strategic Marketing Africa, Issue 4, 2016, pp31-32

Customer relations

Controllers for customer service

Customers are unhappy with the level of help they receive from customer service departments, because, according to research by the authors, businesses are not recruiting the right people as frontline staff and do not provide them with the right tools to handle the complex challenges. The authors have divided customer reps into seven types. “Empathisers”, who make up the largest group, are preferred by managers but “Controllers”, who constitute 15% of reps, are best at solving customers’ problems. Companies need to take a new approach to hiring and change their training to help all types of reps to behave like Controllers. The culture of the company should also value and reward Controller behaviour.

Harvard Business Review, Vol 95(1) 2017, pp110-117 (Dixon et al)

Direct marketing

Effective engagement

Email marketing is described as a “critical barometer” for marketing because, by measuring engagement, one can see which campaigns are working, which need improving, which links receive the most clicks and other useful information such as timing and topics. It is also important to understand what the recipient does after clicking through and this involves linking the email to web browsing and

other channel data. Five experts contribute their opinions on achieving effective email engagement.

Database Marketing, Issue 192, 2016, pp26-29

Law

Ad blockers can be banned

New rules proposed by the European Commission will allow media companies to ban customers who use ad blockers. Publishers, such as tech mag, *Wired*, and German tabloid, *Bild*, have decided to ban users who won’t allow advertising. So-called publishers’ “ad blocker blockers” operate in a grey area of the law, but now the EU has clarified the situation by stating that detection of an ad blocker does not break EU rules. In general online advertisers will face tougher legislation on tracking people online. However, instead of a “privacy by design”, which would have necessitated a “do not track” setting on all browsers, users will be asked if they want to opt into tracking. Other rules, relating to “cookie warnings” and the privacy of gamers chatting to each other, have also been proposed.

Financial Times 11 January 2017, p4

New pricing practice guidance

The Chartered Trading Standards Institute has published new guidance on behalf of the Department for Business, Energy and Industrial Strategy, aimed at preventing misleading and confusing pricing tactics which some traders use when dealing with consumers. The guidance applies to any trader which sells goods or services to consumers in the UK and applies to all platforms used for business-to-consumer commercial practices. The key points are set out here.

lexology.com, 10 January 2017 (Dewar and Prince)

New ePrivacy proposal

Last week the EU published a proposal for a new regulation on ePrivacy. The proposal relates to the processing of electronic communications data, its storage and deletion. It also contains revised rules concerning the installation and use of cookies and similar apps as well as the sending of unsolicited communications.

lexology.com, 10 January 2017

Marketing

Customer experience

The author examines the “new buzz around customer experience” and its integral role in marketing. She cites CIM’s definition of marketing, which places the customer firmly at the centre of things, which is where they belong. However, what matters is the emotional engagement that the customer has with the brand. She argues that highly engaged, happy customers will keep coming back as long as they feel appreciated. Customer service that produces “delightful customer experiences is the key

driver of business” because happy customers will share their appreciation of a brand that has “met or exceeded expectations”.

Marketing Africa, Issue 14, 2016, pp34-37 (Gathuru)

Time-limited price promotions

The authors develop a price-promotion model to study the effects of time limits on consumer response. In this case they look at customer urgency in addition to customer awareness of the promotion. They examine a real-life example of a promotion by an online retailer, which reveals that the sense of urgency declines with longer time limits but does so less steeply when accompanied by larger discounts. Managers tend to use time limits that are too long and discounts that are too small. The study demonstrates how profits can vary according to changes in the environment and accuracy of knowledge about customer responsiveness.

Journal of Marketing Analytics, Vol 4(2/3) 2016, pp77-92 (Hanna et al)

Website traffic most popular metric

A recent survey of senior marketers in the UK reveals that website traffic is the most commonly used metric to measure marketing performance (68%), followed by direct sales (65%) and click-through rates (62%). Less than half of respondents mentioned cost per acquisition or leads generated. The survey was conducted by Royal Mail Data Services and DataIQ.

emarketer.com, 11 January 2017

Market research

Polling – getting it right

Six experts contribute to a discussion on polling, an area where the stakes are so high that it is a field where “only a minority of research firms dare to tread”. The article covers telephone vs. online; funding; the new ecosystem in which established polling organisations exist alongside new polling tools; the arrival of online-only providers; and political polls in Latin America. The move to online polling appears to be inevitable because of the need for speed and keeping the cost down but the recent shift to mixed mode methods may help to improve coverage and “getting it right”. A case study of Survey Monkey is included.

Research World, December 2016, pp34-37 (Macer)

Public relations

A matter of trust

In this edited extract from an event by management consultants, The Foundation, the authors explore examples of trust violation. The background for the discussion was based on three threads: “going to war”; “applying spin” and “industrial deceit and the Volkswagen issue”. The Foundation drew four conclusions from the discussions: that everyone

should be honest about uncomfortable truths and understand the consequences of supporting a flawed promise; that all of the issues described involved confusion about the real purpose of the organisation or mission; that what is said publicly is different from what is said in smaller meetings because profit, volume and market share are what really matters; and aligning what everyone wants with the way organisations operate is hard.

Market Leader, Q1 January 2017, pp42-44 (Dawson and Caulkin)

Corporate reputation

In a poll conducted by Populus, 74% of people said that the government should be tougher on business. PM Theresa May has already warned big business about practices such as massive pay-outs for bosses. Businesses should address negative public perceptions which can contribute to poor reputation. Populus investigated the reputational challenge by asking people what they thought of business. Supermarkets received the most positive perceptions (41%) while tobacco companies received the most negative (64%). Family-owned firms and SMEs were viewed more positively (67% and 48%) than multinational corporations (15%), while 58% of people think that businesses should prioritise the creation and protection of jobs. Businesses are advised to identify ways in which to boost their reputations and to avoid clashing with government, regulatory bodies or the media.

PR Week, January-February 2017, pp18-19

A crisis of competence or character?

A year ago VW’s chief executive, Matthias Müller, apologised for the company’s emissions scandal. Yet Müller had also claimed publically that the company “didn’t lie” to US investigators about using software to cheat emissions tests. This turned out to be a “textbook case” of how not to handle crisis communications. Rupert Murdoch’s News International and football governing body, Fifa, have also denied claims that have subsequently turned out to be true. Rupert Younger, director at the Oxford Centre for Corporate Reputation, stresses that before working out a strategy for handling a PR crisis, a company should decide whether it is a crisis of competence or of character. While Toyota’s vehicle recall classes as a crisis of competence, Fifa and News International fall into the crisis of character category. This article focuses mainly on the VW scandal but also touches on the BP Deepwater Horizon oil spill.

ft.com, 12 January 2017

Agriculture, fishing and forestry

Salmon – high prices, high demand

Salmon prices are set to rise due to an outbreak of sea lice in Scotland and Norway and a toxic algae bloom in Chile which has killed millions of fish. This has resulted last year's supplies of global farmed salmon falling by 9% compared with the previous year. Prices are expected to remain high for the whole of 2017 which could lead to reduced portions or even removal of salmon from the menu. Demand for salmon has been growing over the past decade thanks to a more health-conscious consumer and the convenient fillets sold in supermarkets.

Financial Times, 11 January 2017, p28

Free-range milk

Free-range milk is coming to the fore with the launch of two new products from Enjoy Milk, a new free-range milk brand, and Free Range Dairy Farmers. Although the appearance of two new milk brands is good news for the milk sector where commoditisation is a big problem, there is no clear legal definition of what free-range milk actually is. Enjoy Milk has been criticised for not being specific about how it classifies its product, defining its free-range standard as grazing "whenever the weather permits". In contrast, Free Range Dairy Farmers says that cows must graze outside for 180 days a year. *The Times* pursues the question of what constitutes free-range milk.

The Grocer, 14 January 2017, p14; The Times, 17 January 2017, p7

Building industry

Great Britain – construction output

In a recent statistical bulletin, *Construction Output in Great Britain: November 2016*, the ONS reported that construction output fell by 0.2% in November compared with October 2016, mainly as a result of a decline in non-housing repair and maintenance. Repair and maintenance revealed the largest decline in construction output, falling both by month and year. However, new housing output continued to grow at an overall rate of 1.2% compared with October, the largest increment since February 2016. It resulted in housing output reaching an all-time high of £2,639m.

ons.gov.uk, 11 January 2017

Businesses and strategy

Value co-destruction

When a customer buys a product and the supplier receives payment it is described as "value co-creation" since both parties ("actors") receive benefits. Another emerging concept is that of "value co-destruction" which results in the decline of the services system's well-being. The emphasis on

collaboration suggests that each actor has an important role to play in the value co-destruction process. This case study of the aerospace industry identifies and describes nine actor engagement behaviours which influence actor experiences of value co-destruction.

Marketing Theory, Vol 16(4) 2016, pp533-552 (Prior and Marcos-Cuevas)

Doing business in Africa

It is still difficult to do business in Africa but there has been substantial progress over the past 15 years. By and large Africa's 54 countries still perform badly in the World Bank's annual *Ease of Doing Business* study. Only Mauritius, ranked 32nd, appears in the top 50 out of 189 countries. This article looks at the obstacles to, and logistics of, doing business in Africa, citing countries such as Nigeria and Angola. It also examines what makes Mauritius so successful, how Morocco is trying to make itself more attractive to foreign investors and what other business-friendly developments are taking place on the continent.

Strategic Marketing Africa, Issue 4 2016, pp21-23

Charities and NGOs

Why browsers leave the donation page

This paper examines the factors affecting the propensity for a charity website browser, who has already pressed the "donate now" button, to abandon the process without having made a donation. A survey of individuals who had both completed and abandoned the donation process revealed that several variables are at play. These include the length of the process; the amount of personal information required; involvement with and knowledge of the cause; the person's donation history; and the emergence of "second thoughts". The advice is that charities' donation pages should be brief; should contain "confidence-giving" messages; emotive imagery; and stimulate involvement with the cause.

Social Business, Vol 6(3) 2016, pp291-306 (Bennett)

Waitrose trials FareShare app

Waitrose is to pilot the FareShare FoodCloud app in 25 of its stores. FareShare, which is a national scheme, connects businesses that have surplus products to local charities. Waitrose hopes that the app will help it increase efficiency and improve on the £1.3m of surplus food that it currently redistributes every year. Tesco, which launched the app in stores last year, succeeded in signing up 3,000 charities by November.

The Grocer, 14 January 2017, p6

Durable consumer goods

Games – playing for profit

Games Workshop, the Nottingham-based company that produces model figures and fantasy games, has reported a rise of £13.8m in pre-tax profits for the six months to 27th November. The company has 460 shops around the world and also sells its intellectual property to video game developers: royalties from this channel more than doubled for the period, year-on-year.

The Daily Telegraph Business, 11 January 2017, p5

Monopoly madness vote

The makers of the board game, *Monopoly*, have asked the public to vote on which playing pieces should be used in future editions. The eight traditional pieces – hat, shoe, dog etc – are offered alongside 50 alternatives, which include a cowboy hat, racing cars and a phone. The “Monopoly Token Madness Vote” will allow fans of the game to vote for the eight tokens. During a 2013 poll the dog was voted the most popular piece while people voted to replace the iron with Hazel the cat.

The Daily Telegraph, 12 January 2017, p10

Economy

Addressing the pay gap

Labour Party leader, Jeremy Corbyn, has recently suggested capping high pay in the UK but no large economy has ever successfully imposed a pay cap with the exception of Cuba. Professor Simon Wren-Lewis of Oxford University believes that the widening gap in pay in the UK is due to market failure. Stefan Stern of the High Pay Centre argues that reducing the pay gap requires a “shift in culture and behaviour” although it is hard to make people behave differently. Despite current concerns regarding the UK pay gap, it is in fact close to the OECD average for earnings inequality.

Financial Times, 11 January 2017, p3

Rich-world inflation

After two years of low prices it is likely that inflation will rise in the rich world this year. This is not all bad news because it reduces fears of deflation. Three drivers of inflation are: the price of imports; the amount of spare capacity in the domestic economy; and people’s expectations – if people expect higher inflation they are more likely to ask for higher wages and companies will push up prices. JPMorgan Chase predicts that higher inflation will boost global GDP by 1% this year.

The Economist, 14 January 2017, pp65-67

UK economic indicators

This analysis of the latest UK and international economic indicators reports that the economy has continued to perform well since the Brexit vote,

largely thanks to the services sector. Economists predict that growth will slow in 2017 while consumers are expected to reduce spending due to higher prices. The UK economy grew by 0.6% in the third quarter of 2016 compared with the previous three months and growth continues to be in line with the UK’s pre-referendum performance.

researchbriefings.parliament.uk, 13 January 2017

Big Mac index – where to buy your burger

The Economist’s Big Mac index, based on the theory of purchasing power, reveals that a Big Mac currently costs \$5.06 in the US but only 10.75 Lira (\$2.75) in Turkey, suggesting that the Lira is undervalued. Other countries’ currencies have an even lower value: Mexico’s Peso has lost a tenth of its value against the Dollar since November while the Russian Rouble lags behind all other currencies in the index. However, the Dollar is trading at a 14-year high and US companies may be at a disadvantage compared with foreign competition. US tourists may find that burgers are cheaper in Europe!

The Economist, 14 January 2017, pp68-69

Energy and utilities

UHVDC – green but pricey

Using Ultra-high-voltage direct-current (UHVDC) connectors makes the electricity grid greener because they can transport electricity, including renewables, over long distances efficiently. China, which understands their potential, has already proved that UHVDC lines can be built on a huge scale. However, they are expensive to construct and established energy companies are unlikely to want competition from suppliers of renewable energy. It will be easier for some countries to introduce than others, notably developing economies that have little energy infrastructure. Africa’s solar farms and hydroplants could use UHVDC lines to transport energy to cities. However, the system would be a lot more difficult to implement in the rich world...

The Economist, 14 January 2017, pp13-14

Oil investment expected to rise

The recovery in oil prices means that oil companies are ready to revisit some projects that have been shelved due to a lack of investment over the past two years. Global capital spending by major oil companies is expected to reach \$450 billion, a rise of 3% compared with 2016, according to analyst Wood Mackenzie. Meanwhile a survey of over 100 exploration and production companies by Barclays predicts that capital spending will rise by an average of 7% this year. This article discusses the investment outlook for the oil sector.

Financial Times, 11 January 2017, p17

Record number switching energy supplier

UK consumers switched energy suppliers at the rate of nearly a million last year, representing an increase of 26% compared with the previous year. This was the largest number since data on switching first became available in 2013. An average of 400,000 moves per month took place, with one in five switches being to a smaller supplier.

utilityweek.co.uk, 13 January 2017

Environment

Industry signs up to plastics initiative

Over 40 industry leaders have endorsed a global action plan for the production of plastics, its use and recycling. The plan is set out in a report entitled: *The New Plastics Economy: Catalysing Action*. It is designed to ensure that 70% of plastic packaging is reused and recycled globally, up from today's rate of 14%. The New Plastics Economy has warned that there could be more plastics than fish in the sea by 2050. Major partners in the New Plastics Economy initiative include Amcor, The Coca-Cola Company, Danone, Mars, Novamont, Unilever, and Veolia. Unilever, which aims to make all of its plastic fully reusable or recyclable, will make the commitment at the World Economic Forum in Davos this week.

packagingnews.co.uk, 16 January 2017; The Times, 14 January 2017, p6

Fashion

Adidas speeds up trainers

The SpeedFactory is Adidas's new factory in Germany which aims to transform the way in which trainers are made by using robots and new production techniques, such as 3D printing. The techniques developed at the factory will be used in other factories, especially Asia, where demand for sports and casual wear is rising. Currently a new trainer can take 18 months to complete, from concept to appearing in the shops, yet three-quarters of new trainers are on sale for less than a year. The SpeedFactory will help to shorten the supply chain by being fast and flexible.

The Economist, 14 January 2017, p63

Boohoo upgrades revenue forecast

Boohoo, the online fashion retailer, has announced a fifth upgrade to revenue forecasts in less than a year. Revenue growth for the company is predicted to be between 43% and 45% for the year to 28 February. The company, which calls itself "the voice and style of the social generation", aims to be the "go-to destination" for Snapchat users. Analysts believe Boohoo has achieved success by only selling own-brand clothing. It also launches new products with small order volumes, which helps to reduce the cost of failure.

Financial Times, 11 January 2017, p20

A rosy outlook for spectacle merger

The merger of Luxottica, the Italian spectacles group (owner of brands such as RayBan and Sunglass Hut) and French lens maker, Essilor, could result in a battle for power between the bosses of the two companies. However, the outlook for Essilor-Luxottica, as it will be called, looks good considering that the eyewear market is currently growing by 2.5% a year and 2.5 billion people worldwide need glasses but don't own a pair!

The Times, 17 January 2017, pp36-37

Financial services

Price tolerance

Repurchase intentions may not necessarily indicate loyalty since switching barriers may be what keeps the customer in a commercial relationship. For this reason marketing professionals have become more interested in other forms of loyalty, such as word-of-mouth and price tolerance ("the maximum price increase satisfied customers are willing to pay or tolerate before switching"). The authors describe a study among financial brokers which examines positive and negative switching barriers and their effect on the relationship between the attractiveness of alternatives and price tolerance.

Journal of Financial Services Marketing, Vol 21(4) 2017, pp284-297 (Temerak)

Bank branches receiving more visits

A new report from Accenture indicates that more people are visiting bank branches to obtain advice than they did six years ago. Some 53% of people in the survey said they visited their branch at least once a month compared to 47% in 2010. Young people (Gen Z) are visiting branches for advice more often than any other generation. Yet banks are continuing to close branches as they try to curb costs. There has also been an increase in the number of people using their mobile phones for banking services.

Financial Times, 11 January 2017, p2

FMCG

Beverages

Alcohol advertising and children

Studies of the effects of alcohol advertising around the world suggest that marketing practices often contravene the industry's voluntary codes of practice when it comes to protecting children. Now public health experts are asking for a ban on alcohol advertising in the UK. Prof Sir Ian Gilmore, chair of the Alcohol Health Alliance (AHA), claims that alcohol marketing contains content which appeals to children and that children have started drinking at an earlier age. This is despite data showing that youth drinking in the UK is at its lowest level on

record. Inbev and Diageo put up to 15% of their annual sales into marketing.

The Guardian, 11 January 2017, p11

Gin in high spirits

Gin sales rose by a colossal 18.3% year-on-year in the 12 weeks ending 31st December. This compares to just 3% growth for beer, wine and spirits and 1.6% for the wider grocery market. Overall, shoppers spent an additional £40m on spirits for Christmas which reached £1.1 billion in sales.

The Grocer, 14 January 2017, p35

Cosmetics and toiletries

Trading standards targets toxic cosmetics

Trading Standards has fined 15 London businesses a total of £168,579 for selling unsafe cosmetics products. The majority of products were for skin-lightening, some of which contained prohibited levels of hydroquinone, mercury or corticosteroids. Prolonged use of the products could lead to health problems ranging from skin thinning and discoloration, to organ damage and cancer. One soap product, Faiza Beauty Cream, was found to contain 0.54% of mercury.

bbc.co.uk/news, 11 January 2017

Food

Rising prices

Premier Foods, owner of Homepride, Ambrosia and Batchelors, is in talks to raise its prices by an average of 5% in response to the weakness of the pound. The trend was initiated by Unilever in October when it was at loggerheads with Tesco over the raising of prices on products including Marmite. Supermarket prices rose by 0.2% for the 12-week period to 1st January, according to Kantar Worldpanel this brought to an end a period of falling prices that began in September 2014. Other companies have responded by keeping prices stable while reducing the size of the product; Toblerone bars were a notable example last year. Economists believe that 2017 could be a tough year for consumers.

The Guardian, 11 January 2017, p23; Financial Times, 11 January 2017, p21

Dairy-free brand launches nut-milk yoghurt

Nush, the dairy-free brand, is launching a range of nut milk yoghurts, suitable for vegans, which it claims is a UK first. Nush, which was set up in December, aims to "create a new category in Britain's burgeoning dairy-free market".

The Grocer, 14 January 2017, p40

Edible cannabis

Cannabis is becoming big business as countries around the world adopt a more liberal attitude to it. The market is creating huge potential for food and

drink manufacturers, especially in the form of chocolate and candy. In the US Incredibles offers 19 flavours of chocolate bar while Dixie Brands makes cannabis-infused fizzy drinks and "relaxing" mints as well as muscle pain relief products in the form of lotion, balm and bath soak. The edibles market in the US could be worth \$10 billion by 2020 but in the UK, where cannabis is still illegal, this market is likely to be light years away. (See also Tobacco)

The Grocer, 14 January 2017, pp24-29

Cranswick – from pork to poultry

British company Cranswick has grown from a small, family-run business, slaughtering and packaging fresh pork, to producing cooked meats, premium sausages, continental products and meat pastries. Today the company can produce 800 tons of high-end sausages a week, ships 1,000 tons of pork a week to China and has 25% share of the UK pork market. It has just expanded into chicken with the acquisition of Benson Park, a seller of cooked poultry.

The Sunday Telegraph, 15 January 2017, p5

Tobacco

The era of Big Cannabis?

This year Canada becomes the latest country where it will be legal to smoke marijuana. The global trend for legalisation has fuelled concerns that growers and sellers will take control of the market to boost profits, recruit new users and fight regulatory controls on sales and marketing. This could enable the industry to become as powerful as the tobacco and alcohol industries. Some people welcome the increasing alignment of laws and common practice but there are also health warnings and concerns that the drug could appeal to children. The state-by-state approach to legalisation in the US is probably the only thing preventing TV and radio from running cannabis ads. (See also Food)

New Scientist, 14 January 2017, pp22-23

Health and pharmaceuticals

The battle with germs

Is too much hygiene bad for us? Over 150m people in Europe are believed to have allergies and the number is rising. A German study in 2015 found no direct link between asthma or allergies and personal or home cleanliness. Anne Steinemann, at the University of Melbourne, says that most exposure to hazardous pollutants takes place indoors in the form of cleaning products, shampoos, and even soap and scented candles. It pays to be sensible when it comes to cleaning, personal cleanliness and washing food but it seems that the one big thing one can do to improve one's health is to spend more time out of doors!

New Scientist, 14 January 2017, pp28-32

The paperfuge – a low-cost medical tool

After studying rotating children's toys, bioengineers Manu Prakash and Saad Bhamla of Stanford University designed a cheap, hand-powered centrifuge which can be used in clinics in the developing world. Their work demonstrates that solutions to important problems do not have to cost huge amounts. The centrifuge, which is an important diagnostic tool in medicine, is usually an expensive piece of equipment. The bioengineers found that the speed of a hand-powered paper centrifuge could reach 125,000rpm, as fast as big, expensive centrifuges, but costing just 20 cents to make!

Financial Times, 17 January 2017, p13

IT and telecoms

Stretchable wearables

A team at Stanford University has developed transistors which can be stretched to twice their length without losing conductivity. This means that they could be used for wearable technology on parts of the body that are constantly on the move. One application would be "electronic tattoos" which could be placed on the skin to collect health information such as temperature or heart rate. Human skin can stretch by up to 70%!

New Scientist, 14 January 2017, p20

Technology – the year ahead

Mobile Europe's Insight Report provides a review of 2016 and predictions for 2017. A reader survey reveals that 5G was perceived as being the most overhyped technology last year (25%) while 51.52% of respondents believe that Apple will not regain its reputation for innovation in 2017. Smart cities (36.36%) followed by the smart home (29.09%) and connected cars (10.91%) are the areas predicted to generate the most revenues within the Internet of Things.

Mobile Europe, December 2016, pp19-33

PC shipments continue to decline

Last year global PC and laptop shipments fell by up to 6.2% year-on-year, marking their fourth consecutive year of decline, according to IDC and Gartner. This is the first year since 2008 – the year of the iPhone launch – that PC shipments fell below the 300m mark. Asus and Acer, both from Taiwan, were the biggest losers while Europe and Japan experienced better-than-expected sales thanks to component shortages and commercial demand. Overall IT spending is expected to grow by 2.7% this year with growth coming mainly from cloud computing, digital infrastructure and intelligent automation.

Financial Times, 13 January 2017, p18

Hushme reduces chat levels

If you are tired of listening to colleagues speaking loudly and irritatingly down the phone, then help is at hand. The Hushme device, which was unveiled at the CES show in Las Vegas, may look like a pair of headphones, but is in fact designed to cover the mouth while being connected to the user's phone via Bluetooth. It allows the user to have privacy when making phone conversations so that only the person on the other end of the phone gets to hear the conversation. It could also help to reduce noise levels in offices.

The Times, 11 January 2017, p3

Difficulties in the drone market

Lily Robotics, a start-up which has been developing a new kind of camera drone, is to close down and return \$34m of pre-order money to its customers. This follows the collapse of Zano drone, a Kickstarter-backed enterprise, and GoPro's recall of its new Karma drone late last year. Flying cameras are complex to develop and manufacture; manufacturers have yet to match the success of Chinese group DJI in the field.

Financial Times, 13 January 2017, p13

Leisure and tourism

Football – rising profits

Over the last two seasons European football clubs have increased their profits by €1.5 billion following years of heavy losses. The annual "benchmark" report from governing body, Uefa, shows that the English Premier League's financial lead over other European countries has continued to grow. The popularity of football has led to bigger contracts with sponsors and broadcasters as well as higher ticket sales. Yet spending on items, such as transfers and staff, has produced losses at some European clubs. Only two clubs – FC Barcelona and Real Madrid – have earned more through broadcasting than the top eight English teams. Uefa estimates that the total "market value" of players in the English Premier League is the highest in Europe (€4.4 billion).

Financial Times, 13 January 2017, p16

Liberty for Formula One

Last year Liberty Media Corporation agreed to buy the Formula One (F1) motor-racing franchise from equity group, CVC. For Liberty the attraction of the deal probably lies in live content which F1 brings and which will help to offset audience defection to on-demand services such as Amazon and Netflix. Liberty has plans for F1, such as the sale of race-naming rights; turning the events into "the equivalent of the Super Bowl" and boosting F1's presence in America and online, where it is almost absent. The use of virtual reality is also a possibility.

The Economist, 14 January 2017, pp59-60

Materials and mining

Uranium in a good place for arms race

Uranium may benefit from a bigger price rise than other materials when the new US president takes office. Trump's support for nuclear energy and the expansion of the US's nuclear weapons could lead to a recovery in the uranium market, which has been close to collapse since 2011 due to the Fukushima disaster. Although the US and Russia are believed to have stockpiles of uranium, both countries are likely to secure additional stocks which could lead to a global arms race!

Financial Times, 13 January 2017, p28

Media

Books

Christmas sales up despite Brexit

In *The Bookseller's Independent Christmas Trading Survey*, 68% of respondents reported a sales rise for the period; 58% of booksellers stated that Brexit had not yet affected their business, 41% said it had affected them negatively and some said they had already experienced rising costs. Sales increases reflected a growing print market: in the week leading up to Christmas, sales of print books reached £83.3m, the highest Christmas spend since 2007, according to Nielsen BookScan.

The Bookseller, 13 January 2017, pp18-19

Internet

The quest for real reviews

Customer reviews have the power to sell products and services, with research suggesting that 92% of online shoppers read reviews. Sellers are keen to take advantage of positive ratings by gaining better scores which are often achieved through discounts or free products. Despite guidelines from The International Consumer Protection and Enforcement Network on online reviews and endorsements, Amazon has found that incentivised reviews continue to distort ratings and reduce customer trust. It has banned all reviews that have been left in exchange for compensation of any kind. Unless companies can guarantee that feedback is only from customers that have made a purchase without an incentive, it is likely that reviews will not be an accurate reflection of the product or service.

Market Leader, Q1 January 2017, p13 (Mabbutt)

Magazines

Burda buys Radio Times

Last week Hubert Burda Media, a German group, announced that it had bought Intermediate Media, owner of the *Radio Times* and other magazines, including *Top Gear* and *CBeebies*. Chief executive of Burda, Paul-Bernhard Kallen, says that one shouldn't

"shy away from a good investment", despite Britain voting to leave Europe.

Financial Times, 13 January 2017, p18

Music

Vinyl may peak this year

The revival in vinyl records will continue this year with sales growing at a double-digit rate for the seventh consecutive year, according to Deloitte's predictions. This year vinyl will probably account for nearly a fifth of physical music sales and around 7% of the \$15 billion global music industry. However, Deloitte also warns that sales may peak this year amid signs that the analogue revival, which has been driven by nostalgia and fashion, is slowing.

Financial Times, 11 January 2017, p20

Newspapers

Express-Mirror merger talks resurface

Richard Desmond, owner of the Express newspaper group, rejected a possible merger deal with Trinity Mirror back in December 2015. Now talks are in progress again, probably in response to the crisis in the global newspaper industry as advertisers and readers shift online and the fall in the value of the pound drives up the cost of newsprint. It is speculated that discussions will lead to Trinity Mirror taking a stake in a new company which will include Express titles.

Financial Times, 12 January 2017, p19

Social media

Facebook tackles fake news

Facebook has announced The Facebook Journalism Project in its bid to stave off perceptions that its site is a home to fake news. It plans to work with newsrooms in a campaign aimed at teaching users the difference between fake and real news stories. It will also test new business models for publishers, promote local news and run hackathons with developers from news organisations.

Financial Times, 12 January 2017, p14

Identifying fake news

Storyful, a Dublin-based social media researcher, offers services to news organisations, such as ABC or *Wall Street Journal*, which involve fact-checking viral media in real time to ensure, for example, that a video on Twitter shows what it is supposed to. Since the US election the company's operations have become more complex, with fake news dominating much of the proceedings. Now Storyful has become a leader in the business of identifying fake news.

Bloomberg Businessweek, 16-22 January 2017, pp27-28

Television

TV working with social media

TV and social media have a mutually beneficial relationship – TV is a social medium which has an

influence on conversation, while Facebook and Twitter have helped to make TV even more social. The positive relationship between TV and social media is important to understand because they are often positioned as alternatives for advertisers. This article looks at the differences between TV and social media and how they can work together to help brands benefit from their combined effectiveness.

Admap, December 2016, pp10-12 (Hill)

TV audience

The TV ad market is predicted to decline by 3% in January due to concerns over Brexit and more general concerns that overall TV ad revenues will fall this year for the first time since 2009. Deloitte is more optimistic, predicting that the TV ad market will remain flat for 2017. Media buyers report that the ad market for 2016 rose slightly (up 0.5%) while December's TV adspend grew by 5%. Ed Shedd of Deloitte says that TV is still "capable of delivering, on a daily basis, audiences in the millions".

Campaign, 13 January 2017, p6

Video

Red Bull top for video shares

Red Bull topped the league table for the most-shared video brand in 2016, according to data from video ad-tech company, Unruly. Red Bull's sports and music videos achieved over 27m shares, ahead of Samsung (12.5m) and McDonald's (8.6m).

Campaign, 13 January 2017, p3

Packaging

Vodka in a box

Griffon Brands produces the only boxed vodka in the US. Co-founder, Eric Clappier, argues that a boxed version of premium vodka is far more practical than glass since it is easily transportable and won't break. He also points to the growth in popularity of boxed wine. Nevertheless the proposition is so unique that he has to sell the concept to grocery and liquor stores and bars in person. He hopes that Fireball, a cinnamon-flavoured vodka, will help to expand the market for boxed spirits.

Bloomberg Businessweek, 16-22 January 2017, p64

Retailing

Lidl demonstrates quality

In the period leading up to Christmas, Lidl decided to follow McDonald's advertising strategy of tackling consumer perceptions that low prices mean low quality products. Lidl's seasonal advertising showed real customers being invited to visit its farms. The ads showed a "clear translation to sales", according to Lidl UK chief executive, Christian Hartnagel. Sales grew by 10% in December with strong sales of

vegetables, turkey and lobster. Separately *The Grocer* reflects on Lidl's "remarkable" Christmas.

The Daily Telegraph Business, 12 January 2017, p4; The Grocer, 14 January 2017, p5

Online shopping reflects shopper confidence

UK shoppers bought more of their Christmas shopping online last year than they did in 2015, according to a study by HookLogic. It found that the number of unique ecommerce shoppers in the UK rose by 12.4% in the period from 7 November to 31 December compared to the same period in 2015. A survey of 70 retailers by BDO revealed that online sales jumped by 19% year-on-year in December 2016, up from 7.5% the previous year. Both organisations attribute the growth to shoppers feeling confident that their goods would arrive in time for Christmas.

emarketer.com, 12 January 2017

Exercise classes in-store

Canadian athletic clothing retailer, Lululemon Athletica, has had its fair share of problems including a product recall, bad publicity, demoralised staff and plummeting shares. Having taken over the helm in 2014, chief executive Laurent Potdevin realised that bricks-and mortar shops needed to find a way to attract a new generation of customers and should be places of social interaction as well as shopping. He consequently introduced exercise classes, staged activities with local gyms and created "cool spaces" for people to hang out in. Efforts seem to be paying off with a rising share price and higher earnings projections.

The Times, 14 January 2017, p53

Services

Photos could lead to fingerprint fraud

The quality of photos taken on smartphones has become so good that people's fingerprints could be obtained from images posted on social media. They might even be good enough to fool biometric security devices, according to Isao Echizen of the National Institute of Informatics in Tokyo. His team has managed to reconstruct fingerprints from photos shot from just three metres away. The prints can be enlarged and used by criminals to make fake fingertips out of latex which are then used on fingerprint scanners such as Apple's Touch ID, to unlock mobile phones or even access mobile banking. The Tokyo Institute has developed a transparent film of titanium oxide which can be attached to fingers before a photo is taken to protect them from fraudsters.

The Times, 13 January 2017, p3

Airbnb

This profile of Brian Chesky, co-founder of Airbnb, examines the company's development, plans and

obstacles to success. Its latest service, called Trips, covers every stage of the traveller's journey, including city hosts, experiences, guidebooks, events and travel basics. People can now add truffle-hunting in Florence or photography in Nairobi to their Airbnb experience. Airbnb has not been without controversy: cities, such as Paris, are attempting to close down commercially-run Airbnbs and San Francisco has limited hosts to one property listing. Meanwhile a study from Harvard Business School has found evidence of discrimination against African-Americans trying to make bookings on the service.

Wired, January-February 2017, pp25-26

Universities – effects of Brexit

A new study commissioned by the Higher Education Policy Institute think-tank says that Brexit could result in UK universities losing 26,000 EU students a year although they will gain an additional £187m a year in tuition fees. Oxford and Cambridge are set to benefit the most (to the tune of £10m a year), while the least prestigious institutions could suffer from a yearly loss of £100,000. The report also warns that the effects of Brexit may be exacerbated by the stricter student visa regime.

Financial Times, 12 January 2017, p2

Transport and travel

Uber shares data

Uber has launched a new service called Uber Movement which will give city planners and researchers access to anonymised data from over two billion Uber passenger trips. The data may help with infrastructure planning.

New Scientist, 14 January 2017, p7

Bentley in record sales

Bentley Motors sold a record number of vehicles last year (11,023) thanks in part to sales of its new Bentayga 4x4. This contrasts with the first quarter of the year when sales fell by 23% owing to a decline in sales to the Middle East where the wealthy were reining in spending due to the collapse in oil prices. Sales to China were also down slightly last year but Bentley sold an additional 1,000 cars to Europe, representing an increase of 56%. UK sales rose by 16%.

The Times, 13 January 2017, p47

Taxiing children

Transporting children to their various activities is a huge problem, especially for working parents. Drivers of taxis are not supposed to pick up children but there is a big opportunity out there – “ride-hailing for kids” could be a \$50 billion market in America, according to Ritu Narayan, founder of Zum. Zum is similar to Uber but enable parents to book rides for children in advance. Children are issued with a code word to make sure they have the right driver. However, ride-hailing for kids faces a number of barriers, not least the need for complete reliability. Uber is expected to launch a pilot programme for teenagers under 18.

The Economist, 14 January 2017

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Alessandra Bellini	Unilever	Tesco	Chief Customer Officer	The Grocer
Simon Carter	Fujitsu	ComRes	CEO	research-live.com
Damian Ferrar	R/GA	Jack Morton Worldwide	SVP, Executive Creative Director	eventindustrynews.co.uk
Aaron Goldring	OgilvyOne London	Partners Andrews Aldridge	Executive Creative Director	Campaign
Christy Moseley	Sisley Paris	Murad	PR Manager	fashioninsight.co.uk
Guy Phillipson	Internet Advertising Bureau	iCrossing	UK Chairman	Campaign
Jane Pickett	Perseus Books Group	Michael O'Mara Books	Head of Communications (maternity cover)	The Bookseller
Samantha Ramage	KCD	Stella McCartney	PR Manager (maternity cover)	fashioninsight.co.uk

Promotions

Name	Company	Previous title	New title	Source
Magnus Djaba	Saatchi & Saatchi	UK Chief Executive of Saatchi & Saatchi Fallon	Global President of Saatchi & Saatchi	Campaign
Reza Ghaem-Maghani	Proximity	MD, Proximity BBDO Paris	Global Chief Strategy Officer	Campaign
Rob Waddington	Penguin Random House UK	International Sales Director	Group Sales Director	The Bookseller

Sources

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Campaign Intelligent Quarterly

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Database Marketing

The Economist*

www.emarketer.com

www.eventindustrynews.co.uk

[The Financial Times](#) ~

The Grocer

[The Guardian](#)

Harvard Business Review**

Journal of Financial Services Marketing*

Journal of Marketing Analytics*

Journal of Product Innovation Management** (12 month embargo)

www.lexology.com

Marketing Africa

Marketing Theory

Market Leader

Mobile Europe

New Scientist** (1 month embargo)

www.ons.gov.uk

www.packagingnews.co.uk

PR Week

www.researchbriefings.parliament.uk

www.research-live.com

Research World

Social Business

Strategic Marketing Africa

The Times

www.utilityweek.co.uk

[Wired](#) (selected articles available)

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[Leisure and tourism](#)

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[Customer relations](#)

[Direct marketing](#)

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[Marketing](#)

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[Media](#)

[Books](#)

[Internet](#)

[Magazines](#)

[Music](#)

[Newspapers](#)

[Social media](#)

[Television](#)

[Video](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)

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