

Cutting Edge: Our weekly analysis of marketing news

8 February 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

High impact is what counts

Mobile has become increasingly important to advertisers but adspend doesn't correlate with the huge amount of time people spend on their phones. Consumers' attention spans across screens are very short so it is important for the ad industry to innovate to keep people engaged. Research suggests that 60% of people can't even remember the last ad they saw. To engage consumers and keep them interacting with the brand involves creating a lasting impact. So, how can this be achieved? The author explains that brands must deliver immersive mobile ad experiences with high-impact ad formats.

marketingtechnews.net, 3 February 2017 (Barry)

Do Super Bowl ads pay off?

The stakes were higher than ever for advertisers in this year's Super Bowl when 30-second ad spots cost over \$5m. Yet this is an era when handheld devices are distracting viewers' attentions. Despite the short-term "buzz" around the advertising, companies still aren't sure whether these ads pay off in the long term. The question of whether Super Bowl ads are "a super waste of money" is the subject of a new study, which suggests that greater long-term benefits are derived when a prominent ad is aired by a brand with lower standing among consumers than the big brands. This could be a brand that is building its reputation or repairing damage to its reputation.

strategy-business.com, 1 February 2017 (Palmquist)

Agencies

M&A – competition outside marketing

A new survey of M&A activity in marketing services

shows that management consultants, tech businesses and other types of investor are competing with the "big six" advertising groups to acquire agencies. Clarity and JEGI, both corporate advisory companies, analysed 867 agency acquisitions that took place last year to reveal that 39% were purchased by businesses with "a heritage outside marketing services". Accenture and IBM were found to be among the top ten most acquisitive in Europe, North America and Australasia, although WPP, Dentsu and Interpublic are at the top of the ranking.

Campaign, 3 February 2017, p24 (Spanier)

Brands and branding

Creating a global brand – Lego

Julia Goldin, Chief Marketing Officer for Lego, explains what it takes to build a global brand. She says that global brands need a clear mission and strong operating principles. In order to gain an understanding of different cultures, central and local teams must work closely together. Lego's central team works closely with local markets to develop "marketing toolboxes", while leaving room for local campaigns to thrive. Marketers in local markets get involved in the product development process early, which helps to make Lego consistent with "a global company with a global portfolio and a global message".

Catalyst, Issue 6 January 2017, pp32-35 (Bewick)

Participation brands

Brands that can encourage consumers to become involved with them are not only thriving but outperforming the competition. How do they do this? People respond better to marketing that doesn't resemble marketing, but which allows them to participate. The *Participation Brand Index* seeks to understand the ways in which brands are attracting consumers in "the age of participation".



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www.cim.co.uk/charteredcpd

The research was based on data from 14,000 global consumers. The ten key points to come out of it are discussed. The top three participation brands are: Apple, Tesla and Amazon.

Campaign, 3 February 2017, pp18-19 (Essen)

Google is most valuable brand

Google has reclaimed top place as the world's most valuable brand, knocking Apple off the top spot where it has resided for five years. Apple's brand value has fallen by 27% to \$107 billion over the past 12 months, whereas Google's brand value has risen by 24% to \$109 billion. Meanwhile Lego has become the world's most powerful brand, according to Brand Finance's *Global 500* rankings which measure the most valuable and the most powerful brands. It looks at factors such as brand loyalty, familiarity, corporate reputation and marketing investment for deciding which brands are the most powerful. Lego was helped by its *The Lego Batman Movie* while Disney's ranking was negatively impacted by the fact that many of its films were made by sub-brands, such as *Star Wars: Rogue One*, made by Lucasfilm.

The Daily Telegraph, 1 January 2017, p4

Keeping it simple

According to the latest *Brand Simplicity Index* from Siegel+Gale, 62% of consumers would be prepared to pay for a simpler brand experience, while 61% would recommend a brand if its proposition was clear and saved time. Aldi tops the index for a fourth consecutive year due to its simple shopping experience without the use of complex promotions. The research reveals that 62% of companies which are perceived to be simple have employees who describe themselves as brand champions, compared with 20% of companies that are perceived to be complex. This article examines the advantages of simplicity in the context of the research. A case study of Hilton (ranked 12th) is included.

marketingweek.com, 3 February 2017

Conferences and events

Incentive programmes

It is important to calculate the ROI on events, especially if they are open only to a part of the workforce. An all-expenses incentive event is an attractive, albeit expensive, reward particularly if it involves partners. The author provides advice on making money out of an incentive programme. He also warns of "incentive fatigue". Organisations new to incentives can benefit from sales increases of 30% to 50%, but repeat exposure to such initiatives can reduce sales uplift to 5% or 10%. Incentives also work best when in a neutral or growing financial situation, but will not help to prop up a bad product or address a general downturn in business.

Meetings & Incentive Travel, January 2017, p24 (Fisher)

Consumer behaviour

Calendrical timing of consumer behaviour

"Calendrical timing" – the time, day, week, period of year that consumers buy or indulge in consumption-related behaviour – has received scant attention in the literature. Yet marketplace transactions may not occur if there is a mismatch between the buyer's and seller's calendar. This paper discusses the effect of external factors on the calendrical timing of consumers' purchase- and consumption-related behaviours. In particular it focuses on nature, culture and the legal environment, which explain much of the calendrical variations in consumer behaviour. Being sensitive to such factors can improve the timing and content of marketing.

Journal of Customer Behaviour, Vol 15(4) 2016, pp337-368 (Martin)

Consumption behaviour

Theories about consumption have varied over the years. Here the author proposes four types of consumption behaviour: reward consumption; ego consumption; goal consumption; and identity consumption. These are linked to four motivations: external regulation; introjected (unconscious adoption of ideas) regulation; identified regulation; and integrated regulation respectively. The paper also covers the distinction between instrumental and hedonic consumption.

The Marketing Review, Vol 16(4) 2016, pp419-431 (Sharma)

Day or night – always-on experiences

As consumer tastes change, so has the nature of the 24-hour culture, with night clubs (which have fallen from 3,144 in 2005 to 1,733 in 2015) being replaced by coffee shops, craft beer establishments and pop-up shops. There has also been a decline in the number of British pubs, which have reached their lowest level for 33 years. This article examines what the changes in night and daytime behaviour mean for brands, such as Diageo and Just Eat, in creating a 24-hour, on-demand experience which meets consumer needs.

marketingweek.com, 6 February 2017

Customer relations

Promoting innovative service behaviour

Frontline service employees (FLEs) are expected to follow procedures that will lead to consistently high service standards. Increasingly they are being encouraged to display more innovative service behaviours. This study investigates the route from FLEs' emotional job engagement to innovative service behaviour which leads to "customer delight" and ultimately customer loyalty. This process is referred to as the "resource gain spiral". They conclude that companies should create environments which support high levels of job engagement for FLEs in order to foster innovative

behaviours and customer loyalty. Training should include coping strategies and lessons for identifying different types of customer. They should also be offered more opportunities for personal development and more challenging tasks.

Journal of Product Innovation Management, Vol 34(2) 2017, pp223-245 (Stock et al)

Direct marketing

European data protection guidance

Europe's Article 29 Working Party is soon to become known as the European Data Protection Board under the General Data Protection Regulation (GDPR). The first set of guidance covers data protection officers (DPOs) and data portability, both of which are summarised by the DMA here. It also provides links through to the original EU guidance documents.

dma.org.uk, 3 February 2017

Selection of customer for DM campaigns

This paper discusses the effective selection of customers for direct marketing campaigns. It proposes a new method to forecast "campaign-related uplifts" (known as incremental response modelling or net scoring). It also aims to calculate the financial effect of the new approach compared to the classical (gross) scoring methods. A business case based on data from the financial services sector is used to compare gross and net scoring approaches.

Journal of Research in Interactive Marketing, Vol 11(1) 2017, Earlycite (Michel et al)

DMA chair wants marketing accreditation

The new chair of the Direct Marketing Association (DMA), Mark Runacus, believes that marketers should be accredited "like lawyers, accountants and others" in order to improve trust in the profession: data from Credos in 2016 showed that 73% of the public view advertising as manipulative. Here he discusses the remit of the DMA and that of the Institute of Direct and Digital Marketing, which merged with the DMA in 2016.

marketingweek.com, 6 February 2017

Law

Distributor use of price-comparison tools

The law on distributors' use of the Internet for EU sales is evolving and much still remains to be clarified. One notable example is the extent to which distributors can be banned from using online price comparison tools. On 24 January the UK's Competition and Markets Authority (CMA) announced that BMW had agreed to drop certain restrictions which it had imposed on UK dealers. This followed a complaint by new car portal, carwow, that BMW UK was preventing its dealers from listing BMW and MINI cars on the portal. BMW UK agreed to change its policy to allow its dealers to work with carwow and other new car portals. These

principles could be applied to other industries in the UK and EU.

lexology.com, 1 February 2017

Marketing

Co-operative marketing

At the start of the Millennium, co-operative marketing – where two companies combine their resources so that both can benefit from the customer network established by the marketing partner – became very popular. However, research suggests that two-thirds of co-operative marketing does not live up to expectations. This paper defines business co-operations and suggests the conditions in which effective co-operative marketing can take place. A typology is developed to help companies identify the co-operation that is best suited to them. Positive and negative aspects of all forms of co-operative marketing are discussed and a management framework developed.

The Marketing Review, Vol 16(4) 2016, pp405-418 (Rüth and Netzer)

Marketing the Deleb

The market for dead celebrities ("Delebs") is a growing but under-researched area. It is estimated that the market generates \$2.25 billion in revenues a year. Since 2001, Forbes has produced an annual ranking of the top dead celebs in terms of their earnings. The author examines how the marketing of dead celebs is different from that of live celebs. He investigates how Delebs are used and the revenue streams they generate for their stakeholders

Journal of Customer Behaviour, Vol 15(4) 2016, pp395-414 (Rozario)

Market research

Gamification as a way of boosting response

The authors look at how market research companies might overcome consumers' reluctance to take part in surveys. Clients are demanding more data, more often, yet market research companies struggle to find respondents for quantitative studies. How should they deal with this? One answer is through gamification, which is believed to increase the engagement of respondents five-fold. This study tests the impact of certain forms of gamification with an emphasis on "soft" gamification. The latter involves techniques that use game-like mechanisms while employing the same platforms currently being used by many research companies.

International Journal of Market Research, Vol 59(1) 2017, pp117-137 (Warnock and Gantz)

Public relations

Regaining trust

Reviews are an important part of a consumer's buying cycle but retailers are often first in the firing line. Research suggests that the top three customer

service issues which can result in negative reviews are: being passed around different people or being put on hold; rude, defensive staff; and a lack of knowledge. Yet negative customer reviews can play a role in helping a business to address these issues. Firstly, research shows that 84% of people say they would use a retailer again if it responded to a negative review; while 70% say they would return to the retailer if they were offered a refund, discount or freebie. Here are five tips for addressing complaints and regaining trust.

businessrevieweurope.eu, 2 February 2017 (Wadlow)

Business value and corporate communication

Communication professionals explain the value of their work in a number of different ways. Here the authors seek to explain communication value across different disciplines and build a framework for identifying communication goals that are linked to corporate goals. The framework, which is based on a literature review, is called the "Communication Value Circle". The researchers have identified four major value dimensions of communication: enabling operations; building intangibles; adjusting strategy; and ensuring flexibility. The framework covers 12 specific goals for communication that can be derived from corporate strategy.

Journal of Communication Management, Vol 21(1) 2017, pp68-81 (Zerfass and Viertmann)

Sponsorship

When is it ambush marketing?

Ambush marketing is often employed by companies as a way of bypassing the cost of sponsorship. Telecoms company Telstra managed to associate itself with the Rio Olympics which its competitor, Optus, happened to be sponsoring. Telstra took the route of becoming the official "technology sponsor" of the Channel 7 TV coverage of the event. It ran TV ads to promote its association with Channel 7 and the Olympics. The Australian Olympic Committee (AOC) was concerned that people often recall ambush marketing more than the marketing of an official sponsor so it took legal action against Telstra. It argued that Telstra's ads would mislead people into thinking that it was an Olympic sponsor. This article invites you to choose who you think won the case and allows you to click through to discover the outcome.

mondaq.com, 1 February 2017 (Mitchell)

Agriculture, fishing and forestry

Agribusiness in Africa

According to a recent report, the agricultural sector in Africa accounts for 32% of Africa's GDP and employs over 65% of its workforce. The sector is also estimated to reach US\$1 trillion by 2030,

excluding auxiliary industries. The expansion of rural energy, transport, irrigation and telecoms will assist the rise of agri-support industries. Previous initiatives to support agribusiness failed because farming had such a narrow focus; but things are changing and there are many opportunities to take advantage of the growing agribusiness sector, as this article explains.

International Trade Forum, Issue 3 2016, pp12-13 (Juma)

Vegetable shortage hits supermarkets

A shortage of lettuces has led to supermarkets, Morrisons and Tesco, banning shoppers from buying more than two or three lettuces in one go. The shortage is due to bad weather in Spain which has hit supplies of the iceberg lettuce. There is already a shortage of courgettes, aubergines and celery which could continue into the Spring. This is likely to lead to higher prices. Most of the fresh vegetables available in the UK over the Winter are imported from Murcia and Valencia in Spain where the crops have been hit by the unseasonal weather.

The Guardian, 3 February 2017, p3

Building industry

Big five reflect business environment

The author looks at the fortunes of the UK's "big five" publicly listed building contractors – Balfour Beatty, Carillion, Kier, Interserve and Morgan Sindall – during the months after the Brexit vote. Since an initial dip in share prices, it seems that certain areas of the business have returned to near "business-as-usual" levels. Carillion, for example, reports that UK construction is on target for margins of 2.5% to 3% which is not bad in a sector where margins are usually below 2%.

Construction News, 3 February 2017, pp34-35

Shortage of quantity surveyors

According to the latest Royal Institution of Chartered Surveyors construction market survey, both employment and workload expectations for the next 12 months have returned to pre-referendum levels. However, two-thirds of respondents pointed to a gap in the supply of quantity surveyors, the highest figure since 2008. The Government's *Shortage Occupation List* shows that it is "easier to employ a ballet dancer than a quantity surveyor", according to Jeremy Blackburn, RICS head of policy.

constructionwquirer.com, 2 February 2017

Businesses and strategy

Disruptive innovation

This study explores the encroachment speed of disruptive innovations with "indirect network externalities" (INEs). INEs arise when adoption decisions for a product are affected by the availability of complementary products. The authors

look at why e-readers were introduced later in Japan than in the US and why adoption rates have been lower. They find that the slower encroachment of e-readers in Japan was due to organisational, technology and environmental factors. They conclude that understanding social and cultural factors that affect adoption is critical when assessing the encroachment speed of a disruptive innovation with INEs. Other recommendations are discussed.

Journal of Product Innovation Management, Vol 34(2) 2017, pp141-158 (Parry and Kawakami)

Effective team management

A 2015 Gallup study found that around 50% of employees in the US had quit their jobs because of their bosses rather than the organisation. The reports says that organisations ought to understand what managers are doing that can "create or destroy engagement". This is difficult for people who lead diverse teams where people may struggle to understand each other. The author describes four steps that can be taken by bosses who head up diverse teams.

London Business School Review, Special Issue: Leadership 2016, pp40-43 (Peterson)

The art of collaboration

Co-operation across internal boundaries in organisations can help with solving problems more creatively, increase productivity and lead to higher profits. Yet collaboration isn't easy and it is often difficult for managers to stop working in silos. The author developed a case study of Dana-Farber Cancer Institute in which she saw how difficult it was for an organisation to move from a system which recognised "star" researchers to one where researchers were working together across specialities. She shows how this case has parallels with business and proposes how executives can instigate change in a range of companies.

Harvard Business Review, January-February 2017, pp100-108 (Gardner)

Charities and NGOs

Direct mail

For years direct mail has been an important way for charities to raise money but this method has become increasingly difficult for various reasons, such as the rise of online donations and new regulations on the selling and sharing of data. The new Fundraising Preference Service, and the ability of the public to block communications from charities, will affect the sector further. It is estimated that the average return on investment for direct mail was £1.73 for every Pound invested in 2015, which is lower than for any other mainstream fundraising method. However, charity spending on direct mail rose by 3% in the year to June 2016 and it likely that charities will stick with it for the foreseeable future. Lewis Coghlin of Cats Protection claims that

supporters recruited through direct mail tend to be loyal and can stay with the charity for many years. A case study of the Salvation Army is included.

Third Sector, February 2017, pp24-27 (Birkwood)

PETA attacks fur-wearing game

Animal rights group PETA has taken exception to Warhammer books and games because the characters wear fur pelts. PETA claims that the brand is sending out the message that "wearing fur is acceptable". This is despite Warhammer's replica toys being made entirely out of plastic. PETA has written a letter of complaint to Games Workshop, owner of Warhammer. PETA's website has been inundated with complaints from fans of the game.

The Times, 1 February 2017, p3

Contactless donations more than triple cash

The average UK charity donation using contactless payments is more than three times that of an average cash donation. An NSPCC trial in collaboration with Barclaycard in September 2016 found that charities risk losing up to £82m by not accepting contactless donations.

nfcworld.com, 3 February 2017

Durable consumer goods

Portmeirion appeals to heritage

In this interview, Phil Atherton, Group Sales and Marketing Director of Portmeirion Group, reflects on changing consumer dining habits and how the company is "keeping our finger firmly on the pulse". Social media channels and web presence are essential for communicating with customers and the company has seen a growth in the number of people engaging with its brands. Last year's campaign for Spode Blue Italian china appealed to the history, heritage and craftsmanship of the brand which had a positive impact on sales.

Tableware International, January-February 2017, pp72-73

Family Hub restocks and entertains

Samsung's Family Hub fridge-freezer contains three Wi-Fi connected cameras and an associated app that enables you to check your supplies in the fridge, as well digitally track the food's expiry dates so that you know when to restock. The appliance also has an integrated tablet which displays a calendar, messages and recipe ideas. Meanwhile the Hub's entertainment system allows you to listen to music or watch TV!

Wired, March 2017, p51

Tiffany loses sparkle

Shares in upmarket jeweller Tiffany fell this week after chief executive Frederic Cumenal's sudden departure. The company reported slow sales during the two months to the end of December, with a 4%

fall in revenues in the Americas, its largest market. Its flagship store, located in New York's fifth avenue next door to Trump Tower, saw a 14% drop in sales. It possibly suffered from the strict security leading up to Trump's inauguration!

Financial Times, 4-5 February 2017, p15

Economy

Women in international trade

By reducing the gender gap, global annual GDP could reach as much as US\$28 trillion (up 26%) by 2025, according to a McKinsey Global Institute report. Yet governments have been slow to take up the challenge. In the developing world leaders can help to foster women's participation in international trade to help support growth. This article focuses on the progress being made in Latin America. In Central America women own 46% of micro and small businesses. This figure reaches 65% in Nicaragua.

International Trade Forum, Issue 3 2016, pp32-33 (Vergara)

Consumer spending in decline

UK consumer spending remained strong following the EU Referendum. People may even have been tempted to stock up on goods before the weak Pound led to higher prices. More recently Britons have decided that they should pay off some of their debts – consumer credit growth fell from £1.9 billion in November to £1 billion in December. The cost of everyday goods is rising, leaving consumers feeling poorer. Credit Suisse believes that consumer spending growth will fall from 2.8% in 2016 to 0.7% this year. This is of concern since consumer spending has until now helped to support the economy.

The Economist, 4 February 2017, p23

Distribution of citizens overseas

Data from the UN reveal that Britain has more citizens living overseas than other large Western country. Around 4.97m people who were born in Britain moved to other countries during 2015. One explanation is cultural links with the Commonwealth. Australia is the most popular country to migrate to, followed by the US, Canada and New Zealand. However, the figures for UK emigration are low compared with countries further afield, such as India (15.5m emigrants), Mexico (12m) and China (9.5m). Bosnia & Herzegovina had the largest percentage of people (43.3%) living overseas in 2015 while England had just 7.6%.

The Times, 2 February 2017, p18

Manufacturing up but so are costs

In January UK manufacturing output grew at its fastest rate for 2.5 years but costs also rose at a record rate, according to the purchasing managers'

survey from IHS Markit. Most new orders came from the domestic market but exports also rose, albeit by less than in December. Manufacturing, which accounts for 10% of GDP, has been the focus of hopes that the economy would be rebalanced away from a model reliant on consumption and services, to exports.

Financial Times, 2 February 2017, p3

Energy and utilities

ICO concerns about Ofgem data collection

The Information Commissioner's Office (ICO) has raised concerns about Ofgem's proposals to force energy companies to collect data every half hour under the new smart metering system which is being introduced in the UK. Ofgem had originally argued that half-hour monitoring would help by "putting incentives on suppliers to help customers move their consumption to periods when electricity is cheaper" but the ICO says the "data gives energy suppliers the ability to profile individuals and to use those profiles to make decisions about that person".

out-law.com, 3 February 2017

TV makers – cheating on energy efficiency?

Some television makers have been accused of misrepresenting the energy efficiency of their large-screen sets. Last year environmental group, the Natural Resources Defence Council, published research on the energy consumption of TVs. The sets, made by Samsung, LG and Vizio, were found to perform far better in government tests than the rest of the time. Some TV sets actually used twice the energy that was indicated in their marketing literature. It is not certain how much attention the case will receive. This will depend on what sort of attitude a Republican-controlled Congress adopts towards the energy requirements of consumer appliances!

The Economist, 4 February 2017, pp60-61; The Times, 7 February 2017, p4

Environment

Methane-based food on the way?

Animal feed pellets are being made using methane-eating bacteria that are found naturally in soils and lakes. The process has only just been commercialised with Catalysta, a US-based company, opening a plant in Teeside in September 2016. The company is focusing on fish feed to begin with. As well as economic advantages, there are environmental benefits since production of the protein is more sustainable than fishmeal or soya. It is possible that methane-based proteins may one day end up in human food.

Financial Times (Special Report: The Connected Business), 1 February 2017, p2

Diesel sales falls as eco-cars are on the rise

The number of diesel cars sold in January fell by 4.3% compared with the same month last year, according to the Society of Motor Manufacturers and Traders (SMMT). In contrast, sales of electric cars and other alternatively-fuelled vehicles (AFVs) rose by 19.9% giving AFVs over 4% market share for the first time. Sales of diesel cars have fallen in seven out of the past eight months following negative publicity about pollution and health. Several big cities around the world have said they would like to ban diesel cars within the next ten years. The UK Government is thought to be planning a diesel scrappage scheme to encourage motorists to get rid of the heaviest-polluting cars. (See also Travel and transport)

bbc.co.uk/news, 6 February 2017

Fashion

Textual haptic information – no need to touch

Online businesses need to find ways to improve sales of products that need to be touched, such as using pictures and descriptions. The authors examine the value of textual haptic information in online clothing shopping as a way of minimising the "Need for Touch" (NFT). They test the effect of a hands-on description on consumer perceptions and intention to purchase. The results of a study suggest that textual haptic information has a positive impact on both consumers' perceptions and their intention to purchase.

Journal of Fashion Marketing and Management: An International Journal, Vol 21(1) 2017, Earlycite (Rodrigues et al)

The Data Dress

Google and Ivyrevel, H&M's fashion house, have teamed up for a project called "Coded Couture" which can design a customised dress according to a consumer's personal data. An Android app will allow users to consent to their activity and lifestyle data being monitored so that their personalised dress can be created and ordered via the app. Google refers to it as the "Data Dress".

techcrunch.com, 6 February 2017

Trump not in fashion with Nordstrom

Nordstrom, a Seattle-based department store will not sell Ivanka Trump (Donald Trump's daughter) fashion products for this season. It claims that the decision is based on the brand's performance rather than on a political stance.

Financial Times, 4-5 February 2017, p15

Topshop sales down

Topshop's sales fell by 11% over the Christmas period, from Black Friday in November to the first week of the New Year. The fashion retailer is an Arcadia Group brand owned by Philip Green, who is

at the centre of the BHS pension scandal. Arcadia's share of the fashion market has fallen to around a quarter over the past four years. It is expected to make £140m this year, down from the £222m it made in the year to August 2015.

fashionunited.uk, 6 February 2017

Financial services

Apple Pay expands globally

Apple Pay users have tripled in number over the past year while transaction volumes have risen by 500% year-on-year. The service has expanded into four new countries – Russia, Spain, New Zealand and Japan – giving a total of 13 markets. It is soon to launch in Taiwan. In September 2016 Apple launched on the Internet so that users could make purchases using a "Pay with Apple Pay" button.

nfcworld.com, 1 February 2017

Insurers look to India

Last year the Indian Government took steps to encourage people to use banks by scrapping 86% of the country's cash. Insurance companies are hoping to gain a slice of the market – Axa has already signed more than 1m new customers over the past three months. Other overseas insurers, such as Allianz and Generali, are looking at the rapidly-growing market which is worth \$60 billion.

Financial Times, 7 February 2017, p16

FMCG

Beverages

Cava regains sparkle

Cava, a rival of prosecco, aims to reclaim its position in the world of sparkling wines with a new, high-end category. Spain produces almost 250m bottles of cava a year with over half going to 130 countries. Concerns over quality have led the Cava Regulation Council to create a new category – "cava de paraje calificado" (or the single vineyard cava) – to represent the best cava on offer. Bottles are expected to be priced at between €40 and €100. The classification is currently awaiting sign-off.

The Guardian, 4 February 2017, p4

Gin Jam

Gin brand Pinkster is entering the preserves market with the creation of an alcohol-infused jam. The jam is made from raspberries left over from gin production. Jam is apparently the latest trend in cocktail ingredients!

The Grocer, 4 February 2017, p38

Cosmetics and toiletries

L'Oréal is under the influence with digital

L'Oréal is to increase its investment in digital marketing. Digital channels accounted for 30% of

the company's media spend in the first half of 2016, up from 25% in 2015. Lubomira Rochet, L'Oréal's Chief Digital Officer, says that the strategy plays to the way in which consumers are influenced, notably through celebrities, online influencers and "micro-influencers". The company has chosen Tailify, a Scandinavian social influencer platform as one of the first five start-ups in its accelerator programme.

Campaign, 3 February 2017, p6

P&G targets unmarried women

In China an unmarried woman in her late 20s is often referred to as "sheng nu" or "leftover woman". Procter & Gamble aims to remove the stigma through a marketing campaign to promote its SK-II skin-care range. The ad features women who've chosen to pursue an alternative lifestyle rather than being pressured into getting married. It has boosted sales growth by over 50% in the past nine months.

Bloomberg Businessweek, 6-12 February 2017, p19

Snail slime

The demand for snail slime is growing among cosmetics companies as they continue to look for a product that will banish wrinkles. Although snails have been used for skincare since the time of the ancient Greeks, there is little evidence that snail slime is effective. Snail farming in Italy is booming, 44,000 tonnes of snails being produced every year!

The Guardian (G2), 7 February 2017, p3

Food

Protein alternatives

To satisfy the continuing demand for meat, scientists are finding alternative solutions. California-based Impossible Foods has created a plant-based burger. Another approach is cultured meat made from animal cells and grown in laboratories. Players in the market are Mosa Meat, a Dutch firm, and Memphis Meats, a US start-up which is looking at creating meatballs. The other source of meaty protein, edible insects, faces a marketing problem and of the two billion people who eat them, very few are Westerners.

The Economist, 4 February 2017, p61

Fairtrade boosted by Mars

Sales of certified Fairtrade food and drink rose 30.2% by volume and 7.1% by value in the year to 9 October. Confectionery was the biggest contributor, with value sales up by 24.5% and volume by 74.8%. This follows Mars' switch to using Fairtrade cocoa in its chocolate bars in 2015. Mars claims that consumer taste for ethically-sourced food and drink is on the rise. *The Grocer* includes a feature article on the growth of Fairtrade.

The Grocer, 4 February 2017, pp36,53-55

Government and public sector

Super Bowl advertising in the Trump era

With Trump in the Whitehouse, it is not surprising that this year's Super Bowl should be dominated by advertising with a political slant. Budweiser's pro-immigration ad begins with the line: "You don't look like you're from around here" and features the German founder of Anheuser-Busch, owner of Budweiser. Audi's #DriveProgress ad asks: "What shall I tell my daughter? That her grandpa is worth more than her grandma?" Other examples are Kia's "It's hard to be an eco-warrior" and Avocados from Mexico's secret society ad. Separately the BBC reports on how Trump supporters are getting het up over such "politically-charged" ads.

marketingweek.com, 3 February 2017; bbc.co.uk/news, 6 February 2017

Tech companies oppose Trump order

Ninety-seven US technology companies, including Apple, Facebook, Microsoft and Salesforce.com, have filed a legal document stating that President Trump's ban on immigration will impact their operations and "inflicts significant harm" on business. The group claims that Trump's executive order, which bans immigrants from seven, mainly Muslim countries, "will undermine American interests." *Businessweek* discusses the implications of the ban on tech recruitment and how new restrictions might lead Indian companies to shift to new kinds of services. (At the time of writing the ban is lifted pending an appeal from the US Government.)

bbc.co.uk/news, 6 February 2017; Bloomberg Businessweek, 6-12 February 2017, pp26-27

Saatchi to help tackle extremism

The UK Government has recruited ad agency, M&C Saatchi, to help tackle extreme right-wing propaganda and "myths" posted online. Last year the agency won a contract with the Home Office to produce up to ten campaigns a year to help address extremism.

The Guardian, 7 February 2017, p9

Health and pharmaceuticals

Food for thought

Studies have shown links between children's eating habits and their academic performance. Scientists in the US are also working to find links between types of food and brain performance as people get older. A team at the Decision Neuroscience Laboratory has found that a combination of nutrients found in foods, including egg yolk and some red meats, are linked to a slower decline in "cognitive flexibility". Others are looking into foods that people should not eat, such as fructose, which is found in processed

foods.

Financial Times (Special Report: The Connected Business), 1 February 2017, p2

IT and telecoms

OPPO and Vivo have the advantage

Chinese phone maker, OPPO, started out by making cheap phones but last year its R9 phone overtook the iPhone as China's best-selling handset. iPhone sales in China are stagnating while Xiaomi, which used to be the Chinese handset maker of choice, is also slowing down. Kevin Wang, of research firm IHS Markit, believes that the Chinese phone market is due for a round of consolidation and that within five years many of the local manufacturers will have disappeared.

The Economist, 4 February 2017, p62

Amazon – head in the cloud pays off

Amazon Web Services (AWS), which provides cloud computing services, accounts for a tenth of its revenues. Yet its profits far exceed its other divisions. AWS, which is central to Amazon's business, is used by major organisations, such as Nasa's Jet Propulsion Lab and the Ministry of Justice as well as Netflix and Airbnb. Now Amazon is targeting the domestic home through its Echo smart speaker. There may only be room for two companies in the market but Amazon's experience of working in the cloud will stand it in good stead.

The Guardian, 3 February 2017, p31

O2 calls for BT and Vodafone restrictions

O2 is asking Ofcom, the UK telecoms regulator, to place a cap of 35% on the amount of airwaves that one operator can own. This summer will see bidding for the wireless spectrum which is needed to support 4G and 5G services. BT and EE own 45% of Britain's usable spectrum while Vodafone owns 28%, O2 15% and Three 12%. O2 points out that, of the 52 mobile operators in western Europe, only six have spectrum holdings of less than 15% and two of these are in the UK.

Financial Times, 1 February 2017, p19

Leisure and tourism

Educational museum visits down

Last year visitor numbers to major museums and art galleries in the UK fell for the first time in a decade. According to the Department for Culture, Media and Sport, 47.6m people visited large attractions such as the Tate Gallery and British Museum, down from 50m in 2015. A notable trend is the decline in the number of young people visiting museums for educational purposes – the numbers fell by over 6% in 2016. The fear of terrorism and lack of "blockbuster" exhibitions are possible explanations for the overall fall in visitor numbers.

The Guardian, 3 February 2017, p3

Broadway musical tackles scalping head on

In a bid to tackle the secondary ticketing market, a Broadway show has increased the price of its top tickets. Those in the prime seats of US hip-hop show, *Hamilton*, will pay \$849 a ticket, the highest price ever charged for a Broadway show. The show's sponsors are keen to stamp out so-called "scalping" in the secondary market, where tickets can sell for up to \$30,000. The profits from the premium seats will be used partly to offer cheaper seats elsewhere. So far the results look good, with resale of *Hamilton* tickets falling by almost 50%. Other parts of the entertainment industry, notably musicians, are beginning to take on the ticket resellers.

Financial Times, 2 February 2017, p17

Chinese hotels follow the tourists

Some 6m Chinese are expected to travel overseas this year and hotels rooms will be in high demand. Chinese hotel chains, such as Shanghai Jin Jiang International, are expanding overseas too. This includes Europe, where Jin Jiang has purchased the French budget chain, the Louvre Group. The fastest-growing destinations for Chinese tourists this year are expected to be Spain, followed by the UK and UAE, although the majority of Chinese tourists tend to stay in Asia.

Financial Times, 1 February 2017, p12

Materials and mining

Metal prices

The Economist's metal price index has risen by 37% over the last 12 months. Over half of global metal consumption takes place in China where an increase in infrastructure spending has resulted in rising industrial-metal prices. Moves by China to reduce excess capacity have also led to higher prices for iron ore and aluminium. Meanwhile the closure of mines in Australia, Canada and Ireland have resulted in higher prices for zinc and lead.

The Economist, 4 February 2017, p81

Rio reflects industry recovery

Today Rio Tinto is expected to report a stronger performance, including reduced debt, when it announces its annual results. The mining industry is experiencing something of a turnaround in fortunes. Several mining groups have resorted to cost-cutting as a way of boosting their balance sheets and 2017 could be a better year for investor returns. However, companies will have to stick to a strategy of increasing profits rather than market share.

Financial Times, 7 February 2017, p18

Media

Books

Waterstones up thanks to print book sales

Waterstones, the bookshop chain, has reported its first profit for five years for the year to April 2016. James Daunt, who heads up the business, says Waterstones has been helped by the resurgence of physical book sales and the change in product mix to focus less on low-margin academic books and more on specialised fiction. There have also been increased sales of higher-margin educational children's books. Daunt expects the business to remain in the black for this financial year but is concerned about the effects of Brexit. However, he plans to open at least ten new shops this year.

retail-week.com, 2 February 2017; The Bookseller, 3 February 2017, p19

Celebrity trend dominates children's books

Children's authors have been speaking out about the numbers of celebrity book deals that have been made recently. They warn that full-time fiction writers are struggling while well-known people are receiving big advances and large marketing budgets. Two groups of people who are in particular demand by children's publishers are comedians and YouTubers.

The Bookseller, 3 February 2017, pp16-17

Film

DVDs declines hits Sony

Sony Pictures, which released the *T2 Trainspotting* movie, has seen the value of its film division fall by \$1 billion. It attributes this to the decline in the number of people buying DVDs and Blu-ray discs due to the prevalence of streaming and on-demand viewing services, such as Netflix and Amazon Prime. Other Hollywood studios are suffering from the same malaise. Last year revenue from streaming and downloads of films and TV shows surpassed sales of DVD and Blu-ray for the first time in the US and UK.

The Observer, 5 February 2017, p47

Internet

Teens want to skip ads

A study of internet users across 39 countries reveals that teens are more likely than older people to lose patience with digital advertising formats, such as online display ads or video ads, and are more likely to skip ads than older people. Some 56% of 16- to 19-year-olds said they skipped ads, but a significant proportion of teens said they felt better about ads that can be skipped or closed. Time of day is also important, with reception among teens being highest between 6pm and 9pm. The survey also found that shorter ads (of less than 10 seconds) performed slightly better with teens than older

people. Teens also like ads that entertain through humour, music and good design.

emarketer.com, 2 February 2017

Social media

Facebook addresses fake news...

Facebook has changed its algorithms so that fake news and clickbait will receive lower rankings. The social network has been criticised for allowing automated systems to send fake news to 1.8m users. Facebook says its updates would offer, "a new way to predict and rank in real-time when posts might be more relevant to you".

The Times, 2 February 2017, p19

...while profits are up thanks to mobile ads

Facebook has reported record quarterly results with profits up by 128% to \$3.6 billion for the fourth quarter year-on-year. This is largely thanks to mobile ad revenues which rose by 80% and accounted for 84% of ad revenues.

The Times, 2 February 2017, p43

Television

Social TV and advertising effectiveness

Social TV is defined as "the use of communication devices to connect with family and friends watching other TV screens". This can have both positive and negative effects on the effectiveness of advertising. This study suggests that the benefits of social TV – notably its association with live TV and hence less scope for ad avoidance – are at the cost of some negative effects. It suggests that social TV viewing distracts from ad-processing as well as reducing unaided recall and brand attitude favourability compared to individual viewing. Yet social TV viewing can improve the chances of ad-related messaging.

Journal of Marketing Communications, Vol 23(1) 2017, pp73-91 (Bellman et al)

TV advertising could be down this year

Experts are forecasting that TV ad revenues will fall this year for the first time since 2009 although a report from the Advertising Association and Warc predicts TV growth of 1.6% for 2017. Industry sources expect the TV ad market to fall by 6% in the first quarter of 2017 compared with last year. Last year revenues fell by 8% in April but Easter is later this year and it will be interesting to see if there is any improvement.

Campaign, 3 February 2017, p5

France bans ads between kids' programmes

On 20 December 2016 France passed a law banning commercial advertising during youth programmes on French TV. The law comes into force on 1 January 2018. It will mean that commercial advertising cannot be broadcast on public TV 15 minutes

before, during or after a programme targeting children under the age of 12, with the exception of messages relating to health or other issues of public interest. The ban also applies to all websites of French public TV companies. There are serious concerns that this could lead to a loss of revenue amounting to around €20m a year.

internationallawoffice.com, 2 February 2017

Packaging

Ordering an Uber when the chips are down

US Super Bowl fans were able to order an Uber by tapping their NFC smartphone against a bag of Tostitos tortilla chips. The bag could detect the alcohol on a person's breath and showed either a green or red steering wheel according to whether the person was safe to drive home. The limited-edition "Party Safe Bags" were available before and after the Super Bowl on 5 February.

nfcworld.com, 1 February 2017

Retailing

Consumers want it now

Amazon's Dash button, which enables branded goods to be reordered at the touch of a button, marks a "new wave of extreme convenience" which means that consumers don't have time to develop an emotional connection with household brands. UK supermarket Tesco is investigating the option of automated shopping in partnership with online service If This Then That. This article investigates the latest developments and how high street retailers are adapting to the "always-on" consumer".

Campaign Intelligent Quarterly, Q1 2017, pp46-51 (Ghosh)

Services

Drone aid

Nigel Gifford, a drone maker, has created the Pouncer, an unmanned aerial vehicle that is designed to deliver food to people in disaster zones. The vehicle's three-metre wide hull can carry vacuum-packed foods while its structure is made from baked components which themselves can be consumed. The aim is to be able to feed 100 people for a day.

Wired, March 2017, p25

EY ignores graduate backgrounds

Last year accountancy firm EY (Ernst & Young), removed the requirement for graduates to disclose which university they went to or for school leavers to name their school. This was an attempt to level the playing field for trainees from less advantaged backgrounds. The experiment appears to have been a success because the number of recruits from state schools increased to 49% of graduates and to 59% of school leavers. Other big employers may follow

suit: this summer they will be ranked for the first time on their openness to assessing people from all backgrounds thanks to an initiative from the Social Mobility Foundation and Social Mobility Commission.

The Times, 2 February 2017, p14

Global logistics

China's logistics sector is worth \$2.2 trillion in a global industry valued at \$9 trillion. China's e-commerce express delivery sector, which accounted for \$43.5 billion, is the fastest growing area of the market. Cainiao, in which Alibaba has a 47% stake, works through a network of delivery companies and a data platform enabling couriers to bundle deliveries. Yet there are still only three big players in the delivery market – DHL, FedEx and UPS. Analysts expect further investment and consolidation.

Financial Times, 1 February 2017, p15

Transport and travel

Lyft takes off ahead of Uber

Lyft, the peer-to-peer ride-sharing app, has been downloaded more times during the course of a day than Uber for the first time. This could be because of the bad publicity Uber attracted when it was (wrongly) accused of having taken advantage of a taxi strike at New York's JFK airport. Lyft plans to expand to another 100 US cities this year.

The Economist, 4 February 2017, p6

Cadillac makes inroads into China

General Motors has been investing heavily in its Cadillac brand, with the new XT5 sport utility vehicle and "aggressive" advertising. The result is that Cadillac has become China's fourth most popular luxury car brand, with annual sales up by 46%. Although German luxury brands, such as Audi, have 75% of China's premium vehicle market, challengers, including Cadillac, Lexus and Jaguar Land Rover, are making progress.

Bloomberg Businessweek, 6-12 February 2017, pp16-17

Car sales reach 12-year high

Car registrations in January reached a 12-year high, according to the Society of Motor Manufacturers and Traders (SMMT). Trends include a 5% rise in sales to private car buyers, even though surveys show that consumer confidence is falling. Economists are warning that a slowdown is likely and Mike Hawes, Chief Executive of the SMMT, predicts that sales will fall by 5% this year. (See also Environment)

The Times, 7 February 2017, p44; Financial Times, 7 February 2017, p2

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Polly Curtis	The Guardian	British Red Cross	Director of Media	Third Sector
Tim Hayne	C & J Clark International	Wessex Packaging	Head of Marketing	packagingnews.co.uk
Lina Langlee	Canongate	Black & White Publishing	Press Officer	The Bookseller
Sheila O'Reilly	Dulwich Books	Village Books	Events Manager	The Bookseller
Angela Pittacas	Fragrance and Beauty	butter LONDON	PR & Communications Manager	fashioninsight.co.uk
Paul Rowlinson	Mindshare	GroupM	MD of [m]Platform	research-live.com
Lynsey Sutherland	Bloomsbury	Orion	Head of Marketing, Fiction	The Bookseller
Natalie Wo	n/a	Korlekie	Head of PR	fashioninsight.co.uk

Promotions

Name	Company	Previous title	New title	Source
David Golding	Adam & Eve/DDB	Co-founder	Group Chief Strategy Officer	Campaign
Joe Gordon	HSBC	Head of Contact Centres	Head of First Direct	Financial Times
James Murphy	Adam & Eve/DDB	Co-founder	Group Chief Executive	Campaign
Ben Priest	Adam & Eve/DDB	Co-founder	Group Chief Creative Officer	Campaign

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www.dma.org.uk

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www.emarketer.com

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Harvard Business Review**

International Journal of Market Research**

www.internationallawoffice.com

International Trade Forum

Journal of Communication Management+

Journal of Customer Behaviour

Journal of Marketing Communications** (18 month embargo)

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

Journal of Research in Interactive Marketing+

www.lexology.com

London Business School Review** (12 month embargo)

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Meetings & Incentive Travel

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

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