

Cutting Edge: Our weekly analysis of marketing news

3 May 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

Intrayear demand – advertising and pricing

Demand for consumer packaged goods (CPG) fluctuates a great deal, not only through week-to-week fluctuations but also during the course of one year (intrayear cycles), when CPG categories experience periods of high demand followed by periods of low demand. This paper examines the intrayear category demand cycle and its impact on advertising and pricing, an area in which it is critical that marketers have an understanding. The author studies 252 brands in 61 CPG categories. He finds that advertising effectiveness and observed advertising are stronger during periods of peak demand. In contrast, consumer reactions to price decreases are weaker at demand peaks while reactions to price increases do not change.

Journal of Marketing Research, Vol 54 April 2017, pp171-186 (Gijsenberg)

Mobile rises to over half of digital spend in US

In 2016 mobile advertising accounted for over half of US digital ad spend for the first time, showing just how much smartphones dominate American consumption of news and other media. Ad spending on mobile rose by 77%, making up 51% of total digital ad spend, according to the Interactive Advertising Bureau and PwC.

Financial Times, 27 April 2017, p16

Google and Facebook – a fifth of adspend

Google and Facebook accounted for a fifth of global ad spend last year, double that of five years ago. According to data analysis from Zenith, online advertising has overtaken digital and is now the biggest ad medium. Twitter is the fastest-growing media owner with ad revenues up by 734% between

2012 and 2016.

The Guardian, 2 May 2017, p23

Record high for action on ad complaints

Last year nearly 4,824 ads were altered or withdrawn as a result of action by the Advertising Standards Authority or the Committee of Advertising Practice. This represents a 5% increase on 2015 and a record high. Last year the ASA received 28,521 complaints, a fall of 3.5% year-on-year.

Campaign, 28 April 2017, p3

Agencies

WPP suffers from ad slowdown

WPP has reported net like-for-like sales growth of just 0.8% for the first quarter of the year which is below analyst expectations. It attributes the slowdown to North America, its “weakest performing region”, and tough economic conditions for some of its biggest clients, which, it says are facing “discombobulating forces”. WPP also lost two big accounts last year – AT&T and Volkswagen. WPP has warned that the ad industry may be in “danger of losing the plot” as competition leads to larger agencies cutting prices in order to keep and win business.

The Times, 28 April 2017, p47; Financial Times, 28 April 2017, p20

New insight engine

Engine has launched a new global agency, called NuFu, which will supply teams for clients who need marketing support on-site. This follows demand from clients who want constant insight and expertise. Debbie Klein, chief executive, says NuFu differs from other on-site agencies which focus more on maintaining a presence.

Campaign, 28 April 2017, p1



Chartered CPD Programme

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

www.cim.co.uk/charteredcpd

Brands and branding

Brand virality

Many brands create content that is intended to be viewed and shared by consumers. Some campaigns go viral but are of limited value if they don't increase brand evaluation and purchase. The topic addressed in this paper is how to create valuable virality – content that benefits the brand. Analysis of data from online ads and some lab experiments reveal that emotional appeals – drama, mood, music and so on – are more likely to be shared than informative appeals, focusing on product features. By using a combination of both approaches, the authors find that emotional brand ads can increase sharing as well as boosting beneficial brand outcomes.

Journal of Marketing Research, Vol 54 April 2017, pp318-330 (Akpınar and Berger)

Deleting a brand

Large consumer goods companies, which have a portfolio of brands, have to make decisions about which brands to grow, which to add and which to delete. The decision to delete a weak brand, which can be a complex and difficult process, has received little attention from researchers. This qualitative study, conducted through in-depth interviews with brand professionals, provides an explanation and definition of the role of brand deletion. It also covers the various attributes of brand deletion and looks at the differences between product deletion and brand deletion.

Journal of Brand Strategy, Vol 5(4), pp434-450 (Shah et al)

Conferences and events

Voice interfaces...

Talking to computers (such as Alexa and Siri) has become commonplace as voice interfaces have become more natural, but how can this be used to enhance a delegate experience? There are already voice developments in hotels, such as the Wynn Hotel in Las Vegas, which is installing Amazon Alexa speakers in rooms, enabling guests to control lights, temperature, curtains and TV. Other hotels are using text-based chatbots. Voice interface adoption may take longer for events although text chatbots are already appearing in mobile event apps and some event apps are beginning to use AI.

Association Meetings International, April 2017, pp46-47 (Ball)

...and AV

Almost any modern event will require some form of AV support which could range from a simple projector to a full-blown production. Events of all types are also using digital technology to raise engagement levels and interactivity. Digital solutions are increasingly being used to enhance AV requirements, according to Adam Pike of Saville

Audio Visual. This leads to "more effective audience communication with better engagement and the ability to turn a passive audience into a motivated audience."

eventindustrynews.com, 24 April 2017 (Parry)

Consumer behaviour

Accessibility natives

According to *Truth About Youth*, a study by McCann Truth Central, today's youth are no longer "digital natives" but "accessibility natives" who need to reach what they want when they want. This is most apparent in the UK, where 64% of 16- to 30-year-olds say they "will suffer a loss" of personal connections if their mobile service is disrupted. This article looks at young people's relationships with media.

Campaign IQ, Q2 2017, pp10-12 (Singh)

Can fonts nudge us to make right choices?

This is a view held by Sarah Hyndman, a graphic designer, who is investigating how much it is the typeface that is enticing and how much it is the product. Typefaces with most appeal in her experiment were the roundest ones while the thin spindly ones were not so attractive. She is hoping that some of her insight can help school canteens encourage the right behaviour and encourage pupils to choose the right food.

The Times, 1 May 2017, p14

Customer relations

Relating to customers

Companies are often more comfortable observing their customers than they are engaging in meaningful conversation. Building genuine customer relationships requires a change in the way that some organisations do business. C Space, an agency, has developed a framework called Customer Quotient (CQ), which is the capacity of a company to build a strong relationship with its customers. It measures how well a company understands its customers. It has identified five business behaviours which can predict outcomes, such as intent to purchase and likelihood to recommend. This article explains how CQ works and reveals that Lloyds Pharmacy is the top-scoring CQ brand.

Impact, January 2017, pp56-57 (Kanin)

Law

Intellectual property – small victories

The law should protect people regardless of wealth and status but can a small business win an intellectual property case against a large one? Here are eight legal battles where "David beat Goliath". They include EasyGroup vs Easy Pizza, where the judge ruled that EasyGroup could not have a monopoly over trading names beginning with the word "easy"; and Rhythmix, a Brighton-based children's charity, which was pitted against Simon

Cowell, the music mogul. An *X Factor* girl band was forced to change its name because the charity successfully argued that it would cause confusion. Lessons from each case are set out.

The Times (Raconteur: Intellectual Property), 26 April 2017, pp14-15

IVANKA – trademarking a name

Some Chinese companies have recently filed applications to register the trademark "IVANKA" for products ranging from alcohol to sanitary pads, presumably to piggyback on the Ivanka Trump name. The question is whether there is any legal reason why someone shouldn't register the trademark "IVANKA". Trademark and IP laws vary according to country. This article, which focuses on the situation in South Africa, emphasises the need for a name to be distinctive in relation to the goods and services in question. It also covers consent, refusal, opposition and case law.

internationallawoffice.com, 1 May 2017, (Stilwell)

Social consequences

A 2016 study by Eurostat revealed that 39% of EU companies use social media to communicate, while three-quarters of these also use it to build their image and market products. Some digital companies are focusing all their efforts on social media rather than maintaining a website. The legal consequences associated with a company's use of social media are different from those attached to owning a website and domain name. This article looks at five legal consequences of going "all in" on social platforms.

lexology.com, 25 April 2017 (Znaty)

Marketing

Start-ups, disruption and marketing strategy

Big corporations often have structures that don't allow them to innovate as easily as start-ups but they do have the advantage of established business strategies, huge resources and R&D departments. Start-ups have lighter structures, fewer workers and less cash but lots of ideas. For start-ups problems arise when they want to take their products to market. According to *Tech Giants, Corporations and Disruptive Start-ups*, (a report by Everis, a consulting firm), this is the point at which tech giants and start-ups begin their relationship. This article looks at how start-ups are facing disruptive technology and planning their marketing strategies while big enterprises are learning from the new players.

Gulf Marketing Review, April 2017, pp22-25

Slings and arrows of outrageous marketing

The *Daily Mirror* newspaper has done well out of its frequent headlines expressing "outrage". Extreme messages that cause outrage quickly polarise audiences who can act immediately by going online.

This provides opportunities for brands that are prepared to take the risk associated with using extreme creative messages which make a splash. This article considers the risks involved with risky ads and presents a case study of one particular outrage – the "Real Housewives of ISIS" sketch from the BBC Two comedy show, *Revoluting*.

Campaign IQ, Q2 2017, pp40-41 (Wade)

Making a hit – don't bother to be original

Hit Makers, a new book by Derek Thompson, is an in-depth look at what makes something a hit. He argues that there are two main principals of success. The first one is familiarity, which is better than originality: people don't like things that are new – his advice is to research how people interact with similar products and to "piggyback" on existing myths and ideologies. His second proposition is that the distribution method can be more important than the content for making something popular. This means that it is often the people outside "traditional power structures" who make a difference to culture and creativity.

Campaign, 28 April 2017, p12 (Magee)

Market research

VR boosts value of data

As virtual reality reaches beyond its gaming roots and begins to go mainstream, Matt Ratcliffe, co-founder of software development studio Masters of Pie, believes that it could help to extract more value from data. Last year he and his team won a challenge designed to find gaming technology that could help with identifying trends and solutions from the massive data sets being gathered around the world. Masters of Pie and Lumacode, a consultancy, worked with the Avon Longitudinal Study of Parents and Children (Alspac) on data from the "Children of the 90s" project. Alspac had previously been struggling to extract data from the study. This article looks at how VR can help researchers by putting data into the VR space.

Impact, January 2017, pp66-67 (Morgan)

Public relations

Social media and influencers

This article focuses on the use of social media in a PR campaign. It offers suggestions on choosing the right social media app suited to a specific brand. In particular it focuses on Snapchat and Instagram and the role of influencers. Studies suggest that word-of-mouth or influencer marketing gives 11 times greater ROI than traditional advertising. People may ignore ads but they pay attention to blogs, mentions and posts. The author, owner of a PR firm, explains that she incorporates influencer marketing into almost every plan or pitch. However, it is best to select a platform based on the organisation's goals.

Public Relations Tactics, Vol 24(3) 2017, p11 (Ghidotti)

Sponsorship

EE scores goal with YouTube

EE has traditionally targeted young, active consumers in the UK, a key demographic being under-25 football fans. In 2014 EE became Wembley Stadium's lead partner in a six-year deal with the Football Association. The problem for EE is that its core audience spends more time on their smartphones than on TV so are hard to reach through traditional media. Last year EE decided to improve its connection with its customer base as well as reinforcing its position as supplier of entertainment and sport through its partner, BT Sport. The campaign aimed to raise awareness for BT Sport as well as EE's sponsorship of Wembley. This article describes how EE turned to YouTube through a partnership with YouTuber, Spencer FC.

Campaign IQ, Q2 2017, pp56-58 (Mikkelson)

Agriculture, fishing and forestry

UK veg crop makes up for earlier shortages

Earlier this year supermarkets were experiencing shortages of certain vegetables due to bad weather in Spain but the recent warm weather in the UK has led to a glut of vegetables from British growers. Crops such as salads and peppers are in such abundance that some UK growers may even export excess crops to the US, which is experiencing shortages. UK cauliflowers, carrots and asparagus are also enjoying bumper crops.

The Grocer, 29 April 2017, p40

Vegan campaign proves ineffective

According to a YouGov poll, the recent vegan advertising campaigns designed to put people off animal products, have had the opposite effect. Only 7% of the adults surveyed in April indicated that the anti-meat and dairy farming campaigns would make them turn vegan. Of the 83% who hadn't previously seen the ads, 54% said they would be less likely to become vegan after seeing the ads. Meurig Raymond, president of the NFU, says that the wider public continues to support British farming which has an "independently audited food chain under assurance schemes like the Red Tractor."

fwi.co.uk, 27 April 2017

Hungry caterpillar of nightmares

A plague of fall armyworms is wreaking havoc across much of Africa and could tip the continent into a famine situation if it is not contained. Originally seen in America, Brazil spent over \$600m containing the bug – one that there is currently no known predator for. It feeds on many plant types, including maize, which is a staple crop across Africa – and unlike in America – is not genetically modified. It was first noticed in January 2016 and has been

reported as far north as Ethiopia. One crop it is however not partial to is cassava which, if prepared incorrectly, can produce cyanide.

Financial Times 29 April 2017, p6

Building industry

Retirement and skills shortages

In a statistical roundup of the week's sector news, *Construction News* reiterates the DWP's findings that 46% of workers who leave the industry aged 50 to 64 do so due to ill health (see also Cutting Edge 26 April). It also quotes EU figures stating that 9% of the UK construction workforce were non-UK nationals in 2016. This contradicts data from RICs, which is discussed in a separate column, in which Charlie Schouten, data editor, argues that it doesn't matter whether workers come from the EU or elsewhere; what does matter is the level of skills shortages and the fact that the industry will have to lobby to ensure that the right skills sets are brought into the country.

Construction News, 28 April 2017, pp44-45

The future of offices

Salesforce Tower in San Francisco, Salesforce's new HQ, will be visible from up to 30 miles away while Apple's new HQ in Cupertino, constructed for around \$5 billion, will be the most expensive corporate HQ ever built. Such buildings epitomise the trend for big tech firms to erect futuristic HQs that promote their brand to employees and customers. While the exteriors of the buildings will attract the most attention, the interiors will be the most important aspect. As well as being highly innovative, they will need to attract the best talent in a fiercely competitive industry. Tech companies have already been influential in the development of office space outside their own industry. This article examines how tech firms are structuring their work environments.

The Economist, 29 April 2017, pp57-58

Businesses and strategy

12 forces that are transforming business

The authors argue that "a tidal wave of change" will make working practices almost unrecognisable to today's business leaders. The Boston Consulting Group has identified 60 major trends which are driving this transformation and which the authors have grouped into 12 primary forces or megatrends. These in turn can be divided into four categories: the first two relate to changes in the demand for talent and the second two address changes in the supply of talent. This article describes these changes in some detail.

bcg.com, 27 March 2017 (Bhalla et al)

Charities and NGOs

Mission statements by association

It is difficult for today's associations to achieve their mission, vision and strategic objectives. It is important to be "crystal clear" about the association's purpose but associations often have passive, vague goals, such as "we help support our members" or "we are the voice of the industry". In his new book, *The Future of Associations*, Omer Soker explains why associations need to inspire members by clarifying what they do and how they are going to achieve it.

Association Meetings International, April 2017, pp27,29 (Soker)

Economy

Trading with the EU

The EU is currently the largest market for all sectors of the UK economy. The EU also has free trade agreements (FTAs) with 50 countries which account for 13% of the UK's trade. Britain's trade flows tend to be influenced by geographical proximity, which is why Switzerland is the UK's third-largest trading partner outside the EU, after the US and China. This article argues that Britain's global trade strategy should start with the EU before going on to the EU FTAs, the BRICs and the Commonwealth.

London Business Matters, April 2017, pp12-15 (Fraser)

Could this be Brexit stagnation?

New data suggest that UK economic growth slowed during the first quarter and economists are beginning to wonder whether this is the beginning of "Brexit stagnation". According to the ONS, the quantity of goods and services produced rose by just 0.3% in the first quarter of the year, which is well below the 0.7% recorded at the end of 2016. The value of retail sales also fell in the first three months although restaurants and pubs enjoyed 2.7% growth and car sales reached record levels in March. The outlook for businesses is also mixed, which has led to an air of uncertainty, particularly with a snap election fast approaching.

Financial Times, 29-30 April 2017, p2

Energy and utilities

Business needs more energy efficiency

The Energy Transition Commission is a group of business leaders, representatives from institutions and environmental groups that is backing a plan to shift to a low-energy carbon system by the 2030s. This will involve electricity produced largely from renewable sources, such as solar and wind. A report from the Commission says that the speed of improvement in energy efficiency, and in reducing emissions from energy production, should be "far higher" than that of the last 30 years if the objectives of the 2015 Paris climate talks are to be

met.

Financial Times, 26 April 2017, p17

Environment

Plastic waste solution – too many moth holes?

Plastic waste poses serious environmental problems and attempts in the past to use living organisms to dispose of plastics have been unsuccessful. Now a scientist at Cantabria University in Spain has found that the wax-moth caterpillar can eat plastic film, although it would take 100 larvae a month to consume a shopping bag. However, it is by no means clear whether releasing a lot of wax moths is a sensible solution to the world's plastic waste problem!

The Economist, 29 April 2017, p74

Roadside pod collections

Nespresso is "scaling up" its recycling efforts by offering residents of Kensington and Chelsea the chance to recycle their pods via their household waste collections. They are to be given a bag to collect the mainly aluminium pods. The bags will then be sent directly to its recycling facility in Cheshire. The sale of pods has now overtaken that of instant and ground coffee, with consumers using about 340m capsules a year at a cost of approximately £140m.

The Times, 1 May 2017, p22

Fashion

Social responsibility communication

Research suggests that most consumers prefer products from socially responsible (SR) brands. Increasingly clothing brands are communicating their SR practices through marketing but it is difficult for consumers to establish the veracity of SR initiatives. This study examines how consumers process a clothing brand's SR messages based on their previous experience of that brand. It tests information transparency on messages and sources of messages as factors that influence consumers' brand schemas and SR message evaluations. The results reveal the importance of brand schemas and information transparency on clothing brand communications. This should help in creating effective marketing strategies related to SR.

Journal of Marketing Communications, Vol 23(3) 2017, pp293-310 (Bhaduri and Ha-Brookshire)

Echo Look gives personal fashion advice

The Amazon Echo Look uses AI to give fashion advice, to rate outfits and make suggestions. The camera, which is designed to reside on a bedroom shelf, takes full-length images and videos so that users can choose clothing and decide on a style. However, critics are concerned that the cloud-connected camera could compromise security and gather personal data. The Echo Look is only

supposed to start recording when the user utters an activation word.

The Times, 28 April 2017, p15

Financial services

Ethical bank looks to mainstream

Triodos, a Netherlands-based ethical bank, has had a business in the UK for 22 years but is still a niche player in the sector. It supplies banking services to 5,000 British businesses, housing associations and social enterprises, such as Neal's Yard, Glastonbury Solar Farms and River Cottage. It will only lend to people and organisations who make a "positive impact, culturally, socially and environmentally". As its rival, the Co-operative Bank, struggles for survival, Bevis Watts, UK MD of Triodos, will have an opportunity to take the bank mainstream.

The Times, 26 April 2017, p45

Does insurance ever reduce?

The insurance industry thinks that car insurance premiums may decrease by the time we are in an autonomous world, but in the meantime there are other developments around the corner. In the UK last year over 750,000 policies were based on telematics – small "black-box technology" that checks speed, breaking and other data. The data that is being collected as part of a range of research projects suggests that insurance could be based on the time of day travelled, weather conditions and driver behaviour. So if you want to travel in rush hour, which is perceived to be riskier, then your insurance may increase.

Financial Times, 1 May 2017, p16

FMCG

Beverages

Natural wine

The current trend for "natural" wine began in 1990s France when organic wine bars started appearing in Paris. Now they are present across Europe and America. "Organic" wines must conform with EU standards in order to be certified but rules relating to "natural" wines are much stricter. They not only have to be grown and harvested organically, but also have no additives. This craze could affect the rest of the wine industry and older winemakers are already experimenting with "natural" techniques.

The Economist, 29 April 2017, p31

Fake mineral water the latest in food fraud

Mineral water is the latest product to suffer from counterfeiting. A recent Europol-Interpol initiative to tackle fake food and drink items resulted in the seizure of an illicit haul of mineral water worth €230m. The report stated: "Bottles imitated a

registered trademark of mineral water" would have been bottled with little regard for health and safety.

The Grocer, 29 April 2017, p35

Food

Blue Riband moving to Poland

Nestlé, the Swiss confectionery company, is moving production of its Blue Riband chocolate bar from Newcastle, after 81 years of production in Britain. The company claims that Poland is the centre of excellence for this type of wafer-based product. Unions, GMB and Unite, want the Government to intervene, as up to 300 jobs will be lost.

The Guardian, 26 April 2017, p19; The Grocer, 29 April 2017, p65

Food waste

As a child pulling carrots on a Sunday morning, I used to love the funny shapes and the ones that had tied themselves together, but somehow these are often the discarded ones never to grace our supermarket shelves. But MPs are now urging supermarkets to use all the vegetables that are grown, not just the attractive ones. An estimated £10m of food is thrown away each year and there is pressure to incorporate lessons in the national curriculum to try and reduce this. A report from Sainsbury's suggests there is a distinct split by age group in the attitude to waste, with over 38% of over 65s maintaining they never waste food compared to 17% of millennials.

The Times, 1 May 2017, p14; The Sunday Times (Food Magazine), 30 April 2017, pp20-21

Tobacco

Standardised packaging

Standardised cigarette packaging was introduced to the UK on 1 May 2016 but full UK implementation will not be completed until 21 May this year. This month any colour or unique branding will completely disappear from cigarette packs, to be replaced by olive green boxes, large health warnings and standardised font for all brand names. This is just one of a raft of measures to deter people, especially teenagers, from smoking. A Cochrane review has identified 51 peer-reviewed studies that look at standardised packaging – the results are discussed.

theguardian.com, 27 April 2017; ash.org.uk, 27 April 2017

Investors asked to take "global action"

Four global investors – Axa, Calpers, Scor and AMP Capital – are asking other investors to sign a statement to support "global action against the tobacco epidemic and its significant cost to society and development". The statement will be published on 31 May, World Tobacco Day. The four investors will be selling their own investments in the tobacco industry and encouraging others to do the same.

Financial Times, 29-30 April 2017, p13

Government and public sector

Electioneering – keeping up with the news

Donald Trump managed to persuade the US electorate with his slogan, “Make America great again”; while Hillary Clinton’s “Stronger together” failed to inspire the public. The problem for UK politicians in the lead up to the General Election is how to overcome political fatigue as the public faces its third vote in three years. The snap election has caught opposition parties on the hop and the need for speed will mean that online advertising, infographics and videos (which are cheap, fast and effective) will be used to target voters. The election is taking place at a time when it is getting harder to control the news agenda and, with news cycles that are moving faster than ever before, it is even more difficult to leave a “long-lasting footprint”.

Campaign, 28 April 2017, p8 (Kenningham)

Health and pharmaceuticals

Intellectual property

It can cost £1 billion to bring a drug to market so it comes as no surprise that pharmaceutical companies want to protect their investment. The intellectual property (IP) specialist within the company has an important role to play in the R&D cycle in an environment where stricter regulations and budgetary constraints on healthcare systems are reducing pharmaceutical returns. This is in addition to the changing nature of the pharma industry, which is strewn with niche start-ups and spin-offs from academia. New technology and software are also driving medical devices and data collection, creating greater challenges for IP.

The Times (Raconteur: Intellectual Property), 26 April 2017, pp18-19 (Buckland)

Global healthcare spending

A new study by the *Lancet*, a medical journal, suggests that global spending on healthcare per person will more than double by 2040. This is attributed to expenditure in upper middle income countries. While Chinese spending per person is expected to rise by over 700%, spending in Somalia will only rise by 27% (just \$42 per person by 2040). In Cuba the Government contributes to 96% of spending on healthcare while in Singapore it accounts for less than half.

The Economist, 29 April 2017, p81

Leisure and tourism

Olympics – it’s just not cricket – yet!

Cricket is thought to be the second most popular sport in terms of TV viewers, but has not been included as an Olympic sport since the 1900 Paris Games. David Richardson, the Cricket Council’s chief executive, believes that the “time is right” to apply

to be part of the 2024 Olympic Games. This might help the International Olympic Committee to generate more interest in South Asia – India, Pakistan, Sri Lanka and Bangladesh – which makes up a sixth of the world’s population.

Financial Times, 28 April 2017, p11

Materials and mining

US steels itself for trade restrictions

Donald Trump is threatening to impose blanket tariffs on steel imports. *The Economist* argues that this will hurt the US economy because the price of steel, an essential material, will rise. Cheap steel is important to many producers as well as consumers and higher prices would hurt companies that use the metal, such as carmakers. It also argues that the greatest threat to steelmakers’ jobs in the US derives from technology rather than imports. American steel would be better served through free trade rather than restrictions...

The Economist, 29 April 2017, p68

Media

Books

Publishers’ earnings up as are print books...

The *PA Publishing Yearbook 2016* reveals that sector earnings reached a record high last year, with total income from invoiced sales reaching £4.8 billion, up by 7% on 2015. The yearbook also shows that much of the income derives from exports, notably journals, 87% of whose income came from exporting. The yearbook also reveals that print book sales rose by 8%, while consumer e-books were down by 17% (although total digital book sales rose by 6%). The rise in print sales at the expense of e-books is more marked this year, which suggests a definite trend. Other topline findings are discussed and statistics are presented in the form of infographics.

The Bookseller, 28 April 2017, pp6-7

...TV series are killing the novel

Over the past five years sales of fiction books have fallen by almost a quarter, according to the Publishers Association, which believes that novels are failing to compete with TV (and the so-called “boxset generation”), the internet and social media. Last year saw a 7% fall in fiction sales despite an increase in sales of non-fiction. Stephen Lotinga, Chief Executive of the Publishers Association, believes fiction is losing out to other media where it is “competing for people’s time”.

The Daily Telegraph, 27 April 2017, p11

Film

Product placement – young adult perceptions

Product placement is common within a variety of media, such as film, television and video games. This study, conducted in the UK and Hong Kong, examines how young adults perceive product placement in films. It focuses on four key areas: young consumers' movie-consumption and exposure to product placement; their views on product placement and advertising; their perceptions of different styles of product placement; and regulatory and ethical aspects. Overall the study suggests that younger people actively engage with interpreting brand integration in films and have a generally positive attitude to it.

Journal of Marketing Communications, Vol 23(3) 2017, pp311-328 (Chan et al)

Mayor promotes London as film capital

This year Sadiq Khan, Mayor of London, stated his vision for London to become the "best, most inviting place for film production in the world". London is already the third-busiest city for film production after Los Angeles and New York. Last year the film industry generated £1.6 billion for the city's economy.

London Business Matters, April 2017, p11

Games

Constant need of reinvention

In a bid to win back audiences, Nintendo's new game console, Switch, has been launched. It is a hybrid cross of a handheld machine and a home console. One new addition is a "smart steering" setting. This setting will allow all ages and competencies to drive and not crash off the road. It has made an encouraging start, with over 2.74m units sold in March and many suppliers selling out. Surveys currently suggest that many of the new products have been bought by fans of Nintendo but 54% also have a Playstation4 so it is finding other fans.

Financial Times, 1 May 2017, p16

Internet

Google ad sales up despite scandal

The recent scandal in which mainstream advertising on YouTube was placed next to extremist content, and the subsequent advertiser boycott, does not appear to have damaged Google's ad sales. Ad revenue at the company rose by 19% to reach \$21.4 billion in the first quarter, up from \$18 billion a year ago.

The Times, 28 April 2017, p37

Music

Spirit of optimism due to streaming

The music industry has recorded a second year of growth, with revenues of \$15.7 billion (up 5.9%) for

2016, according to the International Federation of the Phonographic Industry. This is attributed to the growth of streaming, which was much feared and derided in its early days. Now, however, services like Spotify have millions of subscribers which resulted in a 60% rise in streaming revenues last year. This is heralded as a "tipping point" for the industry; despite download revenue dropping by over 20% last year – some industry observers believe the download market could disappear over the next few years.

The Guardian, 26 April 2017, p3; Financial Times, 26 April 2017, p14

Newspapers

Guardian considers moving back north

The Guardian newspaper is examining the possibility of moving back to its roots in Manchester. The group was founded in Manchester in 1821 but moved to London in 1964. It has posted an operating loss of £37.8m for the year ended April 2017 and, along with other newspapers, is struggling due to declining print sales and ad revenues as well as online competition. *The Guardian* reportedly has aspirations to move back to the old Granada TV studios in Manchester where rental costs will be around a third of those in London.

Financial Times, 28 April 2017, p2

Social media

Instagram has surge in users

Instagram, owned by Facebook, has 700m active monthly users, having doubled its number of users over the past two years. It now makes a significant contribution to its owner's revenues and is expected to generate \$3.2 billion this year. Advertising is sold through Facebook, in a procedure whereby marketers have to untick a box if they don't want to advertise through Instagram. It now has 1m advertisers, with 8m businesses possessing accounts.

Financial Times, 27 April 2017, p14

Television

TV adspend growth stalls

According to the latest Advertising Association/Warc *Expenditure Report*, TV adspend growth slowed to just 0.2% last year, down from 7.3% growth in 2015. This compares with total UK ad market growth of 3.7%.

Campaign, 28 April 2017, p3

Channel 4 – personalised ads for VoD

Channel 4's video-on-demand service has a new ad format, All 4, which allows advertisers to include the name of the viewer in audio ads. The technology draws on Channel 4's database, which contains 15m users.

Campaign, 28 April 2017, p3

Packaging

Medicines packaging compliance

The EU Falsified Medicines Directive (FMD) aims to enhance patient safety by preventing fake medicines from entering the supply chain. One way of doing this is to ensure that marketing authorisation holders and manufacturers of medicines use safety features on outer packaging of medicines. These not only have anti-tampering devices but a unique identifier (UI) that allow authentication of the product when they are being dispensed. A number of industry bodies have established the European Medicines Verification Organisation (EMVO) to promote compliance with FMD requirements. This article examines the issues involved with FMD packaging compliance and discusses the advantages of a coding standard for packaging.

European Pharmaceutical Review, Vol 22(2) 2017, pp63-65 (Verhaeghe)

Retailing

Marketplaces

Should brands go directly to the consumer or use the scale of sites such as Amazon and Net-A-Porter? Marketplaces, such as eBay and Alibaba.com, are different from e-tailers in that they don't manage or own the stock. These marketplaces are forecast to make up 40% of global online retail by 2020, which creates a huge opportunity for brands to reach new audiences and generate revenues. Marketplaces are set to become a part of the omnichannel retail environment, with 80% of online shoppers already buying from them.

Campaign, 28 April 2017, p32 (Jerath)

M&S to trail online food delivery

Marks & Spencer is to launch a home delivery service for groceries. It wants to capitalise on the popularity of its food and to take a slice of the fastest-growing section of Britain's £180 billion grocery market. The new food service will be trialled this autumn. Steve Rowe, chief executive, acknowledges that "the economics of food online are not straightforward and it is not something that we are going to rush into until we have substantial customer insight".

The Times, 28 April 2017, p9; The Guardian, 28 April 2017, p24

Services

Wedding fever

British weddings have become so over the top and extravagant that *Country Life* magazine claims there has been "the nuptial equivalent of an arms race". Some brides are having three changes of outfit while traditional photographers are being replaced by a video camera attached to a drone. Couples have even started having their rings delivered to the

church by animals or birds – at a wedding in Wiltshire the owl carrying the rings flew into the church roof where it went to sleep. Mark Hedges, *Country Life's* editor, warns that people should "stop being competitive and start focusing on the magic of romance".

The Times, 26 April 2017, p3

Falling house sales hit estate agents

The UK's largest estate agents have experienced falling revenues due to declining house sales. Revenues at Countrywide fell by 13% in the first three months of 2017 year-on-year, while LSL reported a 3.3% decrease in revenues for the same period. This trend has been exacerbated by the rise in transactions which occurred prior to April 2016, when stamp duty on buy-to-let properties and second homes went up. Countrywide expects the market in 2017 to be around 5% lower than 2016 levels.

The Daily Telegraph (Business), 28 April 2017, p3

Ofo cycle-sharing expands to UK

Ofo, a Beijing-based company, is the largest bike-sharing service in the country. With 3m daily users in 34 cities, it differentiates itself from Western bike-sharing schemes by allowing people to pick up and leave the bikes wherever they like. Now the company is expanding and its yellow bikes will be appearing on the streets of Silicon Valley, Singapore and Cambridge, UK. To locate the nearest Ofo bike, the cyclist has to download an app allowing them to release the back wheel lock with a code. A flat-rate fee of just 50p is charged in the UK.

Wired, May 2017, p26

Transport and travel

Heathrow earnings soar

Heathrow's earnings rose by 4% in the first quarter of the year, with a rise of 2% in revenues. This is attributed to larger aircraft transporting more passengers; increased spending in the airport's shopping malls (revenues up 9%) and record earnings from the Heathrow Express (revenues up 10%). The latter is one of the most expensive per-kilometre rail lines in the world. The first three months of the year saw a rise of 400,000 in passenger numbers of which half came from the Middle East and a quarter from Asia-Pacific.

The Times, 28 April 2017, p47

Uber has sky-high plans

Uber is planning to create a flying taxi service, with the aim of demonstrating flying vehicles by 2020 in Dubai and Dallas-Fort Worth, where it appears to have gained approval for the tests. Jeff Holden, Uber's Chief Product Officer, argues that "Urban aviation is a natural next step for Uber" and says the company is working towards "push a button, get a

flight". Uber intends to work with partners to develop the technology. Separately *The Economist* reports on how a number of firms, such as German start-up Lillium, are experimenting with small flying vehicles.

Financial Times, 26 April 2017, p13; The Economist, 29 April 2017, p59; Financial Times, 28 April 2017, p17

Quotas in discussion

The market for cars in China is the largest in the world and new rules being drafted by the Chinese Government are going to make it more competitive. The general idea is that car manufacturers entering the Chinese market will have a target of ensuring 8% of their units are electric vehicles. If the car manufacturer cannot meet this target then they will buy "credits". Local battery-powered car manufacturers will be the beneficiaries of the credits. Last year alone China purchased 300,000 electric vehicles.

Financial Times, 1 May 2017, p16

Written by CIM's Knowledge Services Team

© Copyright 2017 CIM

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

On the Move

| Name | From | To | New title | Source |
|-----------------|------------------------|-------------------|------------------------------------|-------------------|
| Dana Anderson | Mondelez International | MediaLink | Chief Marketing Officer | Campaign |
| Leanne Cutts | Mondelez International | HSBC | Group Head of Marketing | Campaign |
| Luisa Fernandez | British Airways | Yo! Sushi | Head of Marketing | Campaign |
| Shawn Hawley | Lucid | Lightspeed Health | Director, Global Healthcare Panels | research-live.com |

Promotions

| Name | Company | Previous title | New title | Source |
|-------------|-------------------|--|-----------------------------------|----------------------|
| Kate Finlan | Alexander McQueen | Press Coordinator, Women's Accessories | Press Officer Women's Accessories | fashioninsight.co.uk |

Cutting Edge: Our weekly analysis of marketing news

Sources

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

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

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

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

Key

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

*Abstract available on Ebsco

+Full text available on Emerald

~Available online if you register

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

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

Tel +44 (0)1628 427333

Email library@cim.co.uk

Association Meetings International

www.bcg.com

The Bookseller**

Campaign**

[The Daily Telegraph](#) ~

The Economist*

European Pharmaceutical Review

www.eventindustrynews.com

[The Financial Times](#) ~

www.fwi.co.uk (Farmers Weekly)

The Grocer

[The Guardian](#)

Gulf Marketing Review

Impact

www.internationallawoffice.com

Journal of Brand Strategy

Journal of Marketing Communications** (18 month embargo)

Journal of Marketing Research**

www.lexology.com

London Business Matters

Public Relations Tactics**

www.research-live.com

The Times

[Wired](#) (selected articles available)

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

Tel +44 (0)1628 427333

Email library@cim.co.uk

Contents

To fast forward click on the following links:

[Agriculture, fishing and forestry](#)

[Building industry](#)

[Businesses and strategy](#)

[Charities and NGOs](#)

[Economy](#)

[Energy and utilities](#)

[Environment](#)

[Fashion](#)

[Financial services](#)

[FMCG](#)

[Beverages](#)

[Food](#)

[Tobacco](#)

[Government and public sector](#)

[Health and pharmaceuticals](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Agencies](#)

[Brands and branding](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Customer relations](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Materials and mining](#)

[Media](#)

[Books](#)

[Film](#)

[Games](#)

[Internet](#)

[Music](#)

[Newspapers](#)

[Social media](#)

[Television](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)

[On the move](#)