

# Cutting Edge: Our weekly analysis of marketing news

10 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

#### Narrative ads – why they work

The authors propose and test an explanation for why narrative ads are generally more persuasive than non-narrative ads. A study using a sample of TV commercials and research participants confirmed that four process variables (emotive response, ad hedonic value, ad credibility and perceived goal facilitation) together influence the positive effects of narrative ads on attitude towards the ad and the brand. Featured product and product involvement were also found to be important factors.

**Journal of Advertising, Vol 46(2) 2017, pp283-296 (Kim et al)**

#### Effectiveness of resonant ads

Resonant advertisements, which are defined as those which use a twist or deviation to create multiple meanings, are a commonly used device. Yet little research has been done into their ability to persuade consumers. This study examines whether resonant advertisements are more persuasive than non-resonant advertisements. It also focuses on two characteristics (regulatory focus and need for cognition) that may influence the effectiveness of resonant advertising. The results indicate that resonant ads may be effective at cutting through clutter and persuading consumers. However, these positive effects on attitudes may only occur when consumers exhibit certain characteristics.

**Journal of Advertising Research, Vol 57(1) 2017, pp82-93 (Jieun et al)**

#### Advertising promotes itself

To coincide with the election of six metro mayors around the UK last week, the Advertising Association is making a pitch to the new regional

administrations. It wants to emphasise the fact that “advertising pays”, and that for every £1 of ad spend £6 is generated for the economy. It is also keen to build links with Scotland’s SNP MSPs who apparently have a “less favourable view” of the benefits of advertising than Westminster MPs.

**Campaign, 5 May 2017, p1**

### Agencies

#### Agency results

Omnicom has achieved the strongest organic revenue growth (4.4%) of all the major ad groups for the first quarter of 2017. Publicis’ organic growth was the lowest of all five companies, falling by 1.2%; WPP’s organic growth was just 0.2%; while Interpublic’s rose by 0.7%. Havas posted organic growth of only 0.1% although it had the second-strongest year-on-year overall revenue growth, at 2.6%, behind WPP at 16.9%. A chart compares the major groups’ organic revenue and total revenue growth.

**Campaign, 5 May 2017, p6**

### Brands and branding

#### Ueber-Branding

What is it that makes consumers forget about price and spend a fortune on an item? This article examines how some companies succeed in persuading consumers to pay a premium price for goods. These modern “prestige” brands, which are referred to as “Ueber-Brands”, go beyond traditional luxury marketing strategies, such as exclusivity or provenance, to achieve high esteem and demand. Such brands are redefining their category by setting new standards and ideals that people aspire to. This is part one of a two-part article on the topic of Ueber-Branding. A case study of Patagonia is included.

**Journal of Brand Strategy, Vol 5(4) 2017, pp395-409 (Kuehlwein and Schaefer)**



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### **Brand adoption – BoP retailers**

This paper develops a framework to understand how bottom of the pyramid (BoP) retailers adopt brands. Such retailers sell to a quite different set of customers from larger retailers and also have to work through lengthy, indirect channels rather than being served by the brand company itself. An analysis of 60 retailers in Gujarat led to the identification of six criteria used by retailers for selecting brands. Demand for the brand proved to be the most dominant factor. Other criteria were: brand adoption by other retailers; profitability; influence of the wholesaler/distributor; and packaging.

**Qualitative Market Research: An International Journal, Vol 20(2) 2017, pp181-207 (Sinha et al)**

### **Conferences and events**

#### **Rise of the newbies**

Smaller event agencies are successful because of their focus and attention to detail. Wolf & White, Purple Dog Solutions and Green & Pleasant Events are three small event agencies that epitomise a new breed of boutique agency that prefer to remain "small, agile and client-focused". They are beginning to win business from the larger agencies. *C&IT* talks to the three founders of the fledgling agencies.

**Conference & Incentive Travel, Spring 2017, pp22-23**

#### **Paris tops for association meetings**

Paris is the most popular destination for association meetings, with 196 meeting last year, according to the latest ranking from the International Congress and Convention Association (ICCA). Vienna was in second place (186), Barcelona third (181), Berlin fourth (176) and London maintained its spot in fifth place with 153 events last year. The only non-European cities in the top ten are: Singapore, at number 6, and Seoul, at number 10.

**meetpie.com, 8 May 2017**

### **Customer relations**

#### **Investing in customer loyalty**

Over 90% of companies have some kind of customer engagement or loyalty programme but investment in loyalty programmes comes at a high cost. Although loyalty programme members generate more revenue growth than non-members, many loyalty investments are not creating all the value they should be. Accenture Strategy's *Global Consumer Pulse Research* reveals that 71% of loyalty programmes do not generate loyalty while 78% of respondents said they withdraw their loyalty faster now than they did three years ago. The research indicates that loyalty investments have grown but that business's understanding of how customers behave has not kept up. Leaders should reconsider how they invest in loyalty. The author, a senior MD of customer strategy at Accenture,

suggests five ways to maximise the value of a loyalty programme.

**CRM Magazine, Vol 21(5) 2017, p7 (Wollan)**

### **Direct marketing**

#### **17-day engagement?**

A piece of mail can remain in the household for at least 17 days before being disposed of. This means that a communication can be seen lying around the house for that period of time. So why do businesses have problems engaging with people? Since 95% of transactional documents are read by customers and 56% prefer print over other forms of communication, it would be reasonable to expect high response rates. The author offers some advice on creating compelling print documents to make those 17 days count.

**dma.org.uk, 2 May 2017 (Ord)**

### **Law**

#### **Sale of "grey goods"**

A UK Court of Appeal has confirmed that it can be a criminal offence to sell "grey goods" under the Trade Marks Act 1994. The decision applies to a case concerning the sale of clothing and shoes with the registered trademarks of brands including Ralph Lauren, Adidas, Jack Wills and others. Some of the goods were found to be genuine while others were counterfeit and the brand owners of the genuine goods had not authorised their importation into the EU. Brands may find the outcome of this case to be useful for their IP enforcement strategy when tackling grey goods or parallel imports.

**mondaq.com, 2 May 2017 (Cantrill and Smalley)**

### **Brands – responsibility in affiliate marketing**

Online affiliate marketing is when a celebrity or influencer markets brands to their followers, often through social media apps, in return for which they receive a percentage of sales. In March 2017, the UK's Committee of Advertising Practice (CAP) issued new advice, for both brands and influencers, on ensuring that online affiliate marketing activity is compliant. It indicates that brands could find themselves in trouble for posts featuring their brand even when they have had no input into the creation and publication of the materials. It is the brand's responsibility to ensure that people know that an article, blog, or post from an affiliate marketer is an ad before they click on or open it.

**lexology.com, 2 May 2017 (Conway)**

### **Marketing**

#### **eWOM motivation**

Despite the increase in consumer-to-consumer communications, there is still a lack of knowledge about the motivations that lead to electronic word-of-mouth. This paper aims to gain a better understanding of why members of community-based

websites feel the need to develop a social bond with the community. The research is based on members of an online beauty forum in Australia. It finds that members who need problem-solving support together with elements of relaxation, are more likely to interact with other members and develop a social bond in the community. Marketers can take advantage of this by strengthening problem-solving support systems as well as developing environments in which members can relax.

**Journal of Marketing Communications, Vol 23(3) 2017, pp273-292 (Labsomboonsiri et al)**

### **Thought leadership**

Business executives, who are increasingly exposed to a deluge of content from publishers, brands and agencies, are becoming more selective about which sources they trust. Brands that are credible thought leaders are rewarded with sales, loyalty and advocacy. Thought leadership can provide big rewards for some marketers but most are faced with a number of challenges. These include: focusing on evidence-based content; using greater management discipline in the content's development and delivery; and paying attention to presentation, targeting and distribution.

**Journal of Brand Strategy, Vol 5(4) 2017, pp362-372 (Pundyk)**

### **Prospecting for excellence**

The author explains what constitutes a good and bad approach to sales prospecting. He also explains the Motive Triangle, which places "Motive" at the pinnacle. The more that salespeople can relate their proposition to the motive, the more relevant they can be. This in turn relates to the "Relevance Multiplier", comprising three key topics for the salesperson: the account they are prospecting; the role of the person in the account; and the industry in which the account sits. The author includes two case studies and a list of prospecting dos and don'ts.

**Winning Edge, No 1 2017, pp44-47 (Spence)**

### **The CMO skills gap**

The *CMO Survey February 2017*, sponsored by Duke University, Deloitte LLP and the American Marketing Association, reveals that spending on marketing analytics, which now accounts for 4.6% of US marketing budgets, will rise to 22% over three years while mobile spending (now 5.1% of budgets) will rise to 11.6% over the same period. One of the key drivers for such investments is the need to close the marketing skills gap. According to the survey, US marketers are expected to increase spending on both new marketing capabilities and in-house social media activities by 7% this year.

**cmo.deloitte.com; deloitte.wsj.com, 2 May 2017**

### **CMOs increasingly reaching board level**

A survey of CMOs has found that 18% of FTSE 100 CEOs are former marketers, making marketing the second most common route to the role of CEO, ahead of finance at 36%. The *2017 Route to the Top* study by Heidrick & Struggles, reveals that the UK has a higher proportion of CEOs with a marketing background than the US (15%), France (12%) and Germany (9%). The proportion of British CEOs who have a marketing background has been rising over the past few years. Ben Twynam, head of consumer practice at H&S, believes that the trend will continue because of marketers' broadening business remit.

**marketingweek.com, 21 April 2017**

### **Market research**

#### **Scales in conjoint analysis**

Conjoint analysis is used to determine the degree to which particular attributes matter to consumers by looking at a series of choices. The way in which these choices are presented can have an influence on consumers' choices and hence the conclusions arrived at by market researchers. For example, expanded attribute scales (such as expressing something in minutes) can lead to consumers seeing greater differences between scale levels than contracted scales (expressing time in hours). The authors demonstrate that, by expanding an attribute's scale, it is possible to shift choice to alternatives that perform well on an expanded scale, which in turn can influence the results. Researchers should be careful when deciding how to examine preferences or when describing products.

**Journal of Marketing Research, Vol 54 April 2017, pp279-292 (Aribarg et al)**

### **Public relations**

#### **Crisis consulting**

Many organisations are hit by a crisis at some point in their lives. While some have the resources to deal with it, others do not and are forced to elicit external support in the form of crisis consulting as offered by PR firms and communications companies. This study, based on interviews with senior practitioners in Denmark, seeks to understand how PR and comms firms understand crises, crisis management and crisis communication. It finds that crisis consulting is shifting away from its traditional focus on image crises in the media as handled by journalists, towards issue crises involving other stakeholders.

**Journal of Communication Management, Vol 21(2) 2017, pp106-123 (Johansen)**

### **Sponsorship**

#### **Just Eat sponsors X Factor**

Just Eat has entered into a sponsorship deal with *The X Factor* after TalkTalk ended its ten-year link with the TV programme. The new sponsorship,

thought to be worth around £30m, is one of the most high-profile on TV with millions of people still tuning in to the programme. As part of the sponsorship, Just Eat, which has 27,600 restaurant partners, is launching the "Chef Factor", involving a search for real chefs to star in TV idents appearing at the beginning and end of commercial breaks around *The X Factor*.

marketingweek.com, 28 April 2017

## Agriculture, fishing and forestry

### Denmark tackles invasion of the molluscs

Denmark is suffering from an invasive species of oyster – millions of non-native Pacific oysters are appearing on the country's coastline and Denmark is trying to persuade the Chinese to buy them. Its embassy in Beijing has been busy promoting the molluscs while Chinese businesses, such as Alibaba, have been talking to customs authorities about the best way to import them. However, raw oysters are not very popular in China because of food safety concerns...

Financial Times, 5 May 2017, p6

### Africa – a revival in those old cotton fields

By 2014 Africa's share of the developing world's manufacturing output had fallen to 4% (from about 9% in 1990) as it lost out to Asian countries. Now, a new wave of industrialisation means that Africa has a chance to catch up. Ugandan cotton farmers' income is rising and better farming techniques have resulted in a doubling of the yield per acre. Uganda's cheap cotton and labour makes it attractive to European and American markets. Companies that buy garments made from African cotton, such as Bonprix, are looking to Africa to replace Asia, as the latter becomes richer and its supply of cheap labour dries up.

The Economist, 6 May 2017, pp43-44

### Co-op to market British-only meat

The Co-op is the first retailer in Britain to sell only fresh meat produced in Britain. It will no longer stock Danish bacon or New Zealand lamb. With a commitment not to raise prices as a result of this strategy, it believes that more shoppers will be attracted to its stores. The Co-op plans to spend £10m on advertising British produce.

Financial Times, 3 May 2017, p2

## Building industry

### How Redrow built up sales

Redrow, a UK housebuilder, has changed the way its salesforce works to enable it to interact more effectively with home buyers. It has introduced a sales process that qualifies the needs of the buyer in order to match them with the right home. Redrow

recruited a new sales and training manager, Kate Hopkins, to lead the sales training. To date she has tackled the training and development of around 300 sales consultants and managers at the company. The aim is for the changes to be endorsed by the Institute of Sales Management (ISM) for its new Quality Endorsement System.

Winning Edge, No 1 2017, pp30-31 (Beishon)

## Businesses and strategy

### Five generations in the workforce

Following the emergence of the next set of graduates from university, there will be five generations present in the workforce: Gen Z, the Millennials, Gen X, the Baby Boomers and the youngest of the Traditionalists. This will create more age diversity than ever before. The author examines the learning and development trends that could help to enhance employee engagement and staff retention – social learning, e-learning, experiential learning and gamification.

Conference & Incentive Magazine, Spring 2017, p9 (Alexander)

### Start-up marketing in the MENA region

For a long time Silicon Valley has led the way as a hub for start-ups and innovation. Now the MENA (Middle East and North Africa) region is entering the fray with a raft of new companies in cities such as Beirut, Cairo and Dubai. These start-ups are staying ahead of the game due to their knowledge of their customers. They have the capability to ensure that their marketing strategy aligns with customer requirements. *Gulf Marketing Review* profiles 25 start-ups in the MENA region and in particular focuses on their innovative marketing strategies.

Gulf Marketing Review, April 2017, pp28-43 (Singh)

### Great work places – a matter of trust

This supplement focuses on the annual *Great Places to Work 2017* survey, which reveals that on average the best workplaces score 86% on the *Trust Index* compared with the average organisation score of 55%. Trust and engagement are affected by five business and HR practices that create an environment where employees can flourish: values & ethics; communication & involvement; teamwork; recognition; and empowerment and accountability. Examples of companies in each category are supplied.

The Guardian (Great Workplaces), 4 May 2017, pp1-30

### Leading through change

Research suggests that leaders are getting better at managing change, so what is the reason for this and what lessons can be learnt? The author argues that leaders are either being taught change leadership skills that are needed in a "VUCA" (volatility, uncertainty, complexity, ambiguity) world or they

are learning from experience. Successful change “starts with leaders themselves transforming”. The author offers five new rules for leading through change and transformation.

[trainingzone.co.uk](http://trainingzone.co.uk), 2 May 2017 (Gaskell)

## Charities and NGOs

### **IoF launches GDPR guide for charities**

The Institute of Fundraising (IoF) has just published a guide to help fundraisers understand the key parts of the General Data Protection Regulation (GDPR) in relation to direct marketing and to advise them on how they can contact supporters while remaining within the law. The GDPR takes effect on 25 May 2018 and replaces the current Data protection Act. The guide can be downloaded on the IoF website.

[institute-of-fundraising.org.uk](http://institute-of-fundraising.org.uk), 4 May 2017

### **Christmas Jumper Day**

Why is this article talking about Christmas Jumper Day? It is because Save the Children, which promotes the initiative, sends out its Christmas Jumper Day e-mail in July, six months before the day itself. Planning is key to the event, especially for teachers and schools. It is also vital to design a six-month supporter journey that keeps participants engaged. This is how Small Axe, a creative agency, has set about delivering the campaign ever since it first became involved in 2014.

[charitycomms.org.uk](http://charitycomms.org.uk), 5 May 2017

## Durable consumer goods

### **Robo-dog – home helper**

Sebastian Conran (son of Terence) is busy making robots for older people through his start-up, Consequential Robotics. The company, which is developing robotic wheelchairs and an automated kitchen, has produced its first product in the form of a robo-dog called MiRo. He helps older people by reminding them to take their medicine, telling them what the temperature is or calling for assistance. The dog is completely autonomous and can even recharge itself. A consumer version, costing £600, is due to go on sale in September.

*Wired*, June 2017, p25

### **No need to stop fidgeting**

The fidget spinner has become the biggest playground craze since loom bands. The Entertainer, a toyshop chain, says it is selling more than 50,000 of the handheld, spinning propellers a week but estimates that the UK market is closer to 1m pieces. Meanwhile vloggers on YouTube are attracting millions of views by performing tricks on the devices. The toy's American inventor, Catherine Hettinger, invented the gadget 20 years ago to keep her seven-year-old daughter occupied. Unfortunately

she surrendered the patent in 2005 because she couldn't afford the \$400 needed to renew it!

*The Guardian*, 5 May 2017, p3

## Economy

### **UK services sector growing strongly...**

The UK's services sector grew at its fastest rate in the four months in April, according to the *Markit/CIPS UK Services PMI* report. It shows that service activity rose to 55.8 in April, up from 55.0 in March. This follows surveys showing growth in the manufacturing and construction sectors. The survey also notes that companies have been raising their prices at the fastest rate since July 2008, which will place more pressure on consumers.

*The Guardian*, 5 May 2017, p21

### **...and manufacturing up**

The manufacturing sector grew at its fastest rate for four years in April, reaching 57.3, according, to IHS Markit and the Chartered Institute of Procurement and Supply. The sector has recorded nine consecutive months of expansion. Domestic demand accounted for much of the growth, with the highest expansion being seen in investment goods and “intermediate goods”, which include components used to make other goods.

*Financial Times*, 3 May 2017, p2

### **Euro zone GDP rising faster than America's**

GDP in the euro zone is rising at a faster rate than that in America. GDP rose by 0.5% in the first three months of 2017, representing an annual rate of 2%, somewhat faster than 0.7% for America. Although the gap between the two may be somewhat overstated, it does show that the euro zone is improving economically. The EC's economic-sentiment index also rose to its highest level in April.

*The Economist*, 6 May 2017, p69

### **The rich list 2017**

The *Sunday Times Rich List 2017* reveals that the US has the greatest number of billionaires (445) followed by China (284) and the UK (134). London is the city with the greatest number of billionaires (86) followed by New York (74) and San Francisco (60). This year's lists include billionaires, millionaires, a young rich list and a giving list.

*The Sunday Times (Magazine: Rich List 2017)*, 7 May 2017, pp1-158

## Energy and utilities

### **Inaccurate modelling leads to higher prices**

A study by the University of Bath warns that homeowners and businesses are paying double the expected amount on gas and electricity because computer models used to design new buildings are inaccurate. The academics are equating the problem

with the VW emissions scandal. Bath warns that the "massive underestimation" of building energy use is also affecting Britain's chances of achieving greenhouse gas targets.

**The Times, 4 May 2017, p2**

### **Fuel from animal fat**

Neste, a Finnish oil company, is making a fuel out of waste animal fats mixed with hydrogen. This produces diesel-like hydrocarbons that can be used to fuel cars and planes. Many oil companies have attempted to become greener but few have gone as far as Neste. Neste claims that its products produce less CO<sub>2</sub>, nitrogen oxides and particulates than fossil diesel. California, a pioneer in clean energy, is its biggest market.

**The Economist, 6 May 2017, p61**

## Environment

### **Labelling makes footprint on environment**

Brand owners and supermarkets are increasingly putting pressure on the supply chain to demonstrate their environmental policies to appeal to the more environmentally-conscious consumers. Yet the UK label printing industry has a poor record with regard to the environment because 70% of label printers' "general bin-waste" goes to landfill. This article looks at what the labelling industry is doing to address the problem. It mentions the Zero Labels 2 Landfill scheme and Lundberg Tech's solutions for waste handling.

**FlexoTech, May 2017, pp39-40 (Lodej)**

## Fashion

### **Unhealthy dummies**

A study of mannequins used by shops has found that the average female mannequin used for clothes is the size of a very underweight woman. In contrast, only 8% of male dummies were equivalent to underweight men. Eric Robinson, lead researcher of the study by Liverpool University, says that this could "encourage the development of body image problems in young people".

**The Times, 3 May 2017, p26**

### **What next for Next?**

Next's sales fell by 2.5% during the first quarter of the year, showing how quickly a clothing retailer's fortunes can change. Mintel comments on the consequences for Next of having got its womenswear product ranges wrong and draws parallels with Marks & Spencer. One problem is that Next has an ageing customer base accompanied by a decline in 25 to 44 year-old customers. The research suggests that Next is perceived as a brand "that is standing still rather than moving forwards".

**mintel.com, 4 May 2017**

### **Bags of customisation**

The handbag industry is the latest sector to allow customers to design their own products. Mon Purse, an Australian brand, gives its customers a chance to design their own handbag, by offering significantly more customisation than established handbag makers. 1 Atelier and Toteteca are other small enterprises offering customised bags.

**bbc.co.uk/news, 4 May 2017**

## Financial services

### **Collaboration – banks link up with fintech**

Start-ups are making significant inroads into banking, but entering such a heavily-regulated sector is difficult and established banks have larger resources. Banks are busy forging relationships with fintech companies who gain access to banks' resources and customers in exchange for fintechs' technical expertise and ability to analyse huge amounts of data. Meanwhile banks, regulators, exchanges and tech companies are busy working on projects using blockchain. The banks have no choice but to pursue this course in their quest to reduce costs and to work better and faster.

**The Economist, (Special Report: International Banking), 6 May 2017, (after p42) pp12-15**

## FMCG

### **Beverages**

#### **Teetotal takes over from binge drinking**

According to the latest data from the Office for National Statistics, Britons are losing their taste for booze. Regular drinking is at its lowest-ever level and there has been an increase in the number of people who describe themselves as teetotal. The survey reveals that 56.9% of respondents had consumed alcohol in the week before being surveyed, down from 64.2% in 2005. After years of binge drinking, young people are shifting away from alcohol despite the fact that hospital admissions related to alcohol have reached a record high. *The Times* focuses on the fact that girls and young women are now the biggest binge drinkers.

**The Daily Telegraph, 4 May 2017, p3; The Times, 4 May 2017, p7**

#### **Hotel rooms – beer on tap!**

Craft brewery, Brewdogs, has plans to open a "bed and beer" hotel in Scotland where it will offer beer on tap in the bedrooms! It has embarked on a crowdfunding project to raise £25m for the hotel. The money will also allow the brewery to expand its factory in Aberdeenshire and to create a sour beer brewery which it hopes will attract tourists to the area.

**metro.co.uk, 24 April 2017; telegraph.co.uk, 22 April 2017**

## Food

### House of Lords cautions on Brexit deal

The UK Government has claimed that no deal with the EU is "better than a bad deal". This view is contradicted by a new House of Lords report, *Brexit: Agriculture*, which warns that more than 70% of the UK's food and drink export trade is with the EU, a figure that rises to 97% when countries with EU free trade agreements are taken into account. The Lords committee further claims that for "a considerable period of time" it would wouldn't be possible to compensate for lost trade with "increased trade with third countries or by expansion of domestic markets".

**The Grocer, 6 May 2017, p11**

### Food waste and NPD

Food waste has resulted in a tranche of new product development from socially aware entrepreneurs who are launching premium sustainable products on to supermarket shelves. This article features some examples, which include Toast Ale, sold at Waitrose and Fortnum & Mason but made out of discarded bread from delis and bakeries. Another example is Snact (listed by Ocado and Selfridges) which turns excess fruit into dried snack bars.

**The Grocer, 6 May 2017, pp32-39 (Tatum)**

## Tobacco

### New tobacco laws take effect this month

New tobacco laws will take effect on 21 May with the aim of deterring young people from smoking. Smokers will no longer be able to buy a ten-pack of cigarettes, while fruit-flavoured cigarettes will be banned and cigarette packs will be an opaque couche colour, which is often cited as the "world's ugliest colour". The ban on ten-packs means the cheapest packet of cigarettes will cost £8.82. Hazel Cheeseman, a director at Action on Smoking and Health, claims that "price is the most effective mechanism to reduce consumption of tobacco".

**independent.co.uk, 8 May 2017**

## Government and public sector

### Dis-May at Tory advertising

The Conservative party was criticised last week after advertising on the front pages of newspapers in areas where local government elections were being held. The ads took the form of a four-page wrap-around, giving the appearance of a normal front page of a newspaper but carrying the message "Theresa May for Britain" above a picture of the PM. The admission that this was an ad appeared in much smaller type. Readers have expressed their disapproval on social media, describing the ads as "despicable" and "wrong". The Electoral Commission has said that: "There's nothing in electoral law that

regulates newspaper advertising during elections".

**The Guardian, 5 May 2017, p7**

## Health and pharmaceuticals

### Sweet tooth may not cause obesity

Scientists have discovered a "sweet tooth hormone" which could explain why some people don't have the willpower to resist chocolate and sweets. The hepatokline fibroblast growth factor 21 (FGF21), secreted by the liver, helps people to regulate their sugary food intake. FGF21 had already been shown to reduce sweet consumption in rodents and primates, but now researchers at the University of Copenhagen have shown the same effect in humans. However, they have also found that a lack of FGF21 doesn't necessarily have a link to obesity.

**The Times, 3 May 2017, p3**

### Pricing pressures on drugs

Controversy over the high price of drugs and pricing pressures may have contributed to a deceleration in earnings growth at pharma companies. Oncology is one area in which the industry can expect earnings to continue rising. Two-fifths of people are likely to get cancer at some stage in their life because of rising longevity and the number of new cancer drugs has risen by over 60% during the past decade while new drugs are being approved faster. However, the new generation of more expensive immuno-oncology drugs is likely to exacerbate the mounting pressure on budgets. One idea is to pay a price for drugs based on how well they work ("value-based pricing"). Some companies, such as Genentech, are trying to put this into practice as are some American health insurers.

**The Economist, 6 May 2017, p60**

## IT and telecoms

### Amazon ups R&D in Cambridge

Amazon plans to more than triple its R&D operation in Cambridge, England, as it works on innovations including Alexa, delivery drones and its Echo speaker. The company plans to open a second building, the Amazon Development Centre, which will house 400 experts. This comes at a time of fierce competition among tech sector players over the market for digital assistants.

**The Guardian, 5 May 2017, p23**

### Huawei to launch laptop

Huawei, the Chinese telecoms business, is expected to launch a laptop this month in addition to a version of its hybrid MateBook, which is similar to Microsoft's Surface laptop/tablet. Huawei will target its laptop at high end consumers rather than businesses. PC and laptop shipments fell by 6.2% last year to 269m, the first time since 2008 that annual PC shipments have fallen below 300m. Ben

Stanton, an analyst at Canalys, says that winning business customers' trust is vital to success. Dell and HP spent years building up their reputations.

**Financial Times, 3 May 2017, p14**

### **Apple reports smart watch optimism**

Ownership of smartwatches is growing: Apple Watch sales doubled year-on-year in the first quarter of 2017 with growth being described as "phenomenal", by Tim Cooke, Apple's CEO. Smartwatch ownership grew by 9% from 2015 to 2016 while fitness band ownership grew by 22%. This is despite a warning by Fitbit in January that it expected lower revenues in 2017 than in 2016. Microsoft and Jawbone have both ceased production of their devices.

**emarketer.com, 3 May 2017**

### **Microsoft surfaces with rival to MacBook**

Aware that it is losing the next generation of customers to Apple, Microsoft has just unveiled a lightweight laptop, the latest product under the Surface brand. Microsoft will be targeting college students with the new \$1,000 Surface laptop, which launches in June, and Terry Myerson, the company's head of hardware, hopes that Apple Mac fans will be interested. Although the Surface brought in \$4 billion-worth of sales in the year to 30 June 2016, there is a feeling that Microsoft "hasn't entirely mastered hardware".

**Bloomberg Businessweek, 8-14 May 2017, pp31-32**

## **Leisure and tourism**

### **What a drag – mass appeal in the US**

Drag is big business in the US, where it appeals to the masses. *RuPaul's Drag Race*, a popular TV show made by World of Wonder Productions, attracts an audience of 87m cable TV households. In April the production company produced DragCon, a fan fair-come-trade show in Los Angeles, which drew an attendance of 40,000. It now plans to launch a "sister" drag event in New York.

**Bloomberg Businessweek, 8-14 May 2017, p22**

## **Materials and mining**

### **BASF joins circular economy**

BASF, the German-based chemicals company, has joined the Ellen MacArthur Foundation's (EMF) Circular Economy 100 programme, which has been set up to encourage organisations to adopt a circular economy approach. It has also joined EMF's New Plastics Economy initiative, which brings together stakeholders to rethink the future of plastics. BASF says it will work to create a circular economy for plastics.

**plasticsnewseurope.com, 5 May 2017**

### **First dedicated 3D factory**

FIT Group, an additive manufacturing (AM)

specialist, has opened a German HQ and manufacturing plant which it says is the first in the world to be set up purely for additive manufacturing. The ground floor of the factory, which is devoted to 3D printing of metal parts, will have the highest capacity for AM metal parts in the world. The second floor is dedicated to 3D printing of plastic parts, such as prototypes for the automotive industry.

**materialstoday.com, 9 May 2017**

## **Media**

### **Books**

#### **Welsh publishing**

*The Bookseller* contains a series of articles on Wales, where sales of books grew by 7.3% last year. Despite this, Welsh publishers are warning that poor media coverage and visibility in major bookselling chains could hurt the sector. They want to stress that if a book comes from Wales, it doesn't mean that it is "necessarily just for Wales". The Welsh book trade is waiting for a government-commissioned review of publishing in Wales.

**The Bookseller, 5 May 2017, pp6-14 (Onwuemezi)**

#### **EC enforces Amazon e-book commitments**

The European Commission has made a decision that makes Amazon's commitments legally binding. The commitments relate to the EC's concerns about Amazon's distribution agreements with e-book publishers in Europe. Margrethe Vestager, Commissioner in charge of competition policy, says that the decision will help publishers and competitors to "develop innovative services for e-books, increasing choice and competition" which will benefit European consumers. The aim is ensure fair competition in the European e-book market, which is worth over €1 billion. This article looks at the background to the decision and the commitments made by Amazon.

**europeanlawmonitor.org, 4 May 2017**

### **Internet**

#### **SMEs missing out**

A recent study suggests that less than 7% of SMEs advertise on post-checkout pages, confirmation e-mails or mobile app screens. SMEs are missing out on an opportunity that multinationals are already using, by failing to take advantage of upselling and cross-selling opportunities presented by post-checkout advertising whilst the customer is still in "shopping mode". In addition the study notes that just 6% of small e-commerce businesses are part of an online affiliate marketing network. Online giants, such as Amazon, are major players in affiliate marketing. The research was conducted by Expressly, a performance marketing firm.

**Winning Edge, No 1 2017, p5; exchangewire.com, 9 February 2017**



### **China seeks to tackle fake news**

Despite China's strict control over its media, US fake news is finding a way in. "Clickbait" stories appearing on WeChat and Weibo have attracted thousands of followers which has enabled them to sell advertising space. The spread of fake news in China has been boosted by its lack of cultural awareness – one spoof article claimed that Donald Trump covered all his White House phones in tinfoil to prevent wiretapping. Some Chinese tech groups have started using fact-checking operations. Tencent, for example, has created Jiaozhen, a fact-checking website.

**Financial Times, 3 May 2017, p7**

### **Music**

#### **Amazon launches live gigs**

Amazon is to enter the live music market in the UK by running and promoting its own events. Two years ago it began selling tickets for shows and events but now it is going further by launching its Prime Live Events into the UK. It plans to stage shows featuring well-known artists in "intimate" locations for subscribers who will pay £79 a year or £7.99 a month. The first act will be Blondie, who is playing in Bournemouth, 40 years after their last appearance there. Live gigs are worth around £1 billion a year to the UK economy.

**The Guardian, 9 May 2017, p19**

### **Newspapers**

#### **Newspapers still relevant at election time**

With a General Election fast approaching, there is plenty of discussion about political bias in newspapers even though many people might question the influence of the press. After all, if news brands have become irrelevant, why are they given so much media coverage? In the UK there are more than 20 national titles which reach 47m people. They are invaluable at election time because they are not prone to the "fake-news-infested reaches of the internet". Research from Newsworks reveals that 55% of people learn about politics from newspapers, while just 19% mention social media. Even among 18 to 24 year-olds the ratio is 43:41.

**Campaign, 5 May 2017, p19 (Clifford)**

#### **Axel Springer uses digital to bolster print**

Axel Springer, the Berlin-based publisher of German dailies such as *Bild* and *Die Welt*, is moving rapidly towards digital businesses. In fact by the end of 2016 over 72% of its operating profit derived from digital activities. Four years ago the company sold off a number of newspapers and magazines but over the past decade it has acquired over 150 digital businesses. By investing in digital classified businesses and advertising, Axel may have given its newspaper business a longer lease of life while print circulation continues to decline.

**The Economist, 6 May 2017, p61**

### **Publishers become wary of Facebook**

*The Guardian* has pulled out of both its media partnership with Facebook (its Instant Articles programme) and Apple News. This represents a wider change in attitude in the media industry as many publishers realise that the expected "deluge" of digital advertising is unlikely to happen. The 89% growth in digital ad spend last year was accounted for by two companies – Google and Facebook – leaving everyone else to fight over the remaining budget. Now news organisations are looking at alternative ways to generate revenue, as this article explains.

**The Sunday Times (Business + Money), 7 May 2017, p5**

### **Social media**

#### **Assessing the value of Facebook "likes"**

The authors examine whether Facebook "likes" influence offline customer behaviour and in what way. They conducted research into acquired Facebook page likes to discover that they do indeed have a positive effect on offline consumer behaviour. However, the likes were found to be most effective when the Facebook page was used as a platform for promotional communications by the company. They found no effect from acquired page likes when customers interacted organically with the company page. There was also a significant impact when the company paid to enhance its page posts and was using its Facebook page for paid advertising.

**Journal of Marketing Research, Vol 54 April 2017, pp306-317 (Mochon et al)**

#### **Likes make you feel worse**

If you are trying to make yourself feel better by achieving validation on social media you could be wasting your time, according to researchers at the University of South Wales. A study of people who used social media found that when they felt downcast, they did not feel better about themselves through receiving "likes". In fact it found that eliciting "likes" was related to lower self-esteem. In addition, those who tried to make themselves more popular on social media were found to be less confident and less satisfied with life.

**The Times, 3 May 2017, p2**

#### **Facebook – security, piracy, content...**

There is plenty of news about Facebook this week, most of it related to security. *The Times* warns that Facebook posts are placing people at the mercy of criminals and "aggressive marketers". It also covers the criticism of the social network for failing to address the problem of sports piracy. This was after more than 400,000 people watched the boxing fight between Britain's Anthony Joshua and Wladimir Klitschko on Facebook Live. On a different note, Facebook is to recruit 3,000 more moderators to tackle inappropriate and extreme content. Politicians

have threatened to fine social media sites if they don't respond quickly enough to illegal content.

**The Times, 3 May 2017, p2; The Times, 4 May 2017, p4; Financial Times, 4 May 2017, p16**

### **...and fake news**

Facebook has launched a print advertising campaign in the UK to help the public spot fake news. It has placed full-page ads in four UK daily newspapers – the *Telegraph*, *Times*, *Metro* and *Guardian* – offering ten tips for identifying fake news. This initiative comes a month before the UK general election and follows similar newspaper ads in Germany and France last month, prior to their elections.

**Financial Times, 8 May 2017, p16**

### **Social media success**

Joe Wicks, known as "The Body Coach" by his 1.8m Instagram followers, has sold 2m books in just 18 months. He built up a vast following through his video recipes, exercise routines and his Shift, Shape and Sustain plan. Wicks claims that he has "accidentally become a social media marketing expert, really not knowing what I was doing". He gives some tips for winning on social media. There is also some advice for brands who want to have a successful relationship with an influencer.

**Campaign, 5 May 2017, pp10-11 (Degun)**

### **Television**

#### **Barb rejects YouTube accreditation**

YouTube has failed to gain accreditation from Barb, the TV industry measurement body. Barb considers that YouTube does not meet the "gold standards" in terms of its independent verification of viewing figures. YouTube is apparently unhappy about allowing Barb to embed software code into its site, which TV broadcasters allow on their online TV players. Barb also measures average viewer duration time rather than counting views after a minimum time. However, it has previously said that "any online platform" can be accredited as long as it conforms to "independent auditing".

**Campaign, 5 May 2017, p1**

#### **The changing fortunes of ITV**

Adam Crozier took over as ITV's chief executive in 2010 with a mission to end the broadcaster's dependence on the "cyclical vagaries" of the ad market. Since then ITV has increased its revenues from £2 billion to £3 billion. This is partly thanks to ITV Studios, the company's production division, which makes programmes such as *Cold Feet* and *Poldark*. As Crozier comes to the end of his leadership at ITV, net advertising revenues have been falling as has organic growth at ITV Studios. Despite increasing ITV's share of the ad market by 2.5%, to 47.4% since 2010, share of viewing has fallen from 23% to 21.4% over the period. There

are two key contributing factors: Brexit and the shift of ad budgets to social media.

**Financial Times, 4 May 2017, p17**

## **Packaging**

### **P&G to save on packaging**

Procter & Gamble is to reduce its packaging costs by \$4.5 billion by reducing the number of packaging materials suppliers by 20% over the next two years and bringing others in-house. It intends to introduce packaging innovations that cost less but perform better and are more attractive.

**The Grocer, 6 May 2017, p11**

## **Retailing**

### **Lidl to overtake Waitrose**

Lidl is likely to overtake Waitrose this year as the UK's seventh biggest grocer. Lidl has 5% of the UK grocery market, 0.2 percentage points behind Waitrose. Over the past three months Britain's supermarkets experienced their fastest sales growth (3.7%) in 3.5 years, thanks to rising prices and sales of Easter eggs. Aldi and Lidl are still growing faster than the other supermarkets and Aldi is already the UK's fifth biggest grocer

**The Guardian, 4 May 2017, p22**

### **Morrisons reports stronger sales**

Morrisons, the supermarket, enjoyed a 23.4% like-for-like sales rise for the first quarter of 2017. Mintel comments that Morrisons has performed better than any of the major supermarkets (Sainsbury's has just reported that sales were down by 0.5%) due to "consistent" market positioning, a stronger premium offer, its Nutmeg clothing brand and stronger price positioning.

**mintel.com, 4 May 2017**

## **Services**

### **Online grocery logistics**

This article looks at the logistics of getting online grocery purchases to a person's front door. It profiles Ocado's high-tech activities, which are carried out through a combination of AI and automation. Central to the operation are roaming red plastic crates which travel up to five kilometres on conveyor belts while sensors track their whereabouts and send the information back to a control room. The company is currently testing robotic arms that can handle tricky objects, such as wine bottles and fruit.

**Wired, June 2017, pp18-19 (Reynolds)**

### **Gambling Commission – first ad-related fine**

The Gambling Commission has issued its first penalty for misleading ads. It fined BGO Entertainment, £300,000 for nine misleading ads on its website plus 14 on affiliate websites over a

period of time. Since May 2015 the Commission's Licence Conditions and Codes of Practice have required licensed gambling operators to avoid misleading consumers about promotions.

**The Daily Telegraph (Business), 3 May 2017, p8**

### **Food by the truck-load takes off in US**

The US's food-truck business, which offers interesting food combined with low prices, uses social media to publicise itself and is the fastest-growing area of the country's food industry. Portland, Oregon, which actively promotes food trucks, is reported to have over 500 of them. In some states or cities local regulations have stifled the sector's growth. Fears that the trend will damage restaurants have not been supported by official statistics which suggest that counties with higher growth in mobile food services have seen faster growth in restaurants and catering businesses.

**The Economist, 6 May 2017, p62**

### **China's services**

In China service industries employ over 43% of the country's 776m workers, up by 8% on 2012. The Government is trying to increase employment in the sector by lowering taxes and other initiatives designed to encourage incubation hubs and entrepreneurial activity. Although the policy appears to be working, China's services sector has a higher proportion of jobs at the low end of the market than other developing countries and is lacking in professional and technical jobs. This makes it harder for graduates to find jobs.

**Bloomberg Businessweek, 6-14 May 2017, p16**

## **Transport and travel**

### **UK car sales fall in April...**

New car showrooms reported that April was their worst month in seven years with sales falling by almost a fifth. Although this can partly be explained by the new registration plates in March and the 1 April deadline for new car tax rates, the fall in sales has been something of a surprise. The AA has cited the cost of living and declining consumer confidence as contributory factors. Total sales of all cars with private buyers fell by 28% in April while sales of diesels fell by 27%.

**The Times, 5 May 2017, p4; The Times, 5 May 2017, p41; Financial Times, 5 May 2017, p2**

### **...as do US car sales**

US car sales fell faster than predicted in April for five out of its six biggest companies. Only Toyota reported better than expected sales although its sales also fell. US car sales rose to a record 17.55m last year, up from 17.5m in 2015. The fate of the car market probably reflects the wider economy in which consumer spending has been falling while overall economic growth slowed to 0.7% for the first quarter of 2017. This is despite consumer confidence being at its highest since the recession.

**Financial Times, 3 May 2017, p14**

### **London's transport is the most pricey**

A new study ranks London's public transport system as the most expensive in the world. The comparison of 47 cities, by Deutsche Bank, found that the average cost of a travelcard was £135, 30% more expensive than the second priciest city, Dublin. The cheapest public transport system is in Mumbai, at £11 for a travel card. The study also found that London was the second most expensive when it comes to the cost of a five-star hotel room and the fourth most expensive for rent while a pint of beer in the City costs almost twice as much as in Berlin. London also ranked 33<sup>rd</sup> for quality of life.

**The Times, 4 May 2017, p3**

Written by CIM's Knowledge Services Team

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<b>Name</b>	<b>From</b>	<b>To</b>	<b>New title</b>	<b>Source</b>
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Giles Hedger	FCB Inferno	M&C Saatchi	Chief Executive	Campaign
Richard Morris	Dentsu Aegis	Initiative	UK Chief Executive	Campaign
Maria Christina Papasavva	Byond Online	Catherine Deane	PR & Marketing Manager, UK	fashioninsight.co.uk
Ed Warren	Creature of London	Sunshine	Chief Creative Officer	Campaign

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[www.dma.org.uk](http://www.dma.org.uk)

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FlexoTech

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[www.independent.co.uk](http://www.independent.co.uk)

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Journal of Advertising\*\*

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