

Cutting Edge: Our weekly analysis of marketing news

17 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

UK adspend

The UK's adspend is predicted to increase by 2.5% this year compared with growth of 3.7% last year, according to the latest Advertising Association/Warc *Expenditure Report*. Adspend will reach £21.9 billion this year compared with £21.4 billion in 2016. Internet will have the largest share of spend (£11.2 billion) this year, 45% of which will derive from mobile advertising, up from a 16% share in 2013. Although TV advertising will fall by 0.5%, it is currently still the largest display advertising medium. This article includes graphs providing an analysis of UK adspend for 2017.

Admap, May 2017, pp48-49

Comedy – key to success

Commercials, which ask people to buy something or do something, are usually accompanied by a piece of comedy or drama. For most messages, comedy is a better and more popular genre. When people laugh at an ad, it contributes to the ad's success. So why has the fun gone out of the industry? This article looks at the main culprits which range from the client, who is erring on the side of caution to Sir Martin Sorrell, who is accused of representing the "bean-counting" side of the industry. It also comments on the preponderance of stand-up comics, which have taken over from sitcoms, traditionally the inspiration for some great TV ads.

Campaign, 12 May 2017, pp28-29 (Burke)

ASA clears Protein World body ad

The Advertising Standards Authority has cleared a London poster campaign for Protein World, which received 14 complaints for being "socially irresponsible". The ad, which features TV reality star

Khloe Kardashian in a leotard alongside the message: "Can you keep up with a Kardashian", was not deemed to be "out of proportion or unhealthy" by the ASA. This contrasts with Protein World's 2015 ad campaign which asked: "are you beach body ready?" and attracted 380 complaints.

bbc.co.uk/news, 10 May 2017

Badly matched sound tracks

The same song has been used in the soundtrack for the recent Sky TV Lego Batman promotion and the latest Walkers crisps ad. It is not unusual for the same music to be used by completely different brands. What is unusual is that some of the songs appear to espouse different values from those held by the brand. Four examples of "inappropriate" music used in ad campaign are discussed.

The Guardian, 15 May 2017, p2

Brands and branding

Fostering brand relevance

The top brands have succeeded through becoming relevant. They achieve this by delivering what people want and by changing to suit consumers in a world of political and financial change. The authors identify four ways for making brands relevant: meeting people's requirements, delivering what they are supposed to and keeping their promises; making lives easier and simpler; evolving rapidly with constant innovation to keep up with everyday needs; and inspiring deeper meaning for people.

Admap, May 2017, pp40-41 (Kirk et al)

Owning a moment in time

Nike is responsible for Breaking2, an attempt to run a marathon in under two hours. The event, in which Eliud Kipchoge, a Kenyan runner, just missed a record attempt by 26 seconds, was broadcast live by Nike – it ramped up 5.2m views on Facebook. This



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campaign is compared with Red Bull's Stratos event in which sky-diver Felix Baumgartner fell from near-space. Owning a moment in time, such as a sky dive or a two-hour marathon, is an opportunity for brands to take creative ownership of an event rather than using traditional rights deals. It is likely that this trend will grow.

Campaign, 12 May 2017, pp2-3 (Kemp)

Branded environments

Recent research suggests that happiness in the workplace can result in a 12% rise in productivity. Businesses have long understood the importance of optimising the customer experience through environmental design, now many are beginning to understand the value of commercial design for their employees' experiences. The right environment can lead to a better connection with the company's mission, create a more collaborative culture and greater productivity. Companies should consider what benefits the company brand can deliver to employees. This article case studies three companies whose environments exemplify brand promise (Subsea 7), design (EE) and engagement (Airbus).

London Business Matters, May 2017, p30

Conferences and events

Sustainability

A Twitter campaign launched by Positive Impact Events, which promotes the sustainable events industry, resulted in over half a million people sharing their sustainability tips as part of #CSRshareDay. Separately the Global Destination Sustainability Index has released its first white paper entitled: *Sustainable Destination Management Trends and Insights: A Path to a Brighter Future*. The whitepaper, which is based on an analysis of 35 cities, examines how destination management organisations and convention bureaus are using destination sustainability strategies.

Meetings & Incentive Travel, May 2017, p11; eventindustrynews.com, 15 May 2017

Facebook groups

The Delegate Wranglers and the Event Industry Elites are both Facebook groups which have been launched during the past 18 months by events industry professionals who own agencies. The aim is to connect and share with other professionals. While one is a closed group, the other is open to all but both have active followers. Here the founders of both groups share their aims.

Conference & Incentive Travel, Spring 2017, p25

Consumer behaviour

Product recall – avoid elections

US consumers' recall of new products has been at least ten points lower on average for products launched in 2008, 2012 and 2016 than for items launched in other years. This is because presidential

elections distract consumers, according to the annual *Most Memorable New Product Launch Survey 2016*, by Schneider Associates and Sentient Decision Science. It claims that election ads are emotional and can change the way people live their lives which means that "new products have more difficulty piercing the collective consumer consciousness". Products that succeed in making an impression in 2016 were: the iPhone 7, the Tesla Model X and Amazon's Echo Dot.

Harvard Business Review, Vol 95(3) 2017, p30

Customer relations

User experience equates with brand

User experience (UX) is often as important as price when it comes to choosing a brand. There is a distinct link between modern brands and "usability". Ease of use is "the single most powerful way to beat the competition" and seems to be the fastest way to spread the news as well, according to Steffan Aquarone, co-author of Econsultancy's *User Experience and Interaction Design for Mobile and Web*. Some companies are providing best-in-class UX, such as Amazon, Uber, Airbnb and Booking.com. The relationship between the brand and UX can be set out in the form of a hierarchy or pyramid, like Maslow's hierarchy of needs. A brand should set expectations through purpose, emotions, and the senses; it should also enable behaviours, lifestyles and social connections.

Marketing Week, May 2017, p8 (Davis)

Some like a bot

New research in the US suggests that 55% of people would prefer to chat to a bot than a human customer care agent, in a situation where the service bots are as accurate as a human. However, 56% said that they would rather speak to a human, even if they had to wait a while, than speak to a bot straight away. Bots tend to be trusted for simple tasks, such as a change of address, but humans are preferred for more complex enquiries. Rurik Bradbury from LivePerson, which carried out the research, said that perceptions of bots are shifting as service quality provided by them improves.

research-live.com, 15 May 2017

Direct marketing

Record fine for nuisance calls

Keurboom Communications, a marketing company, has received a record fine of £400,000 for making over 90m nuisance calls. The Information Commissioner's Office (ICO) fined the company for making automated calls which mainly related to road traffic accidents and PPI claims. The ICO received 1,036 complaints through its online reporting tool. Ofcom estimates that around 4.8 billion nuisance calls are made in Britain every year.

The Times, 11 May 2017, p17; bbc.co.uk, 11 May 2017

Law

GDPR consultation

It is just over a year until businesses need to be compliant with the EU's General Data Protection Regulation (GDPR). A consultation by the Department for Culture Media & Sport (DCMS), which was open until 11 May, invited businesses and trade bodies to submit their views on GDPR, although many questioned the timing of the consultation. The DCMS itself has admitted that there is limited scope for flexibility. This article discusses the issues at some length. For more guidance, check out the following links on the CIM website:

www.cim.co.uk/0981

<https://exchange.cim.co.uk/blog/getting-your-data-right/>

<https://exchange.cim.co.uk/blog/consumers-in-the-dark-about-their-own-data/>

dataiq.co.uk, 5 May 2017 (McKelvey)

IoT – the first cases – lessons to be learnt

Internet of Things (IoT) appliances, including wearables, smart TVs and home command centres, such as Google Home, are collecting consumer data, sometimes of a sensitive nature and transmitting it via Wi-Fi, Bluetooth, etc. This raises the same data security issues as apply to computers and smartphones. In the US the first generation of lawsuits has involved babies, abortion, home movie-watching and vibrators! The FTC has supplied the IoT industry with guidance on what constitutes reasonable privacy and security protection for IoT devices. The author looks at the major lessons to be learnt.

mondaq.com, 9 May 2017 (Friel)

Lessons from IP law – offensive content

British MPs have been calling for offensive content to be removed from sites such as Facebook, Twitter and YouTube. Social media platforms are relatively quick when it comes to removing materials that infringe intellectual property rights. In the IP context, courts have provided some clarity on the removal of, or liability for, content uploaded by users. However, IP infringement may be a lot more clear-cut than offensive content, especially when it is left to ISPs to decide whether material is extreme or not.

lexology.com, 3 May 2017 (Joshi)

Marketing

Sales – gaining momentum

Time and confusion are often cited as reasons for losing a sales deal. Confusion in the buying process is usually easy to recognise, but it could be more difficult to spot when "time" elements are not going well and the "momentum" (not be confused with "velocity") of the deal is at stake. Momentum is defined as "the force involved in driving decisions to a satisfactory conclusion within the buying

organisation". A lack of momentum could lead to a stalled or lost deal. Here the author describes a real-life sales case of building momentum; looks at some of the most common mistakes leading to lost deals in which momentum has been a major factor; and provides an example of a simple timeline.

Winning Edge, Number 1 2017, pp32-35 (Hoyle)

Location data across the MEA

According to eMarketer, the Middle East and Africa (MEA) region will have over 789m mobile phone users by 2019, which means it is the fastest-growing mobile phone market in the world. In some Gulf states smartphone penetration is already as high as 75% so why is mobile marketing investment so low, at less than 1% of the global total? The area represents a huge opportunity for digital marketers. In particular location data and technology (GPS and Wi-Fi) are set to disrupt traditional marketing strategies in the region, as this article explains.

Gulf Marketing Review, April 2017, pp56-57 (Pannum)

Sales and marketing – the age-old dilemma

How do you structure sales and marketing organisations and what happens when marketing is placed within the sales function? In this article four contributors describe their organisation's sales and marketing model. One is a marketer who sits within sales; another works in sales and marketing as a combined function; the third has two separate teams but with a pool of 100 people which can be called on for selling or developing client relationships; and the final model embraces the traditional approach, in which marketing is closely aligned with sales – the two are combined when it comes to data, reporting and analytics.

B2B Marketing, Q1 2017, pp22-26 (Clarke)

Market research

Market research standard to be revised

Research and standards experts from various countries have met in Tokyo to discuss updating the ISO standards for research. The Working Group of the ISO Technical Committee 225 aims to improve clarity by having clearly defined areas to support the different sectors in the market, social and opinion research industry. The standard covers areas such as project management, proposals, sampling, fieldwork and data management. The process is likely to take at least a year.

research-live.com, 8 May 2017

Sponsorship

Sports sponsorship – inclusivity

NatWest's sponsorship of the England and Wales Cricket Board reflects the changing emphasis of sports sponsorship towards a focus on the local community. NatWest is placing diversity and inclusion at the centre of its strategy to promote

cricket as a sport for everyone. David Whelan, Chief Marketing Officer at RBS Group (NatWest's parent), claims that this is the first time that a sports sponsorship has focused only on inclusivity in its marketing message.

Campaign, 12 May 2017, p5

Agriculture, fishing and forestry

Hazelnuts – Turkey supports producers

Some 75% of the world's hazelnuts come from Turkey, with the nuts mainly being produced by small growers. However, over the past few years prices have been volatile due to the weather. Prices have risen by almost 10% in the past few weeks, due mainly to intervention by the Turkish Government – the first in eight years. The state-run Turkish Grain Board began buying the nuts in late April. With Ramadan beginning later this month, demand for hazelnuts will increase. But the main buyers are confectionery makers, such as Cadbury's, for its Whole Nut bar, and Ferrero, for its Nutella.

Financial Times, 10 May 2017, p24

Malting barley hit by low rainfall

Britain has experienced one of the driest Aprils on record, which could affect malting barley used for whisky and beer, according to Guy Smith, vice-chair of the National Farmers Union. Smith, an arable farmer in Essex, says his farm has had only 10% of the normal rain received in April. The lowest rainfalls in the UK last month were experienced in parts of Edinburgh and London.

The Guardian, 10 May 2017, p13

The April freeze takes its toll on French grapes

April frosts have hit French vineyards although wealthier vineyards, such as those in Bordeaux, have had the resources to protect their grapes. In Burgundy 85% of the crop was saved, thanks to a text message alert scheme that warned of a freeze, allowing growers time to protect their vines. In Champagne around a quarter of the vines owned by the 15,000 growers could be damaged. However, with large reserves of champagne to tap into, shortages may not become apparent until next year.

Bloomberg Businessweek, 15-21 May 2017, pp24-25

Building industry

Construction output – first quarter

The top level summary provided by the ONS for the first quarter of 2017 reveals that output in the British construction industry grew by 0.2% in the first quarter of 2017, compared with the previous quarter. Despite this, output fell for the third consecutive month (down by 0.7%) in March. However, new housing grew strongly in March, increasing month-on-month by 3.8% and up by

5.4% compared with the same period last year.

ons.gov.uk, 11 May 2017

Moveable and re-usable

Housing supply problems in the London borough of Ealing have led to the creation of a 34-apartment development made out of a kit of moveable, re-usable parts. They are based on shipping containers which offer a sustainable solution to short-term needs. In London there are 53,370 homeless households and 2,293 in Ealing. The development is a collaboration between social and sustainable housing and building groups.

London Business Matters, May 2017, p34

Businesses and strategy

Focusing on the enterprise not shareholders

Traditionally corporate managers have put shareholder value at the forefront of their concerns yet shareholders have no legal duty to protect or serve the companies whose shares they hold and tend to be distant from the activities of that company. The authors look at this agency-based model, its foundation, flaws and implications. They then propose a new model that centres on the health of the enterprise rather than shorter-term gains for shareholders. They suggest refocusing attention on innovation, strategic renewal and investment in the future.

Harvard Business Review, Vol 95(3) 2017, pp49-60 (Bower and Paine)

Asian boards – low proportion of women

The boards of the largest public companies in Asia have far fewer women on them than equivalent companies in Europe and North America. The 1,557 largest listed companies in 20 Asia-Pacific countries have boards where women account for just 12.4% of seats. In Europe women hold 30% of board seats at the top 500 companies and in North America over a fifth of board members are women. In Africa women hold 14.4% of board seats.

Financial Times, 12 May 2017, p16

The ideal office?

A survey of UK workers, which looked at ideal UK working environments, found that only 8% of UK workers would describe slides, basketball courts and playground equipment (as supplied by Google in its offices) as essential to their "dream" office. Instead UK workers would prefer simple improvements, such as windows that open allowing in fresh air (49%) and separate eating areas (44%). Only 7% said they would like sleeping pods, as provided by companies such as Capital One.

Winning Edge, Number 1 2017, p5

Charities and NGOs

Default donation amounts

Default options can increase participation in some donation programmes but how well do nudges work in fundraising for charities? New research examines what happens when a charity suggests a single contribution amount. It reveals that naming a default amount doesn't reduce the amount raised or lead to negative perceptions. When the suggested amount is low, people will give, but the donation is lower than what it would have been had the suggestion not been there. When the amount is larger, fewer people give, but the amounts given offset the lower participation rate. Some 76% of top charities avoid default amounts in case they put people off. The researchers suggest that charities should conduct research to discover how a single suggested donation will affect giving.

Harvard Business Review, Vol 95(3) 2017, p32 (Goswami and Urminsky)

Durable consumer goods

Dyson wins argument with EU

Sir James Dyson has won an appeal in the European Court of Justice. He has been fighting the EU over rules stating that vacuum cleaners should be labelled according to their energy efficiency and cleaning performance. He argued that the rules only apply to vacuums with empty dust bags and do not apply when they are full. The fact that Dyson's vacuums do not have a bag means that the tests used by the EU put his products at an unfair disadvantage. Max Conze, Dyson's Chief Executive, argues that the ruling had been "rather slow and consumers have been losing out and misled".

The Daily Telegraph, 12 May 2017, p5; The Times, 12 May 2017, p43

Hong Kong toymakers – no longer child's play

For years Hong Kong has been at the centre of the global toy industry. Its companies still control many of the Chinese factories which produce an estimated two-thirds of the goods for global companies, such as Hasbro and Mattel. Although sales have been growing at the rate of 3% a year, there is constant pressure on Hong Kong's toymakers from lower-cost rivals and the shortening life cycle of toys, which is often linked to licensed products for films and TV shows. Dominic Tong, president of the Toy Manufacturers' Association of Hong Kong, believes that the future for his toymakers is in branding and marketing rather than simply contract manufacturing.

Financial Times, 15 May 2017, p16

Economy

April inflation highest since 2013

In April UK inflation rose to 2.7%, up from 2.3% in March, according to new data from the Office for National Statistics. The ONS says that this is the highest rate since September 2013. The rise is attributed mainly to higher air fares (up 18.6%) as well as the higher price of clothing, vehicle tax and electricity. However, petrol and diesel prices have fallen.

bbc.co.uk/news, 16 May 2017

Productivity damaged by bad jobs

Matthew Taylor, Chief Executive of the Royal Society for the Engagement of Arts, Manufacture and Commerce and head of a government review into the gig economy, claims that low-quality, unproductive jobs, tie workers into low pay and damage the economy. Speaking at his annual lecture, he said that too few jobs offer the chance of "genuine flexibility, being valued and respected". The UK has a productivity problem and one cause of this is "bad work". Taylor also pointed to the fact that investment in employee training and learning is less than half that of European competitors.

The Daily Telegraph (Business), 10 May 2017, p3

Energy and utilities

Government to impose price cap

After years of trying to encourage people to switch energy providers to save money, the British Government is now proposing to cap energy tariffs. This is not good news for energy providers and won't necessarily be better for consumers, so why do it? Centrica, for one, seems not to mind losing low-margin customers who are looking for better tariffs. Its first quarter statement reveals that it lost 261,000 customers which is not a huge number in the context of its 8.5m-customer base. However, whereas Centrica and its peers may be able to withstand a price cap, its newer, smaller rivals may not...

Financial Times, 9 May 2017, p12

Proposal for new EU energy union

The Royal Institute of International Affairs, a think tank, has called for an "Enlarged European Energy Union" (EEEU) which will include both EU and non-EU states. The report, published last week, states that the UK should remain a member of the EU's internal energy market (IEM) if a trade deal between the EU and the UK is not achieved within a two year period. The new body could help to facilitate common environmental protection and product standards as well as ensuring regulatory convergence.

utilityweek.co.uk, 10 May 2017

Environment

Water should be on tap

Keep Britain Tidy, a charity, says that restaurants, pubs and cafés should offer tap water to anyone who wants water, to help reduce the number of discarded plastic bottles. Its survey revealed that 59% of people would be more likely to carry a reusable bottle if they knew that businesses would fill it up for them – but many people are afraid to ask. Over seven billion single-use plastic water bottles are sold in the UK every year but only around a half are recycled.

The Times, 11 May 2017, p3

Sea salt contains plastic

Researchers have found tiny pieces of plastic in various brands of sea salt, although they are in quantities so small that they are unlikely to harm humans. The most contaminated sample in the 17 brands tested in the survey, conducted by the University of Exeter and institutes in Malaysia, came from Portugal; it contained ten microplastic particles per kilogram. Three quarters of the particles were plastics found in household products and packaging.

The Times, 11 May 2017, p3

Fashion

Coach buys Spade

Coach, the luxury handbag maker, has made its biggest ever acquisition in the form of Kate Spade, a smaller competitor, which it snapped up for \$2.4 billion. It hopes that the popularity of Kate Spade among Millennials will help to boost growth. The company has a policy of “bolt-on” acquisitions as a way of diversifying and building a “multibrand fashion conglomerate”.

Financial Times, 9 May 2017, p13

Financial services

Personal insurance market is “broken”

Mark Wilson, Aviva chief executive, has criticised the personal insurance industry for being “dysfunctional”, stating that “I don’t like it and neither do our customers”. Car and home insurance buyers usually start on low rates only to find that prices rise sharply when it’s time for renewal. Consumer Intelligence, a research group, reckons that customers can save £100 a year if they switch annually. However, those who remain loyal for nine years or more can save £240 by switching.

Financial Times, 11 May 2017, p14

FCA to conduct review of retail banking

The Financial Conduct Authority (FCA) in the UK has begun a review of business models in retail banking following a period of “significant economic, technological, social and regulatory changes”. It wants to find out what affect these models are

having on competition and conduct in the market. The review will be quite different from the CMA’s investigation into the retail banking market. This article summarises the FCA’s intentions.

out-law.com, 12 May 2017

FMCG

Beverages

Teetotal options - near beers to mocktails

In Britain a quarter of 16 to 24 year-olds claim not to drink alcohol, a trend that is apparent across other Western countries. This presents a gap in the market for drinks companies. Seedlip, produced in response to this rise in teetotalism, is the world’s first non-alcoholic spirit. Made from plant extracts and spices, it has been so successful in Britain that Diageo has invested in the company and launched it in the US. Other options for teetotalers are alcohol-free wines and “near beers”. Meanwhile South Carolina-based Bittermilk makes pre-mixed cocktails but without the Bourbon.

The Economist 1843, June-July 2017, p133

Coca-Cola – managed decline?

Coca-Cola has just discontinued its Coke Life after falling sales; it is also anticipating a sugar tax next year; and relies on sparkling drinks for 70% of its volume sales at a time when people are seeking more healthy options. Its latest campaign moves away from the “Share a Coke” initiative to one in which consumers are offered the chance to win a “dream holiday”. In an interview with *Marketing Week*, Aedamar Howlett, Marketing Director for the UK and Ireland, dismisses the idea that Coke is in a period of “managed decline”.

marketingweek.com, 11 May 2017

Croaky launch for Bud Light

AB InBev has returned to a 1990s campaign featuring the Budweiser frogs. The frogs are being used to launch Bud Light beer in the UK. A new frog has been introduced in the form of a small blue amphibian, which contributes its croak to the “Bud Light beer” catchphrase. The original three frogs made their first appearance at the 1995 Super Bowl.

Campaign, 12 May 2017, p5

Cosmetics and toiletries

Gillette On Demand

In 2015, having been eclipsed by subscription shaving clubs, Gillette launched its own version to compete against the likes of Dollar Shave Club. Its latest response to the competitive online marketplace is a new system called Gillette On Demand. It aims to outdo its competitors by making every fourth order free and introducing the very first text message for reordering blades. All registered

customers need to do is to send a one-word text message.

brandchannel.com, 9 May 2017

New body care brand targets diversity

A new body care brand, Being by Sanctuary Spa, has just been launched by PZ Cussons beauty. The company says it is targeting "Gen Z", which includes 18 to 25 year-olds who account for a quarter of the UK population. The brand's campaign focuses on diversity and inclusivity by including androgynous, bald, trans, mixed race and fuller-figured models. It aims to reflect the brand's ethos that "Being is for everyone – whoever you want to be".

marketingweek.com, 11 May 2017

Food

Nando's – hot property

Nando's food appeals to all ages, classes and ethnicities. Central to its success is peri-peri, a flavouring that dates back to 15th century Portuguese colonisers in Mozambique. Britain and Australia, between them, are host to over 600 of Nando's 1,000 restaurants. Its success in these regions is probably due to the use of chicken, one of the most familiar of meats. The company's success is also down to "smart" marketing, well-designed restaurants and cheap food.

The Economist 1843, June-July 2017, pp128-131

Going meat-free

Over the past year the British have spent £17.2m more on meat-free products, partly driven by price cuts but mainly through organic growth. The trend for meat free is so marked that some butchers and meat processors are beginning to offer meat-free options. This article examines some innovative launches and opportunities in the meat-free category. It notes the trend for flexitarianism, where people are reducing the amount of meat they consume: just over a quarter (16m) Brits are reducing their meat consumption, often due to health and environmental concerns.

The Grocer, 13 May 2017, pp57-61

Household

Crayola fans can name new blue

Crayola is to introduce a new shade of blue to its palette of colours. It was inspired by a new pigment discovered in 2009 by scientists at Oregon State University. Now fans of Crayola will be invited to submit names for the new colour, which replaces Dandelion, a shade that has recently been retired amid some controversy (See Cutting Edge 5 April 2017). A Dandelion crayon character is being sent on a retirement tour across America.

brandchannel.com, 9 May 2017

Tobacco

JTI warns other sectors over plain packaging

As reported in last week's *Cutting Edge*, from 21 May all tobacco packaging in England will be plain, with no cigarette branding. The problem for the tobacco industry is that other countries might decide to follow this example. Japan Tobacco International (JTI) recently launched a PR campaign, Future of Brands, at the International Food & Drink Event in London warning that regulation could hit other sectors, such as alcohol, soft drinks and confectionery. Deborah Arnott, Chief Executive of Action on Smoking and Health, argues that tobacco is "different" from other products. She believes that JTI is trying to enlist the support of food and drink companies in helping to prevent the spread of plain packaging around the world.

Campaign, 12 May 2017, p15

New e-cigarette rules come into force

This week e-cigarette users will face new restrictions due to an EU directive which limits the strength of vaping liquids and reduces the size of refill packets. All e-cigarettes and packaging must also be "child proof". Critics argue that the new rules may deter smokers from switching to vaping.

independent.co.uk, 15 May 2017

Government and public sector

Public sector communications

The author, who has worked in public sector communications at Mullenlowe, emphasises that public sector and charity comms need to harness the power of partnerships in order to be effective. He identifies three levels of partnership – effective stakeholder partnership; effective media partnership; and effective influencer partnership – giving examples of where effective collaboration has taken place. He concludes with a list of questions that one should answer when developing strategies for public sector communications.

Admap, May 2017, pp18-20 (Snow)

Party branding

Electioneering may have moved on a bit since this article was written but here are the author's views on the branding priorities for the three main political parties in the run up to the election. It points out that in the last election Ed Milliband made use of Twitter which proved to be a great platform for getting people to turn out, but not so good at persuading them of his policies. This time the Labour Party would do well to follow the Tories by using Facebook.

Marketing Week, May 2017, pp14-15 (Hobbs)

Targeting marginal seats on Facebook

Election rules are not keeping up with changes in technology. This has allowed political parties to spend huge sums on targeted Facebook ads, such as “hyper-local” ads targeting marginal seats. The Electoral Commission has been criticised for not restricting the use of social media during elections. The Tories spent ten times as much as all other parties together in the 2015 election. Katie Ghose, Chief Executive of the Electoral Reform Society, believes that regulations simply “haven’t caught up with the digital age”. It has become more difficult to distinguish between local and national spending. The *Financial Times* looks at Facebook’s role as a powerful party weapon in the run-up to the election. **independent.co.uk, 15 May 2017; Financial Times, 15 May 2017, p3**

Health and pharmaceuticals

Avocado hand – middle class problems!

There are a growing number of people with “avocado hand” – damage caused by cutting into an avocado. Doctors report that increasing numbers of people are reporting to hospital A&Es with damage to their hands caused by trying to remove an avocado stone. The British Association of Plastic Reconstructive and Aesthetic Surgeons wants safety labels to be placed on the fruit. In New Zealand 300 people have sued for compensation for avocado injuries in the past five years.

The Times, 10 May 2017, p3; The Guardian, 13 May 2017, p5

African healthcare – a growing business

Healthcare is becoming a business in Africa: as more people are able to pay for their healthcare, they can buy health insurance and companies are responding to the potential. A 2012 report by the IFC predicted that the market for healthcare in sub-Saharan Africa would reach \$35 billion while \$25 to \$30 billion would need to be invested in healthcare assets in the decade to 2022. This could be an underestimate. Companies, such as GE Healthcare Africa, have spotted the potential. It is adapting its business model by developing innovative financing and training practitioners.

Financial Times, 11 May 2017, p17

Chinese to develop own medical tourism

The Chinese Government is trying to dissuade wealthy Chinese, who go abroad for their medical treatment, to stay in China. It is investing heavily in an island called Hainan, renowned for its beach resorts, to turn it into a medical tourism resort. It promises to offer advanced treatments from other countries, such as cancer drugs, which aren’t approved in the rest of China. Competition for medical resources is fierce in China and the pilot scheme will rely on attracting talent to live and work

on the island.

Bloomberg Businessweek, 15-21 May 2017, p20

IT and telecoms

Computer light indicates “do not disturb”

Scientists at the University of British Columbia have invented a desktop light which is attached to a computer and turns from green to red when it considers that the user shouldn’t be disturbed. The FlowLight device will change colour according to the intensity of keyboard action and mouse clicks. The intention is to prevent the employee from being interrupted, but the inventors believe it could also motivate them to be more productive. Future versions might also monitor employees’ brainwaves to reveal their levels of concentration.

The Times, 10 May 2017, p3

BT looking for turnaround

All eyes are on Gavin Patterson, Chief Executive of BT, following the company’s worst set of annual results for seven years. This article examines the company’s prospects in the wake of an accounting scandal at its Global Services division and the prospect of 4,000 job losses.

Financial Times, 12 May 2017, p15

TalkTalk to return to its roots

Sir Charles Dunstone, Executive Chairman of TalkTalk, has been setting out a plan to restore the company’s reputation as a challenger in the broadband market. He has warned that earnings for 2017-18 would be lower due to the extra investment needed to win back customers who defected after the 2015 cyber-attack. He wants the company to go back to being a budget competitor because the popularity of Netflix and Amazon Prime suggests that consumers want cheaper, broadband-only offerings rather than “quad-play” packages.

Financial Times, 11 May 2017, p20

Leisure and tourism

E-sports – building up adspend

The popularity of e-sports shows no sign of abating, with spectator time rising by 19% last year, according to a report from IHS Markit. It warns that, due to global audience fragmentation, it could take several years for e-sports to become a “sizeable” advertising business. It estimates that \$280m was spent on e-sports advertising last year. E-sports has also received significant investment from games publishers and online retailers, such as Activision Blizzard, Tencent and Amazon. But for e-sports broadcasters, whether online or on TV, advertising and sponsorship are the main sources of revenue. Advertisers include PC and lifestyle brands, such as Intel, Samsung, Coca-Cola and Red Bull.

Financial Times, 9 May 2017, p14

Cruise ships plug a gap in Cuban tourism

Cuba has opened up to visitors and tourists but it lacks infrastructure in terms of first-class hotels, it is expensive, it has food shortages at restaurants and in some cases it even lacks the basics, such as toilet paper! In response, the three largest cruise companies – Carnival, Royal Caribbean Cruises and Norwegian Cruise Line Holdings – are increasing their trips to the island. Cruise ships are ideally positioned to introduce people to Cuba. However, a rise in the number of sailings could flood the market and push down cabin prices and there is uncertainty regarding US (Trump) relations with Cuba.

Bloomberg Businessweek, 15-21 May 2017, pp23-24

Media

Books

Digital ownership

This article reminds you that you don't actually own a digital book, neither can you share or lend it. A new initiative is experimenting with the idea of digital ownership: Editions at Play, a collaboration between Google Creative Labs and Visual Editions, was set up to examine books "which make use of the dynamic properties of the web". It has resulted in *A Universe Explodes*, a "Blockchain book" owned by 100 people. Each owner must remove two words on each page and add one before dedicating it to a friend. The owner's version of the book is saved as a "Cultureblock". As each Cultureblock changes hands digitally, it gets smaller until there is only one word left on each page.

The Bookseller, 12 May 2017, p23

Rights deals – March-April

The Bookseller has compiled league tables for British publishing rights: the big four publishers' deals; the top agencies by number of deals; and the top imprints by deals. The chart relates to March and April, a heavy rights trading period due to the London and Bologna Children's book fairs. The article notes that authors acting as their own agents were the second-biggest group in the agency league table, while Hachette was the biggest publisher.

The Bookseller, 12 May 2017, p21

Independent stores – new strategies

The Big Green Bookshop in Wood Green, London, is an independent book store run by Simon Key, who is not above using social media to help boost sales when the shop runs into financial difficulties. He is constantly thinking up innovative ways to bolster trade, from collaborating with local schools to using the shop as a community hub. He even became involved in a Twitter "spat" between Piers Morgan and JK Rowling, which resulted in him tweeting *Harry Potter and the Philosopher's Stone* to Piers Morgan in 140-character bites. As a result, the

bookshop's Twitter following rose from 1,000 to 23,000 in just one week.

The Times, 11 May 2017, p51

Film

Floating cinema – jaw-dropping pop-up

Time Out, in partnership with City Cruises, is launching Movies on the River, London's first-ever floating cinema. The cinema, an example of London's pop-up cinema scene, allows passengers to watch movies on the top deck as they float down the River Thames. The cinema will operate five nights a week during the summer, commencing on 15 June with a showing of *Jaws*!

eventindustrynews.com, 9 May 2017

Internet

Tech giants dominate the ad scene

Google and Facebook's impressive ad revenues for the first quarter of 2017 suggest that the duopoly can only get stronger. This is despite advertiser fears over brand safety. The two are just "too big to fail" at present, according to Bill Fisher, an analyst at eMarketer. He predicts that although search, which Google obtains much of its ad revenues from, is due to plateau, the company also has video and display to boost its revenues. Facebook's growth areas are WhatsApp and Messenger, according to Jitendra Waral, an analyst at Bloomberg Intelligence who predicts that ad market shares for both companies "should be steady". Meanwhile Twitter's push into video may turn its fortunes around.

Campaign, 12 May 2017, p6

Music

Physical formats thriving

In 2013 HMV went into administration, leading to reports that "physical media is dead". It is four years since the business was saved in a £50m deal by Hilco. Patrizia Leighton, Head of Marketing at HMV, argues that there is still an audience for physical media. This is despite digital video, including services such as iTunes and Netflix, overtaking more traditional formats for the first time. Last year UK sales of DVDs and Blu-ray discs fell by 17% while CD sales fell by 13%.

Marketing Week, May 2017, pp10-11

Newspapers

The Guardian asks for donations

Users of *The Guardian's* website will have noticed messages requesting donations to help protect the future of the business. This is quite a shift in attitude for an organisation that had previously been adamant about offering its online journalism for free. But last year *The Guardian* had to reconsider its strategy following a serious decline in ad revenues and "disappointing" digital ad revenues. According to Katharine Viner, editor-in-chief, the approach might just be working. She says the paper

now receives as much from membership and paying readers as from advertising. The paper aims to break even by 2019.

Financial Times, 15 May 2017, p20

Social media

Relationship types and seeding strategy

The structure of a social network and the position of influencers in that network are important for the spread of information and for product diffusion. Seeding influential social network members is therefore essential to the success of a viral marketing campaign and product diffusion. Previous research recommends seeding members who are well connected, but the importance of connections between customers depends on the relationship's characteristics. This research uses a Bayesian methodology and examines the influence of relationship characteristics on product diffusion. It recommends different sets of seeds that increase reach by up to 10% in the first application and up to 92% in the second.

Journal of Marketing Research, Vol 54 April 2017, pp187-201 (Chen et al)

Messenger sending the wrong messages

Attempts by Facebook to position its Messenger service as a directory have come somewhat unstuck. Users have been discovering contacts for escort agencies, call-girl networks and abortion clinics in their search results!

Campaign, 12 May 2017, p3

Facebook logo is addictive

A Dutch study has found that Facebook has become as addictive as cigarettes – merely glancing at its logo is enough for heavy users to develop cravings. The researchers claim that “hedonic reactions” to Facebook’s “f” logo are linked to a lack of self-control. They found a correlation to participants’ responsiveness to the logo and their need to use the social network.

The Times, 12 May 2017, p5

Snapchat needs to stay ahead of Facebook

In its first set of results since its flotation in March, Snap Inc (parent of Snapchat) has reported a loss of \$2.2 billion. Slowing growth is worrying for investors – although the number of users is up by 37% year-on-year, growth was 47% three months ago and 55% in the three months before that. Some experts believe that Snap can move beyond Snapchat to other things. For example, last year the company launched Spectacle, a set of glasses equipped with a camera. Snap needs to stay one step ahead of Facebook by creating something that it can't copy. Separately *The Times* comments on how Facebook has been duplicating Snapchat's ideas.

The Daily Telegraph, 12 May 2017, p4; The Times, 12 May 2017, p43; Financial Times, 12 May 2017, p14

Television

Crozier bows out as ITV ad revenues plummet

Adam Crozier, ITV's chief executive, is to leave the company in June after seven years in the post. This comes at a time when the broadcaster's advertising revenues have suffered a steep decline. Although advertisers warned that the first quarter of the year would be bad, ITV's 9% fall in sales has been particularly poor. ITV, the largest commercial broadcaster, is watched closely by analysts as a so-called “canary in the coalmine” when it comes to wider economic trends.

The Daily Telegraph (Business), 11 May 2017, p3

Packaging

Body-shaped packaging – but do you need it?

Brands can be patronising to women. The latest “female-friendly” gimmick is from Dove, which has previously been known as a champion of women with its Real Beauty campaign which used more realistic female models in its ads. This time around Dove has launched a range of body wash bottles in various body shapes, allowing women to have their “very own limited edition”. But do women really want their body shape reflected in a bottle and how could a brand that “has always got it so right suddenly get it so wrong”?

marketingweek.com, 10 May 2017 (Mortimer); The Guardian, 16 May 2017, p12

Co-op opts for recyclable pizza packaging

The Co-op is introducing recyclable pizza packaging by replacing polystyrene with cardboard pizza discs on its own-brand pizzas. This will create around 450 tonnes of cardboard that can be recycled every year. The retailer aims to make 80% of own-brand packaging recyclable by 2020.

The Grocer, 13 May 2017, p7

Retailing

John Lewis and Waitrose – joint marketing?

John Lewis is hinting at a possible marketing tie-up between its John Lewis and Waitrose brands. It has previously kept advertising for the two brands completely separate. The group's annual report states that: “There is great potential for two of the strongest brands in the UK in food and general merchandise, with a loyal customer base, to work more closely”. This was after research found that the top 10% of its retail customers generated 60% of revenues with most shopping at both John Lewis and Waitrose. John Lewis has already started to merge its marketing for the two loyalty schemes.

marketingweek.com, 9 May 2017

Aldi has more in store for UK

Aldi says it could nearly quadruple its number of UK stores to 2,600, having opened its 700th store in

February. Aldi had a record Easter in which sales rose by 18.3% for the 12 weeks to 23 April. *The Grocer* interviews Matthew Barnes, Aldi's CEO for the UK and Ireland, about its performance.

The Grocer, 13 May 2017, pp4,26-29

Tesco to offer sales data to Twitter

Tesco's data operation, Dunhumby has entered into an agreement with Twitter to supply anonymous sales data from Tesco's Clubcard, with the aim of boosting FMCG advertising on Twitter. The initiative will enable brands to quantify their advertising on Twitter, which will be regarded as a "huge step forward" in measuring online advertising. Brands will be able to identify key sales drivers, such as frequency, targeting or ad type.

The Grocer, 13 May 2017, p7

Services

Independent schools – public benefit

There has been some controversy over the public benefit provided by independent schools due to their charitable status. The Charity Commission has been forced to back down on its public benefit guidance for private schools following a case against the Commission in 2011. However, since then, the challenges facing independent schools have become greater due to salaries not keeping pace with school fees, increasing business rates and other factors. Some schools are taking action, such as increasing fundraising activities enabling them to provide more bursaries, or collaborating with state schools to help reinforce public benefit perceptions.

The Business Magazine – Thames Valley, May 2017, p9

William Hill looks online for growth

William Hill, the bookmaker, has reported slowing net revenue growth at betting shops. Growth was just 1% in the 17 weeks to 25 April, down from 2% last year. In contrast, revenue at its online betting division, which accounts for around a third of business, rose by 16%. This reflects a trend at other leisure operators, such as Ladbrokes and Whitbread, who warn of a "challenging UK high street environment". The gambling industry is waiting for the outcome of a regulatory review which has been postponed because of the UK general election.

Financial Times, 10 May 2017, p18

Proptech comes of age

Proptech used to be a word to describe tech players in the property market, namely Rightmove and Zoopla. The two companies are still thriving but the market has matured and is "being unbundled in ways the financial services industry was five years ago", according to Juliette Morgan, a global technology property specialist. *Wired* looks at a selection of property apps, software portals and

platforms that more accurately reflect today's proptech sector.

Wired, June 2017, p33

Transport and travel

Uber a transport company says ECJ

The European Court of Justice has stated that Uber qualifies as a transportation company rather than a digital service which it would prefer to be regarded as. This means that the company may have to abide by the strict rules governing taxi services in many European countries. This is just the latest setback for Uber, which has had to tackle regulatory battles in a number of countries and cities. The final ruling takes place later in the year.

**The Daily Telegraph (Business), 12 May 2017, p1;
Financial Times, 12 May 2017, p4**

Japanese carmakers – declining income

Nissan predicts a net income fall of 19.4% for 2017-18 while its largest competitor, Toyota, expects an 18% decline. Japanese carmakers are facing a slowdown in demand with volume growth expected to reach just 2% a year for the rest of the decade. Newcomers with fewer complications, such as Chinese carmakers, may prove disruptive to the market. Meanwhile Tesla has achieved a stock market value greater than General Motors, Honda, Mitsubishi and Nissan. Japanese lean production methods have resulted in cheap, reliable cars but these methods are easily copied and Japanese carmakers are losing their competitive advantage.

Financial Times, 12 May 2017, p12

Indian automotive market

India has become the fifth-largest automotive market in the world by sales, which reached \$35 billion last year. It is expected to become the third-largest by 2020, overtaking Japan and Germany. Sales are slowing in China so global car companies view India as their path to growth. This article examines the prospects and challenges for foreign car producers in India.

Financial Times, 9 May 2017, p16

China launches its first commercial airliner

This month China's homegrown aircraft, the C919, made its maiden flight. It was built by the state-owned Commercial Aircraft Corporation of China (Comac) but used many suppliers from outside China. Boeing forecasts that China will need more than 6,800 aircraft (worth over \$1 trillion) in the years leading up to 2035. Having a local manufacturer will help but the question is whether China can challenge the dominance of Airbus and Boeing in the market for big commercial airliners...

Bloomberg Businessweek, 15-21 May 2017, pp25-26

Cutting Edge: Our weekly analysis of marketing news

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Lucy Brady	BritainThinks	Community Research	Research Director	research-live.com
Jenine Creaney	Burberry	Coty	Head of Influencer Marketing	fashioninsight.co.uk
Chris Hawkins	JPMorgan	Intermediate Capital Group	Managing Director for Marketing and Client Relations	Financial Times
Vicky Palmer	Headline	Transworld	Deputy Marketing Director	The Bookseller
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Cutting Edge: Our weekly analysis of marketing news

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[Economy](#)

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[Tobacco](#)

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[Health and pharmaceuticals](#)

[IT and telecoms](#)

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[Marketing trends and issues](#)

[Advertising](#)

[Brands and branding](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Customer relations](#)

[Direct marketing](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Sponsorship](#)

[Media](#)

[Books](#)

[Film](#)

[Internet](#)

[Music](#)

[Newspapers](#)

[Social media](#)

[Television](#)

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[Retailing](#)

[Services](#)

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