

# Cutting Edge: Our weekly analysis of marketing news

1 February 2017

Welcome to our weekly analysis of the most useful marketing news for CIM and CAM members.

Quick [links](#) to sections

## Marketing trends and issues

### Advertising

#### Smart billboards

Smart billboards are able to tailor their offerings to the people in front of them. Last week we reported on a Swedish pharmacy billboard ad for smoking-cessation products that depicted a man coughing whenever a smoker came close. Responsive billboards have also appeared in the US, such as a digital campaign for the GMC Acadia SUV, which uses cameras and facial recognition to identify gender, age, and even the expressions of the viewer. In the future smart billboards might start combining recognition software with sensors for the environment. They could, for example, remind people to use sunscreen with different formulas depending on the weather.

[dmnews.com](#), 26 January 2017

#### UK advertisers losing out on viewability

In the last quarter of 2016 UK advertisers spent around £606m on ads that didn't meet viewability recommendations. Only 49% of banner ads served in the UK were in line with the IAB and Media Ratings Council recommendation that 50% of an ad should be viewable for at least one second. In this respect the UK is behind other countries, such as Austria (68%), Germany (58%) and France (57%).

[research-live.com](#), 19 January 2017

### Agencies

#### New business reviews fell last year

Last year new agency business declined due to falling confidence following the Brexit vote. This is according to AAR's *New Business Pulse*. Completed new business reviews fell by 2% compared with 2015: advertising reviews were down by 3% and media by 4%; digital and integrated reviews both

grew by 2%, while CRM and direct reviews were flat. The process to leave the EU could be risky for agencies particularly when dealing with international brands who want a European agency. On the other hand UK agencies aren't "strangled by the level of legislation" in France and don't face the skills shortage of Germany, according to James Murphy, co-founder of Adam & Eve/DDB.

[Campaign](#), 27 January 2017, p5

#### Ethnic diversity

The latest research from *Campaign* and the IPA reveals that just 12% of people working in IPA member agencies are from a black, Asian or minority-ethnic (BAME) background, down from the previous two years (13.1% and 13%). The percentage of BAME employees among most senior roles remained at 7.1%. A handful of large agencies achieved the 15%-by-2020 target set by *Campaign*/IPA. A detailed analysis of the research is provided.

[Campaign](#), 27 January 2017, pp1,34-36

#### Lévy relinquishes chief executive role

Maurice Lévy, chief executive of Publicis Groupe, is stepping down, after being at the helm since 1987. Since then the company (now the third largest ad agency in the world) has grown its revenues from €220m, to €9.6 billion in 2015. The agency has worked with big brands, such as L'Oréal, Danone and Renault, including the creation of the "Va va Voom" ads for the latter. Lévy will become chairman of the supervisory board.

[Financial Times](#), 28-29 January 2017, p11

### Brands and branding

#### Culture and brand portfolio management

Consumer goods companies often have a large portfolio of brands but, if not well managed, this can



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result in brand proliferation, a complex organisational structure, lack of focus and pressure on resources. Here the author examines the effects of organisational culture on brand portfolio performance. A survey of consumer goods companies reveals that leadership, company vision, employee rewards, motivation and ownership are critical factors in brand portfolio performance. In addition, brand orientation contributes towards brand focus, coordination and shared vision.

**Journal of Marketing Communications, Vol 23(1) 2017, pp92-110 (Laforet)**

### **Purpose-driven not purpose-wash**

Smart brands increasingly recognise that working for the "greater good" helps them to stand out and leads to more meaningful relationships with customers. Purpose presents a big opportunity for brands, but to make the most of it there should be greater collaboration between marketers and colleagues in other parts of the business in a cross-functional group. This will help brands to form meaningful relationships with customers in the longer term. This article includes advice on which questions a cross-functional group should ask, how to avoid "purpose-wash" and how to engage with customers. Brief case studies of Procter & Gamble and Patagonia are included.

**Market Leader, Q1 2017, pp36-38 (West)**

### **Have we reached peak purpose?**

Did 2016 mark a peak for corporate or brand purpose? Last year Radley Yeldar's ranking of the top 100 companies for purpose saw 28 brands fall out of the ranking, including Johnson & Johnson, Orange, Diageo and WPP. Purpose has to be central to a company's future, not simply something it pays lip service to. Often the lack of purpose is blamed on the marketing department. Purpose should create a clear role for the brand in terms of the wider society, it should also make commercial sense and this is where marketing comes in. Marketers are in the best position to ensure that purpose is meaningful rather than superficial.

**Campaign, 27 January 2017, p29**

## **Conferences and events**

### **Virtual reality**

This article looks at what virtual reality means for the events industry in the light of last year's launch of Oculus Rift and HTC Vive, which targeted the home user for the first time. Three experts from the world of events give their take on it. Matt Woodley of Orchard Media & Events says that VR, "is a brilliant way to demonstrate someone's pop-up project" on exhibition, while Alan Newton of Eventopedia believes that VR will be useful for "time poor" event professionals.

**Meetings & Incentive Travel, January 2017, pp25-27 (Harvey)**

## **Consumer behaviour**

### **Defining the public-private space**

What constitutes public and private space in the world of digital? Experts believe that, rather than entering an age where consumers "are public", a reappraisal is taking place. Chris Sanderson of The Future Laboratory says that the industry is looking at a "privacy bump". As technology becomes more invisible, and voice-controlled systems become more intimate, it will become necessary to establish new boundaries and rules for marketing. This article investigates what the blurring of lines between real and virtual lives means for brands.

**Campaign Intelligent Quarterly, Q1 2017, pp30-33 (Kemp)**

## **Customer relations**

### **Good digital service experience is paramount**

Some 78% of UK internet users would switch to another retailer following a bad digital purchase experience over Christmas, according to a YouGov report commissioned by JDA. The *January 2017 UK Customer Satisfaction Index* from the Institute of Customer Service reveals that Amazon tops the league of top 50 organisations ranked by customer satisfaction, followed by fashion retailer Asos. Large retailers have the resource to deal with customer service issues, but any retailer that has a digital presence should take note or suffer from customer churn.

**emarketer.com, 26 January 2017**

## **Direct marketing**

### **How SMEs are benefiting from door-drops**

Some 99% of business in the UK are SMEs (employing up to 249 people). These are the businesses that use door-drops as a way of disseminating their message and increasing sales: 79% of SMEs have noticed improved perceptions of their brand compared with their competitors following a door-drop campaign, while 88% have noticed increased awareness of a product or service. The DMA has produced an interactive infographic.

**dma.org.uk, 25 January 2017**

### **E-mail still popular but click-through is falling**

The DMA's *E-mail benchmarking report 2016* reveals that 84% of marketers used e-mail marketing in 2015. E-mail was rated as the best-performing channel by the highest proportion of marketers (41%). Some 98% of the e-mails sent were delivered, representing the highest recorded delivery rate and increasing by 11% since 2010. Opening rates averaged 15% in 2015, although this is down on the peak opening rate of 20% recorded in 2013. Unique click-through rates have fallen every year since data was first collected in 2010, to reach a low of 2% in 2015.

[dma.org.uk/research/dma-insight-email-benchmarking-report-2016](http://dma.org.uk/research/dma-insight-email-benchmarking-report-2016)

## Law

### What is the “average consumer”

The General Court of the EU has rejected an appeal brought by Speciality Drinks Ltd against William Grant & Sons Ltd over the use of the word “CLAN” in a trade mark, after an objection from William Grant which already uses the EU trade mark “CLAN MACGREGOR”. The case revolved around the definition of the concept “average consumer” which is the standard against which the court would assess the possibility of any confusion. The court stated that, within any group, there will be sub-categories of a product which are considered “special”. An average consumer within a special group, such as whisky connoisseurs, will pay a higher level of attention to the detail of the product. Any brand wanting to categorise their product as “special” will have to prove this to the court.

[lexology.com](#), 23 January 2017

## Marketing

### Marketers – key priorities for 2017

CIM has just launched the findings of a study asking marketers which trends are their top priorities in the year ahead. The majority of marketers (76%) said that ad-blocking could actually encourage greater creativity, although 38% were concerned that it could lead to a decline in online marketing. The key priorities for the year ahead were found to be personalisation (42%), data-driven marketing (37%) and influencer marketing (31%). Technology continues to have a big influence on marketing but 49% of respondents said that they were under more pressure to reinvent customer experience as a result of tech disruptors like Uber and Amazon. This is not surprising since 20% of businesses say customer experience is now their primary business focus this year. Marketing leads customer strategy for almost a third (32%) of companies while 32% of respondents see marketing as a pathway to senior management.

[exchange.cim.co.uk/infographic/the-top-three-priorities-for-marketers-in-2017/](http://exchange.cim.co.uk/infographic/the-top-three-priorities-for-marketers-in-2017/), 1 February 2017

### Glocalisation

Making a brand global involves making use of local knowledge, hence the term “glocalisation” which involves taking a combination approach to global marketing. Successful global campaigns are often developed centrally but activated locally. L’Oréal Paris has long used a glocal approach to its above-the-line advertising, by creating central global ideas that are adapted for local use. Disruptor brands, such as Spotify and Uber, are leading the way as they bridge the global-local divide. Spotify’s *Playlists* campaign used OOH advertising in cities to show locally-relevant playlists.

*Catalyst*, Issue 6 January 2017, pp36-40 (Turner)

### Backlash marketing

Feminism is already a marketing tool but the latest feminism movement, which coincides with the Trump presidency, means that brands will have to deal with a new wave of “backlash marketing”. Many brands became involved with the recent global protest of women which manifested itself on social media under the “#WhyIMarch” label. The movement was supported by brands such as Procter & Gamble and Gucci. CNN, on the other hand, received some bad publicity when it hosted a panel, mainly of men, discussing the implications of the marches. Five things that brands need to know about backlash feminism are included.

*Campaign*, 27 January 2017, pp2-3

### Marketing to machines?

Consumers are increasingly using machines to help them make better purchase decisions, so could this result in brands marketing to machines rather than humans? This idea is not as far-fetched as it sounds – today’s virtual personal assistants (VPAs), such as Amazon’s Echo, could be a natural extension of the way in which people search for items online. VPAs allow them to discover products with a simple voice command, says Jay Henderson, director of cognitive platform IBM Watson Marketing, “but if marketers can influence how results show up on the Web, what’s to stop them from swaying the way VPAs or other connected devices filter results in the future?”

[dmnews.com](#), 27 January 2017

## Market research

### Emotional analytics

The algorithm is central to data-driven marketing but there is a growing trend for using emotional analytics. This is giving rise to a new tranche of marketing jargon such as “emotionality”. Big companies, such as Procter & Gamble, Unilever and Coca-Cola, are all using emotional analytics (EA). The danger is that brands gather huge amounts of data which claim to show “emotionality” and use this to make assumptions without “digging deeper”. Agencies have reported that many clients are already moving away from qualitative research because of this new type of big data. Tash Walker of consultancy, The Mix, warns of the dangers of expecting data to do all the work for you because “Data is only as good as its interpretation”. Case studies of Jaguar Land Rover, National Trust and Viacom are included as well as some examples of EA innovation.

*Campaign Intelligent Quarterly*, Q1 2017, pp26-29 (Bashford)

### MRS league tables

The Market Research Society league tables place WPP’s Kantar at the head of the pack, with Progressive Digital Media (or GlobalData as it is now called) the fastest-growing agency for 2015. The *Research Live Industry Report* reveals that the top

100 individual agencies together generated nearly £3 billion in turnover during 2015. It also shows that the UK's research industry spends more per head (£61) than anywhere else in the world including the US (£39), Germany (£24) and France (£23).

**research-live.com, 31 January 2017**

### **How to approach research among kids**

How can market researchers approach the questioning of children? This was the topic of a presentation at the recent Kids & Youth Research Conference, run by the Market Research Society. Lesley Salem talked about how psychology models used in teaching could help researchers address kids. As children's cognitive skills develop so rapidly, the same techniques cannot be used across all age groups. Some advice for talking to children in the two to seven, seven to 11 and 11 to 16 age groups is provided.

**research-live.com, 27 January 2017 (Bainbridge)**

### **Public relations**

#### **Facing up to an apology**

Apologising for a corporate disaster won't work if it appears insincere. BP CEO, Tony Hayward, failed to convince the public he was sorry during the Deepwater Horizon crisis in 2010, but CEO of Toshiba, Hisao Tanaka, appeared genuinely sorry when he resigned after the company had misreported its profits. A poor apology can damage a company's reputation and lead to lower investor confidence. This is according to a study of 29 corporate apologies in which researchers looked at 180,000 individual frames of video. They discovered that CEOs who say they are sorry but don't show sadness in their faces find that their companies' profits are negatively affected for months after the apology. Organisations do better when they choose "emotionally intelligent" executives to deal with mistakes. A half-hearted apology can have a serious impact that goes beyond just losing customers.

**London Business School Review, Special Edition – Leadership 2016, pp26-27 (Adams)**

## **Agriculture, fishing and forestry**

### **Ethical caviar from Yorkshire**

KC Caviar in Leeds, Yorkshire, is a family-run firm set up to address the declining number of sturgeon, which are caught and killed for caviar. The company set up a farm where sturgeon could be bred before being released into lakes across Europe. Now it plans to use a new method for extracting the eggs without killing the fish. The company hopes to make its mark (and a profit) by becoming the world's first producer of ethically-sourced sturgeon caviar.

**The Guardian, 27 January 2017, p17**

### **Co-op warns John West on tuna**

The Co-op has told John West that it must improve the way it catches tuna and has given it until the end of the year to up its game. The Co-op will only sell tuna from suppliers that manage their fish stocks sustainably and don't harm the marine environment. Tesco has already removed some of John West's products from its stores. Despite John West's promises to catch at least half its tuna via the "pole and line" method by the end of 2014, only 2% of its tuna was caught in this way by the end of 2015

**The Times, 26 January 2017, p17**

### **NFU director supports US agri-practices**

The NFU's Director of Strategy, Martin Haworth, has suggested that a free-trade agreement with the US could allow US practices, such as using growth hormones in beef production or chlorine-washing in poultry production, to enter the UK. He claims that this would enable UK producers to compete with the Americans on a "level playing field". However, British Poultry Council CEO, Richard Griffiths, says that Haworth's comments are "not representative" of British producers and that "we would expect the US to lift themselves to our standards".

**The Grocer, 28 January 2017, p46**

## **Building industry**

### **London apprenticeships dominated by men**

A report from the Greater London Authority's Intelligence Unit shows that 60 higher-level apprenticeships were taken up within the construction, planning or built environment sector industry during the 2015-16 academic year. Yet none of these included women or people of black, Asian or minority ethnic (BAME) groups. Among higher, advanced and intermediate apprenticeships there were 1,500 men and just 60 women. London was the worst-performing region for apprenticeship numbers in the sector for the sixth consecutive year.

**Construction News, 27 January 2017, p10**

### **Skills shortage and Brexit**

A major area of concern for the construction industry is the availability of labour following Brexit. Statistics reveal that there is still a shortage of workers in the industry and that many of the EU nationals who enter Britain end up being employed within the industry. EU workers make up as much as 45% of workers on some sites in London. This article examines the implications of Brexit and the skills shortage.

**Construction News, 27 January 2017, pp34-35**

## Businesses and strategy

### Stretch goals

Some executives have a vision of transforming an organisation through what appear to be impossible goals: these "stretch goals" rarely work. For example, Marissa Mayer, who took over as boss of Yahoo in 2012, announced a set of ambitious goals, but after five years she had failed on all counts and Yahoo continued to struggle. Yet the businesses that would most benefit from stretch goals, namely those who have had recent successes and spare resources, rarely use them. Businesses that are in trouble tend to be the ones that use stretch goals as a way of turning the business around but this strategy usually fails. The authors explain whether stretch goals are right for an organisation and what alternative strategies can be put in place.

**Harvard Business Review, January-February 2017, pp92-99 (Sitkin et al)**

### Corporate sustainability

Increasingly executives on boards are expected to look beyond short-term profit as companies are called upon to help with environmental problems, social inequality, disasters and other global issues. A recent study by the author and colleagues tracked the corporate performance of 90 high-sustainability and 90 low-sustainability US companies over 18 years. It revealed that companies which have environmental and social policies at the centre of their business model, out-perform low-sustainability companies. High sustainability firms outperform others in relation to stock returns by 4.8% a year. The author explains why companies must "do good" if they want to do well.

**London Business School Review (Special Edition - Leadership), 2016, pp27-28 (Ioannou)**

### Multinational companies

This article argues that the world "is losing its taste for global business". Multinationals accounts for 2% of jobs worldwide yet make up 50% of world trade and 40% of the value of the West's stockmarkets. They also own most of the world's intellectual property. The article charts the history of the multinational amid signs that it is running into trouble. Host countries are becoming less welcoming as economies shift towards services. The top 50 America multinationals now find that 65% of foreign profits derive from industries reliant on intellectual property, such as technology and drug patents. Three key elements influencing the fate of the global business scene are discussed.

**The Economist, 28 January 2017, pp19-22**

## Charities and NGOs

### NGOs' use of digital

The *2017 Global NGO Online Technology Report* examines how NGOs around the world use

technology to engage with supporters and donors. It covers web and e-mail communications, online and mobile fundraising tools, and social and mobile media. Key findings include the facts that 92% of global NGOs have a website; 38% regularly publish a blog; 71% regularly send e-mail updates to donors and supporters; and 71% agree that social media is effective for online fundraising. The top three live reporting tools are: Facebook (79%), Twitter (56%) and YouTube (23%).

**charitydigitalnews.co.uk, 30 January 2017**

### Establishing trust in the Trust

The PR team at The National Trust describes the PR structure at the organisation and how it works within the rest of the business. The discussion covers agency attributes; the balance between proactive and reactive PR; and the move away from the classic PR model to one that is more content led. They also respond to a *Times* report in October last year that the Trust has suffered from falling donations following accusations of corporate bullying.

**PR Week, January-February 2017, pp24-25 (Smith)**

## Durable consumer goods

### Swiss watches hit by China crackdown

The Swiss watch industry has reported that exports fell by more than SFr2 billion last year to SFr19.4 billion, following the Chinese Government's crackdown on corruption, making it the worst year for the Swiss watch sector since 2009. Sales in China and Hong Kong have fallen by 25% and 22% respectively over the past four years. The worst-hit part of the sector is the top end – sales of watches priced at over SFr10,000 having more than halved.

**The Guardian, 27 January 2017, p20**

### Dixons – flat screens boost sales

Dixons Carphone, Britain's largest electricals retailer, has reported a fifth consecutive Christmas of rising sales which have been enhanced by demand for flat-screen TVs. Large screen TV is viewed as a "bellwether for consumer sentiment", according to CEO, Seb James. Company sales increased by 3% in the ten weeks to 7 January with like-for-like sales up by 4%. Analysts note that Dixons is the last remaining retailer of any size to sell essential electricals, but that it will be difficult for it to sell imported items at discount prices due to the weakness of Sterling.

**The Daily Telegraph (Business), 25 January 2017, p3**

### Wonder Forge plays to win

Seattle-based Wonder Forge, has carved a niche in the board games market and now sells 8m games annually to retailers such as Walmart and Toys "R" Us. It started by licensing popular preschool franchises, such as *The Cat in the Hat*, and went on

to make a deal with Disney. The company spends nothing on advertising but instead markets through parent and toy blogs; it also has a database of 3,000 "tester" families.

**Bloomberg Businessweek, 30 January-5 February 2017, pp55-57**

### **Last manufacturers quit 3D TV**

The two remaining 3D TV makers have discontinued the product. Last year Samsung said it would stop making 3D TV sets and now both Sony and LG are to give up due to lack of demand. It seems that consumers were not happy to sit watching TV while wearing a clunky pair of glasses. Research has shown that 3D is just not a key buying consideration. Instead TV makers will focus on newer technologies, such as HDR, which provides a richer range of colours.

**The Daily Telegraph, 30 January 2017, p11**

## **Economy**

### **Britain 10<sup>th</sup> most transparent**

The latest *Transparency International* annual survey, which analyses corruption levels around the world, ranks Britain as the tenth most honest nation. Each nation out of the 176-strong league is given a ranking out of 100. Last year Britain scored 81, making it level pegging with Germany and Luxembourg. The highest rated countries were Denmark and New Zealand, with a score of 90. The most corrupt country was Somalia with just ten. Overall more countries declined in the index than improved.

**The Daily Telegraph (Business), 25 January 2017, p4**

### **The background pay gap**

A new study reveals that that professionals in the UK from working class backgrounds earn on average £6,800 less than those from middle-class families. Banking has the biggest pay gap, at £13,713 followed by medicine (£10,218) and IT (£4,736). The figures come from the Social Mobility Commission which says that people from poorer backgrounds are less likely to request pay rises and have less access to networks and job opportunities.

**The Times, 26 January 2017, p20**

### **Trade war between America and China**

Trump's threatened imposition of a 45% tariff on Chinese imports would probably end up hurting poorer Americans the most. Importers of electronics and clothing would also suffer since their competitors who rely on domestic suppliers could afford to raise their prices. Tariffs would not be too detrimental to China – America accounts for over 10% of revenues for less than 2% of Chinese firms. Meanwhile some manufacturers in Mexico and Vietnam could actually benefit from a decline in Chinese exports to the US.

**The Economist, 28 January 2017, p64**

### **Chinese return to luxury**

The Chinese have rediscovered their taste for luxury goods but are buying them at home rather than making trips to Paris or Milan. Chinese sales have been enhanced by the introduction of more "harmonised" prices from brands that would traditionally have charged a premium. China has also reduced duties on some luxury goods and has cracked down on the grey market "daigou" where personal shoppers bring luxury goods into China. Growing sales in China are at the expense of overseas purchases which have been known to account for as much as 80% of luxury shopping by Chinese tourists.

**Financial Times, 28-29 January 2017, p13; Bloomberg Businessweek, 30 January-5 February 2017, p15**

## **Energy and utilities**

### **Saving energy – the business case**

Utilitywise, a business energy consultancy, has identified ways in which SME businesses can save energy. It has used findings from the Carbon Trust to argue that cutting energy costs can have the same "bottom line" benefits as a 5% increase in sales. It proposes three steps which involve monitoring energy use; identifying low-cost measures; and cost-effective investment.

**cleanenergynews.co.uk, 30 January 2017**

## **Environment**

### **Recycling coffee cups**

Costa, Pret A Manger and Starbucks are among the coffee shops participating in a scheme to pay for recycling points in their central London outlets. Other recycling points, to be funded by sponsors, will be set up in streets and at train stations. This follows growing concern about the 2.5 billion coffee cups thrown away every year – only one in 400 cups is recycled. The scheme is being run by the environment charity, Hubbub.

**The Times, 26 January 2017, p2**

### **Used clothing turned into fuel**

Japanese recycler, Jeplan, extracts cotton fibre from used clothing and converts it into fuel. It claims that one ton of clothing can produce 700 litres of ethanol. It has also found a way of recycling polyester, which is used in around 60% of fabrics worldwide. Currently only 10% of clothing, including second-hand garments, is recycled. Jeplan is using a replica of the DeLorean car, which was powered by garbage, in the movie *Back to the Future*, to promote its recycling initiative.

**Bloomberg Businessweek, 30 January-5 February 2017, pp29-30**

## Fashion

### **Kering buys snake farm**

French luxury-goods group, Kering, (owner of Gucci and Yves Saint Laurent), has acquired its own python farm in Thailand. It wants to ensure that the snakes are ethically-farmed, which is something that fashion companies increasingly have to do to reassure both customers and animal rights campaigners. PETA, the animal rights group, recently revealed that it had purchased a stake in Kering's competitor, LVMH, to give it more leverage against the use of exotic animal skins. Kering is also working with Mongolian goat farmers to buy more sustainable supplies of cashmere.

**Financial Times, 26 January 2017, p17**

### **Home sewing returns to fashion**

Retailers are reporting rising sales of dressmaking patterns and sewing machines. Over the past three years more than one million women have taken up sewing, according to CHA-UK, a craft and hobby trade association. Sewing went out of fashion during the 1980s and 1990s due to low-cost clothing on the high street and the lack of sewing lessons at school but now it is making a comeback. Pattern brands, such as Vogue and Butterick, are relaunching vintage designs. Hobbycraft and John Lewis are offering sewing tutorials while there are numerous sewing videos on the internet.

**The Guardian, 28 January 2017, p13**

## Financial services

### **HSBC lops off more branches**

HSBC is to close 62 branches and cut 180 jobs as part of its restructuring programme. By the end of this year the group will be down to 625 branches, having closed 340 over the past two years. The shrinkage is aimed at reducing costs and responding to greater use of digital services. Research last year by Caci revealed that current account customers visited a branch 427m times in 2015 compared with 895m logins on their mobile app.

**Financial Times, 25 January 2017, p15**

### **Banks take a different approach**

Financial services brands are taking a new approach to their marketing by shifting from a functional to emotional strategy. Santander is speaking to people in a more authentic way through its *To help people and businesses prosper* campaign. Last September Nationwide launched a new ad aimed at showing what makes a building society different from a bank and to demonstrate what it stands for. YouGov tracking data suggest that improving customer perceptions is a trend in the banking sector: over the past year, almost all the major banks have enjoyed an improved impression score (this looks at whether someone has a favourable impression of a

brand).

**Marketing Week, 26 January 2017, pp10-11**

## FMCG

### **Beverages**

#### **France tackles sugary drinks**

France has banned restaurants and other catering establishments from handing out unlimited sugary drinks in an effort to reduce obesity. It is now illegal to offer unlimited drinks at a fixed price. A recent Eurostat survey of adult obesity revealed that the EU average is 15.9%, higher than France at 15.3% but below the UK at 20.1%. Nearly 57% of French men are overweight or obese once they get above the age of 30. The new French law applies to soft drinks containing added sugar or sweeteners, which includes sport drinks.

**bbc.co.uk/news, 27 January 2017**

#### **East India – a gin revival**

The East India Company, currently the subject of BBC drama *Taboo*, was established in the 17<sup>th</sup> Century when it created the "G&T" to help tackle tropical diseases. The company's name was acquired in 2005 by Sanjiv Mehta, an Indian businessman, who has brought back the "G&T". His East India Company dry blend contains ingredients originally used by the company, such as green cardamom, cocoa, nutmeg and amchur, a fruit related to the mango.

**The Times, 30 January 2017, p15**

#### **Sparkling red to rival Prosecco?**

Sparkling red wine has been identified by Bibendum, a drinks distributor, as the next big trend for 2017. Australian export sales of sparkling red increased by 33% last year, with growth driven by Pernod Ricard's Jacob's Creek Sparkling Shiraz.

**The Grocer, 28 January 2017, p44**

### **Food**

#### **GM apples that don't turn brown**

Next month a genetically-modified apple, which doesn't turn brown when sliced, will be launched in the US. The apple, which was created in a Canadian laboratory, has been grown in orchards in British Columbia and Washington State. It will appear on grocery shelves pre-sliced and with the brand name, Arctic. Campaigners are concerned that the product should be labelled as a GM crop.

**The Times, 25 January 2017, p3**

#### **Kraft to ditch ad in favour of day off**

Kraft Heinz has decided not to advertise during the Super Bowl game this year. Instead it will try a different way of gaining publicity by allowing most of

its salaried US employees to have the next day off. The Monday after the big game is marked by a high rate of absenteeism among US businesses. It is not certain whether Kraft Heinz's marketing stunt is also a way of cutting costs – last year 30 seconds of Super Bowl airtime cost around \$5m.

**The Times, 27 January 2017, p33**

### **FSA warns of new carcinogen**

The UK's Food Standards Agency (FSA) has warned that burnt bread and other carbohydrates contain higher levels of the toxic chemical, acrylamide, which can cause cancer. The chemical is present in many foods and naturally occurs in the cooking process, particularly in food such as chips, crisps, biscuits or even instant coffee. The findings, as well as having implications for food manufacturers, could lead to legislation including codes of practice for the food chain.

**The Grocer, 28 January 2017, pp14-15**

### **Alcoholic lollies**

Granny Gothard, an ice cream brand, is launching alcoholic sorbet lollies with an average abv of 4%. They will come in Mojito, Pink Champagne and Gin & Tonic flavours.

**The Grocer, 28 January 2017, p44**

### **Tobacco**

#### **£3m pay rise rejected for Imperial boss**

Shareholders of Imperial Brands, maker of Gauloise and John Player cigarettes, have voted against the proposed pay rise for Alison Cooper, the chief executive, which would have seen her pay increase from £5.5m to £8.5m a year. Imperial's chairman, Mark Williamson, says that the pay rise was required to deter company bosses from leaving and to attract new executives. Stefan Stern of the High Pay Centre believes "this is the first sign that some institutions are going to be a bit tougher this year".

**The Guardian, 27 January 2017, p29**

### **The rise of the ganjapreneur**

Twenty-eight of US states can now legally sell marijuana. This has led to a spate of weed-related products and the growth of a new breed of "ganjapreneur". They are marketing legal marijuana products by giving them "supermarket-friendly" names and claiming health-related benefits. The aim is to transform the image of marijuana so that it can compete with products appearing in mainstream outlets. Names for the new products include Lord Jones 5:1 Pain & Wellness Formula body lotion and Whoppi & Maya Cannabis Soak.

**Bloomberg Businessweek, 30 January-5 February 2017, pp18-19**

## **Government and public sector**

### **Inquiry into fake news**

The UK's Culture, Media and Sport Committee has launched an inquiry into "fake news", the practice of spreading stories of doubtful accuracy through social media and the internet. There are concerns about whether voter exposure to fake news during the US election may have affected the democratic process. The Committee is looking at ways in which to respond to fake news which, according to Damian Collins MP, chair of the Committee, is a threat to democracy and undermines confidence in the media. He wants technology companies to help address the spread of fake news on social platforms and says that consumer should "be given new tools to help them assess the origin and likely veracity of news stories they read online".

**parliament.uk, 30 January 2017**

### **Creative industries in industrial strategy**

Prime Minister Theresa May has included the creative sector in a list of five industries that could secure "sector deals" and investment in R&D as part of a strategy to "support the industries of the future where Britain has the potential to lead the world". The Creative Industries Federation regards this as a "major step forward" since this is the first time that the sector has been recognised in an industrial strategy.

**Marketing Week, 26 January 2017, p6**

## **Health and pharmaceuticals**

### **Health marketing communications**

The authors seek to integrate various health behaviour theories with information-processing and attitude change theories drawn from the marketing communications arena. Their objectives are to examine the limitations of existing health behaviour theories; to look at source, consumer, channel and message characteristics; and to explain in what circumstances these factors are likely to affect health behaviour change and maintenance. Four assumptions and a number of propositions are put forward.

**Journal of Marketing Communications, Vol 23(1) 2017, pp22-72 (Manika and Gregory-Smith)**

### **J&J balances patent loss with acquisition**

Johnson & Johnson, the world's largest healthcare company, has acquired Swiss biotech group Actelion for \$30 billion. J&J's growth has been slowing and it has recently lost exclusive right to make its best-selling drug, Remicade (an arthritis medicine) which generated over \$7 billion in sales last year. The takeover is the largest ever made by J&J, it will benefit from Actelion's existing drugs plus a 16% share in a new biotech group which will focus on



Actelion's early-stage drug development.

**Financial Times, 27 January 2017, p17**

### **Co-development – suspensions and failures**

Biotech and big pharma companies often get together to co-develop new products but new product development often results in project suspension or failure. The authors ask how companies can improve the chances of the co-development alliance creating value. They undertake a study of 248 alliances formed by 104 biotech companies in the US and Europe. The main points to come out of the study are that managers should be aware that "signalling" suspensions and failures to investors will set their expectations of future NPD performance and therefore affect shareholder value. Proactive portfolio management can send positive signals to investors, creating better value for NPD alliances.

**Journal of Product Innovation Management, Vol 34(1) 2017, pp35-59 (Hu et al)**

## **IT and telecoms**

### **Reliance on new 4G service**

Reliance Industries, an Indian oil products group, is offering free mobile and data services for six months on its new Jio service, as its way of entering the competitive Indian telecoms sector. Reliance, which has put over \$25 billion into the telecoms sector, launched the massive promotion after six years of what is described as "greenfield investment at a scale never before seen in the global telecoms industry". One analyst notes that Jio has built its network entirely on 4G technology, which was primarily developed for data services, but does not have any 2G or 3G backup!

**Financial Times, 25 January 2017, p17**

### **German industry should adapt to digital**

Despite Germany being renowned for its expertise in engineering, its IT sector is falling behind that of Silicon Valley. Although the country's economy is strong, there are growing fears that its weakness in IT could be detrimental to cars and machines which are increasingly reliant on software and digital technologies. A ranking by EY shows that 55 out of Germany's top 100 companies are in industrial sectors while only five are in IT. Some companies, such as Bosch, are adapting to new technology but face competition from the US.

**Financial Times, 26 January 2017, p11**

### **Qualcomm under attack**

Qualcomm, the world's biggest chip-design company, is under attack from Apple for abusing its dominant position. America's Federal Trade Commission (FTC) has also filed a complaint against the company. It is estimated that Qualcomm provides up to four-fifths of the chips used in a

mobile device's wireless connection. The basis of Qualcomm's \$5.7 billion profits rest on its ownership of patents for technology which is "essential" in building phones. Handset brands have to sign up to difficult licensing conditions just to get the chips they need, hence the FTC's accusation of monopoly abuse. Whatever the outcome of the court cases, Qualcomm is good at adapting: it has just acquired NXP Semiconductors which will give it access to two new markets – chips for cars and connected devices.

**The Economist, 28 January 2017, pp59-60; Bloomberg Businessweek, 30 January-5 February 2017, pp28-29**

### **Samsung sales at lowest level since 2011**

Sales of Samsung phones have plummeted to their lowest level since 2011 due to the slowing smartphone market, competition from China and the launch of the faulty Note 7 phone. Samsung and Apple have both suffered from the lacklustre growth in smartphone shipments last year.

**The Daily Telegraph (Business), 25 January 2017, p8**

## **Leisure and tourism**

### **The New Year fitness trend**

Many people make a New Year's resolution to get fit but few stick to the regime. Mintel cites a lack of motivation for the leading reason that many people don't exercise regularly. This is followed by tiredness, the high cost of classes at gyms and a lack of time. The current high-intensity workout trend may also put people off. It is important to shift marketing away from the idea that "exercise is hard" and instead focus on language that makes exercise more accessible. After all: "A small victory is still a victory", as the gym chain Nuffield Health claimed in its 2015 advertising.

[www.mintel.com/blog/consumer-market-news/motivate-the-unmotivated-with-realistic-fitness-goals](http://www.mintel.com/blog/consumer-market-news/motivate-the-unmotivated-with-realistic-fitness-goals)

### **Barcelona to outlaw new hotels**

Barcelona is attempting to control the numbers of visitors it receives – over 17m overnight visitors a year – by banning new city-centre hotels and tourist apartments. Barcelona is fifth in Europe for visitor numbers, behind London, Paris, Berlin and Rome.

**Financial Times, 28-29 January 2017, p4**

## **Media**

### **Books**

#### **Amazon removes controversial e-book clauses**

On 24 January, following an investigation, the European Commission concluded that Amazon has abused its dominant position by creating Most Favoured Nation clauses (MFN) in its e-book contracts. Amazon has since said it would withdraw the clauses. This means that publishers could end e-book contracts containing clauses that link discounts

for e-books with the retail price of an e-book on a competitor platform. The deal only applies to the EU area which has led to questions about what will happen after Brexit.

**The Bookseller, 27 January 2017, p12**

### **Penguin committed to print books**

Markus Dohle, chief executive of Penguin Random House, has emphasised that the company is committed to its print business. Bertelsmann, a German conglomerate which owns 53% of Penguin Random House, looks set to acquire a greater stake since UK publisher, Pearson, has plans to sell its 47% of the business. This article looks at the rise and fall of e-books in the context of Bertelsmann's increasing commitment to book publishing.

**Financial Times, 31 January 2017, p17**

### **Film**

#### **Investment in British reaches record level**

Last year Britain's film industry benefited from expenditure of £1.6 billion, up by 13% on 2015 and the highest figure since records began in 1994. The British Film Institute reports that: "2016 was a banner year for the UK's film and TV industries, which attracted record levels of inward investment". Some 200 films began shooting in Britain last year.

**The Guardian, 27 January 2017, p3**

### **Internet**

#### **Bad ads**

Last year Google removed 1.7 billion so-called "bad ads" which is more than double the number it removed in 2015. According to its *Bad Ads* report the increase was due to wider policies designed to protect users from misleading and harmful advertising. Google also improved its technology to be able to better identify bad ads.

**Campaign, 27 January 2017, p3**

#### **Alphabet ad revenues boost figures**

Alphabet, Google's parent company, increased revenues by 22% to \$26 billion in its fourth quarter year-on-year. Some \$22.4 billion of the revenue came from advertising with much of it deriving from YouTube and mobile searches. In contrast, Alphabet's riskier business division – dubbed "other bets", which includes helium-filled balloons that beam internet connections to the ground and self-driving cars – made an operating loss of \$927m.

**The Times, 27 January 2017, p37**

### **Newspapers**

#### **Joint ad sales – will it go ahead?**

After much research, legal work and money, DMGT decided to pull out of the plan to create a joint sales house among the five main newspaper groups. The remaining newspaper groups – Guardian Media Group, News UK, Telegraph Media Group and Trinity

Mirror – insist they will carry on with Project Rio to pool ad sales. Supporters of the project say that it may need to involve more than simply ad sales. National newspaper ad revenues have fallen from £1.6 billion in 2008 to just £800m. Supermarket adspend alone fell by a third from 2014 to 2016.

**Campaign, 27 January 2017, pp26-27**

### **Television**

#### **UKTV sets up own agency**

UKTV is launching its own "full-service" agency with the aim of being more ambitious with its advertising. The broadcaster has increased its share of commercial viewing by over a third since 2010 to gain 10% of the market. UKTV owns channels such as Dave, Drama and W.

**Campaign, 27 January 2017, p6**

### **Video**

#### **Live video**

Live video feeds are an emerging form of entertainment. Live streaming results in a more authentic type of social media personality than the standard YouTube video which leads to fewer "crossover" stars and more "breakthrough" entertainment. The smartphone camera has the ability to capture events that have been missed by the mainstream media while the live-chat functionality provided by apps allows live video discussions with audiences. The spontaneity of live-streaming draws in the viewer in a way that a traditional recording can't.

**Wired, January-February 2017, pp142-149 (Nave)**

### **Packaging**

#### **First shampoo bottle from beach plastic**

Procter & Gamble is producing the world's first recyclable shampoo bottle with 25% being made from recycled beach plastic. The bottles, which will contain P&G's Head & Shoulders shampoo, will be available in a limited run at Carrefour in France this summer. P&G has also announced a plan to introduce recycled plastic to its European hair care brands in 2018. It will use 2,600 tons of recycled plastic to make half a billion shampoo bottles every year. Recycling and upcycling are relatively common but real change will take place when companies shift to circular economy business models rather than traditional "make-use-dispose" models.

**brandchannel.com, 25 January 2017**

#### **Government considers plastic bottle deposit**

The UK Government is considering the introduction of a plastic bottle levy to reduce the number of bottles that end up in landfill or in the sea. The plans could include charging consumers an extra 10p to 20p per plastic bottle or container, which can be refunded as part of a deposit return scheme. Schemes such as this are already in place in Europe

and North America. Prince Charles has recently added his support to such a scheme.

[packagingnews.co.uk](http://packagingnews.co.uk), 30 January 2017

## Retailing

### Retail choice and store attractiveness

What makes consumers select a particular store for making their purchase? This study examines the link between consumers' purchase behaviour attributes and store attractiveness. The study used two agglomerations in different geographic locations, consisting of a street shopping area and a shopping mall in India, both of which involved clustering of similar stores. The results indicated that, as well as the depth and variety of stores, merchandise characteristics were important. These included price and accessibility. The findings can be applied to both domestic and foreign retailers when considering where to locate a store.

**Journal of Marketing Analytics, Vol 4(2-3) 2016, pp108-124 (Singla and Rai)**

### Food sales drag down retail sales

Food sales in January fell at their fastest rate since August 2004, which resulted in overall retail sales volumes falling slightly in the year to January. This is despite healthy growth among clothing retailers and department stores. The Confederation of British Industry, which conducted the poll of 113 retailers, said that the outlook is positive, with sales volumes expected to grow in February.

**The Daily Telegraph (Business), 27 January 2017, p3**

### Tesco to buy Booker

The UK's largest supermarket, Tesco, is to acquire the largest wholesaler, Booker, to create the "UK's leading food business". As well as supplying 700,000 convenience stores and catering establishments, Booker owns the Premier, Londis and Budgens brands. Although investors have welcomed the announcement, Tesco will be supplying goods to convenience stores that will be competing with its own stores. The deal has yet to be approved by the Competition and Markets Authority. *Marketing Week* examines how it will affect Tesco's brand.

**bbc.co.uk/news, 27 January 2017; retail-week.com, 27 January 2017; marketingweek.com, 27 January 2017**

### Asda launches targeted ads for suppliers

Asda has launched online ad technology which will allow its suppliers to target shoppers based on their browsing and purchase histories. Asda claims that brands using the ads can achieve up to seven times the average click-through rate of standard online banner ads.

**The Grocer, 28 January 2017, p7**

## Services

### Women overtake men at Oxbridge

The same number of women were offered places as men at Oxford this academic year even though fewer women applied. Overall, proportionately more women than men received places at Oxbridge. The number of 18 year-old women also outnumbered men at all Russell Group universities. At some leading universities, such as Imperial College, the number of black 18 year-old admissions has overtaken white teenagers for the first time. However, some top universities have been failing to offer enough places to applicants from deprived families.

**The Times, 26 January 2017, p16**

### University marketing

The deadline for university applications was 15 January and marketing teams will be wondering whether their tactics have been successful. Apart from the high costs of attending university, competition in the sector is fierce. The university sector will also be affected by the EU referendum since it relies on recruiting students and academics from overseas. Now universities are creating strategies "to attract students like never before" and branding themselves to stand out from their rivals. Reading, Sheffield and Aston universities are mentioned in this article.

**marketingweek.com, 23 January 2017**

### Dating services in the age of Trump

After Trump's election to President, online dating site, Maple Match, was inundated with new customers – it aims to help Americans find Canadian partners to protect them from the "unfathomable horror" of Trump and to build bridges rather than walls! Trumpsingles.com, on the other hand, wants Trump supporters to get together. Its users not only come from US Democratic states but also from overseas, including Russia and Britain. Online dating sites, such as Match.com, target everyone, which allows plenty of scope for niche dating sites. But it is difficult for them to make money and some rely on targeted advertising.

**The Economist, 28 January 2017, p59**

## Transport and travel

### China – will Trumpchi make inroads in the US?

Although America sold 2.96m vehicles in China last year, no Chinese car brand has yet managed to make an impression on the US market, although there have been a few failed attempts. In January Guangzhou Automobile Group's (GAC) Trumpchi brand (the name has nothing to do with Trump) appeared at the North America International Auto Show in Detroit. GAC, which wants its vehicles to be in US showrooms as early as 2018, is to open an

R&D centre in the US this year. GAC may have some image problems to overcome. In 1998 Hyundai addressed perceptions of poor quality in the US by offering a ten-year warranty on its vehicles.

**Bloomberg Businessweek, 30 January-5 February 2017, pp19-21**

### **Hyundai – expecting some acceleration**

Car maker Hyundai has had a bad couple of years due to slowing sales in emerging markets and a fall in Korean production following a strike among workers. China and India account for a third of Hyundai's vehicles; but China's car market could be hit next year by the phasing out of tax cuts for cars with smaller engines. Hyundai may be able to offset that with its two new models: a saloon and a small SUV.

**Financial Times, 26 January 2017, p14**

### **VW becomes biggest carmaker**

Despite the diesel emissions scandal, Volkswagen has become the world's biggest car seller for the first time. It sold 10.3m cars in 2016 to overtake Toyota, which sold 10.2m vehicles. Toyota has been the biggest seller for the past four years. VW benefited from high sales growth in China where it sells fewer diesel vehicles.

**The Guardian, 31 January 2017, p22; Financial Times, 31 January 2017, p15**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Sallie Coventry	IBTM Events	WRG	Client Engagement Director	eventindustrynews.co.uk
Claire Evans	Transworld	Pan Macmillan	Communications Director, Commercial Fiction and Brands	The Bookseller
Jamie-Lee Nardone	n/a	Oberon Books	Temporary UK PR Manager	The Bookseller

## Promotions

Name	Company	Previous title	New title	Source
Gareth Bath	BrewDog	Sales Director	UK & International MD, with responsibility for sales, marketing and operations	The Grocer
Jackie Boughton	The Barbicon	Head of Sales and Marketing	Head of Business Events	eventindustrynews.co.uk
Emma Bravo	Pan Macmillan	Publicity Director, Picador	Communications Director, Fiction and Partnerships	The Bookseller
Lucas Peon	J Walter Thompson London	Digital Executive Creative Director	Executive Creative Director	Campaign
Toshihiro Yamamoto	Dentsu	Senior Vice President	CEO	research-live.com

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The Bookseller\*\*

[www.brandchannel.com](http://www.brandchannel.com)

Campaign\*\*

Campaign Intelligent Quarterly  
Catalyst

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

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

Construction News

[The Daily Telegraph](#) ~

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

[www.dmnews.com](http://www.dmnews.com)

The Economist\*

[www.emarketer.com](http://www.emarketer.com)

[The Financial Times](#) ~

The Grocer

[The Guardian](#)

Harvard Business Review\*\*

Journal of Marketing Analytics\*

Journal of Marketing Communications\*\* (18 month embargo)

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

[www.lexology.com](http://www.lexology.com)

London Business School Review\*\* (12 month embargo)

Marketing Week \*\*

Market Leader

Meetings & Incentive Travel

[www.mintel.com](http://www.mintel.com)

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

[www.parliament.uk](http://www.parliament.uk)

PR Week

[www.research-live.com](http://www.research-live.com)

[www.retail-week.com](http://www.retail-week.com)

The Times

[Wired](#) (selected articles available)

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