

# Cutting Edge: Our weekly analysis of marketing news

22 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

#### Global advertising

It is an attractive proposition to be able to produce one ad that can be used across many countries but this may not be the best way of maximising ROI. Research by Millward Brown has found that only 38% of ads that are strong in one country are also strong in another. However, giving creative control to local markets presents the risk of "non-unified" brand associations leading to consumer confusion over what a brand stands for. The author, a global brand director at Millward Brown, explains that the most successful global advertising starts with an insight.

**Marketing Africa, Issue 15, 2016, pp64-65 (Poole)**

#### Advertising takes to the skies

Lightvert, a British start-up, has created a new advertising system, the Echo system, which uses lasers to project images up to 200m tall from the sides of buildings. Advertisers will be able to reach people from virtual billboards in the sky. However, people will only be able to see the image for between a tenth and a quarter of a second as it will be captured briefly in the viewer's eye. Advertising agencies and businesses have shown interest but campaigners are concerned that the technology could "clutter" the skies. The Echo system is not subliminal advertising as the imagery is seen at a conscious level.

**The Times, 15 February 2017, p3**

### Agencies

#### Agency-client relationships

A happy agency-client relationship is one in which both sides are committed to a range of criteria, such as communication and results. There is a growing

number of niche agencies who are challenging larger agencies with their specialist skills. Agencies have to be sector experts, as well as skilled marketers, rather than just generalists. They need to be able to add value and demonstrate marketing success in relation to business objectives. This means that clients often form a number of strategic partnerships because of the particular expertise of the agency. This could result in more creative opportunities for the B2B sector. This article offers five tips for agencies and a ranking of the top 75 UK B2B marcomms agencies.

**B2B Marketing, Q4 2016, pp6-8 (Matejka)**

### Brands and branding

#### Squatting on the Trump brand

China has had its fair share of unfortunate export brand names, such as Front Gate men's underpants, but now it has a brand that could provide endless business opportunities – Trump-branded toilets. Shenzhen Trump industries, which makes toilets for high-end spas, hotels and others, claims that Trump toilets are used 100m times a year in China. Alan Garten, chief legal officer of Donald Trump's company, the Trump Organisation, claims that "someone was improperly squatting" on his firm's rights! Many Chinese products carry the name "Trump" but have nothing to do with the US president. In 2006 Donald Trump applied to China for a trademark in construction services, which a Chinese Court has now agreed to.

**The Economist, 18 February 2017, p56**

### Marketing ethical brands

The problems facing the Co-op Bank and The Body Shop suggest that ethical brands need more than just moral credentials to be successful, according to Gary Davies, a professor of strategy at Alliance Manchester Business School. L'Oréal, owner of The Body Shop, tried to make the brand mainstream but



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this simply "diluted its uniqueness further". This article offers some advice for big companies that are trying to market ethical brands. (See also under Financial Services)

**Campaign, 17 February 2017, p8**

## **Children**

### **The ban on non-broadcast HFSS ads**

An amendment to the CAP Code comes into force on 1 July 2017. It effectively bans non-broadcast ads for food that is high fat, salt or sugar (HFSS) which target children. It is an attempt to tackle childhood obesity in the UK where it is estimated that a third of children are obese. Non-broadcast children's media includes magazines, cinema, websites, video-sharing sites, advergames and social media which are aimed at children under the age of 16. A ban is already in place for HFSS adverts in broadcast advertising, which includes TV. The new ban aims to reflect the changing media habits of children. However, parts of it may prove tricky for advertisers to navigate...

**lexology.com, 20 February 2017**

## **Conferences and events**

### **Encouraging meeting attendance**

New research reveals that only 51% of delegates and 37% of students feel encouraged to take part in meetings, which suggests that more needs to be done to make the experience valuable. The research, which was conducted by Imago Venues in collaboration with Loughborough University and The Right Solution, measured whether the meetings industry is doing enough "to inspire the business leaders of tomorrow". Emma Boynton of Imago Venues explains that meetings offer an opportunity for "creative and innovative thinking". The meetings industry should consider this when planning an event.

**eventindustrynews.com, 16 February 2017 (Parry)**

### **Northern Powerhouse – gender imbalance**

Organisers at the UK Northern Powerhouse conference, taking place this week, have apologised for the lack of women speakers. None of the 15 speakers mentioned in the press release for the event were women and, out of a total of 98 speakers at the event, only 13 are women. The organisers said they recognised that the event does not "reflect the gender balance of the North" and have promised that there will be better representation at next year's conference.

**meetpie.com, 20 February 2017**

## **Consumer behaviour**

### **Scheduling effects on consumer enjoyment**

Consumers schedule their activities to make the best use of their time. The authors investigate whether scheduling detracts from the benefits of leisure

activities. Thirteen studies of leisure activities that are often scheduled, such as movies or coffee, reveal that scheduling, rather than doing something on impulse, makes it feel more work-like. The findings show that scheduling reduces the benefits of leisure activities in terms of both anticipation of the activity and the enjoyment of it. They find that "roughly scheduling" the activity helps to eliminate this effect. This presents an opportunity for marketers to improve consumers' experiences through scheduling behaviour.

**Journal of Marketing Research, Vol 53 December 2016, pp922-936 (Tonietto and Malkoc)**

## **Customer relations**

### **Salesforce motivation**

Sales organisations are increasingly working on building long-term relationships with customers, thereby playing an important part in relationship marketing, the launch of new products and creating customised products and services. But this cannot happen if the salesforce isn't sufficiently motivated. This paper looks at the role of salesforce control systems (behaviour-based and outcome-based) in salesforce motivation (both intrinsic and extrinsic). The authors review important studies which focus on the impact of behaviour-based and outcome-based control systems on salesforce motivations. They discuss a model and the research implications.

**The Marketing Review, Vol 16(4) 2017, pp357-371 (Fatima and Azam)**

### **Principles of customer strategy**

This article looks at how one can position an organisation to achieve an effective customer strategy. PwC's strategy consulting group conducted a survey of 161 executives in a range of countries and industries to identify ten principles of an effective customer strategy. These principles, as expounded by Thomas Ripsam and Louis Bouquet, are summarised here.

**Velocity, Vol 19(1) 2017 pp8-9**

## **Direct marketing**

### **GDPR – marketer views**

New research from the DMA suggests that a quarter of businesses are not ready for the GDPR and B2B marketers are the least prepared. When asked what they want to do before the regulation comes into force, 42% of marketers said "conduct impact assessments", 36% said "give data subjects greater control of their data" and 31% said "revise data policy". Marketers believe the channels most affected will be: e-mail (89%), direct mail (81%) and mobile (73%). The biggest concerns are perceived to be: consent (70%), profiling (50%), and legacy data (37%).

**dma.org.uk, 14 February 2017**

## **Law**

### **E-Privacy regulations**

The European Commission has published draft e-Privacy regulations which will replace the current e-Privacy Directive. The existing law is being updated to cover instant messaging, web-based e-mail, metadata, cookies, direct marketing and online marketing. The aim is for the regulation to take effect from 25 May 2018, which is the same date as the GDPR comes into force. This article briefly outlines the scope of the regulations.

**lexology.com, 14 February 2017**

### **Pirate websites to become less accessible**

Google and Bing have signed up to a voluntary code of practice, said to be the first of its kind – websites that illegally stream material, such as Pirate Bay, will be demoted in the search rankings so that there will be less chance of people clicking on them by accident. The agreement between the entertainment industry and the search companies was brokered by the UK Government and the code will become operational in the UK by the summer.

**marketingweek.com, 20 February 2017**

### **MEPs consider electronic person status**

MEPs are calling on the European Commission to put forward proposals for legislation on "legal questions related to the development and use of robotics and AI foreseeable in the next 10 to 15 years" as well as guidance and codes of conduct on their ethical design and operation. MEPs said the Commission should consider whether "a specific legal status for robots in the long run" should be provided, allowing autonomous robots to have the "status of electronic persons". The idea of conferring a legal personality on robots had been dismissed in a previous study.

**out-law.com, 20 February 2017**

## **Marketing**

### **Digital marketing tools – the benefits**

Digital marketing is interactive by nature but it doesn't follow that the marketing tools are used interactively. There should be a distinction between the nature of the channel and how it is used, especially when evaluating the benefits of a digital marketing strategy. The authors propose that the use of digital marketing tools is a multi-layered concept in which different digital channels can be used on three levels: being present; meeting customers online; and serving customers online. These each lead to different types of marketing benefits.

**The Marketing Review, Vol 16(4) 2017, pp389-404 (Taiminen)**

### **Implicit vs. explicit price memory**

People often compare products or information with information they remember from the past. They can

do this with or without explicitly recalling the original information. The authors demonstrate that memory-based price comparisons are less accurate when consumers first try to recall a past price compared with when they are not trying to do so. They identify a new type of memory blocking called "metacognitive memory blocking", where the feeling of not knowing blocks the implicit memory. They show that most memory-based price comparisons are based on implicit memory rather than explicit recall of the price.

**The Marketing Review, Vol 16(4) 2017, pp937-953 (Kyung and Thomas)**

### **US CMOs stay shortest time in c-suite**

The average CMO in the US stays in the job for just 4.1 years, which is less than the average for the c-suite (5.3 years) and lagging far behind the average CEO (8 years). Korn Ferry, which conducted the research, attributes this to the "exceptionally complex" nature of the CMO's role which requires the right balance of left as well as right brain skills. CMOs in financial services tend to stay the longest (5.1 years) while the average CMO in the consumer industry stays for just 3.6 years.

**marketingweek.com, 16 February 2017**

## **Market research**

### **Ethnographic research in B2B**

Ethnographic market research – observing customer behaviour first-hand – can be useful in B2B research. However, this kind of research needs to have careful planning. The author, an expert in B2B research, sets out ten steps to be followed before, during and after carrying out an ethnographic research project.

**research-live.com, 14 February 2017 (Strange)**

## **Public relations**

### **Negative effects of data use**

Marketers rely on customer data but have little idea about the negative effects of data use, such as customers' "vulnerability" worries. The authors use a framework to link customer vulnerability to negative performance. Three studies reveal that transparency and control in companies' data management practices can help to offset the negative effects of customer data vulnerability. A study of data security breaches in 414 public companies confirms these negative effects as well as demonstrating the spillover effects from competitor firms' breaches. A field study across three industries shows consistent effects across four types of customer data vulnerability.

**Journal of Marketing, Vol 81(1) 2017, pp36-58 (Martin et al)**

### **Using research to create the headlines**

Research can be useful in helping to create effective PR campaigns since it is important to base the

campaign on good content. Research can therefore be part of the campaign in its own right. The author offers some advice for creating “headline-making” research. It includes understanding and reflecting the ideal headlines for clients based on their brand values; making the data manageable for the media; and crafting the questions carefully.

**Public Relations Tactics, Vol 24(2) 2017, p13 (Ristic)**

## **Sponsorship**

### **Esports attracts big money**

According to Newszoo's 2017 *Global Esports Market Report*, there will be 330m esports participants and viewers around the world this year. Esports' advantage is its accessibility – anyone can play regardless of age or physical ability. Esports also offers massive opportunities for games developers, appealing to their imagination and creativity. Brands, such as Coca-Cola, Red Bull and Nissan, have responded by offering seven-figure media and sponsorship deals. Gillette has just announced its sponsorship of Intel Extreme Masters, an esports event, and recruited xPeke, an esports star, as brand ambassador.

**Campaign, 17 February 2017, p22**

### **UK Sport pulls funding for seven sports**

Seven UK sports are to lose their funding for the Tokyo 2020 Olympics, despite appeals to UK Sport. These include badminton, table tennis, fencing and wheelchair rugby. With falling lottery ticket sales and an increased focus on medal-winning, it seems that the affected sports will have to look elsewhere – to partnerships or sponsorship – for their funding.

**bbc.co.uk/sport, 20 February 2017**

## **Agriculture, fishing and forestry**

### **Morrisons highlights global food supply risk**

*British Food*, a report commissioned by Morrisons, the supermarket, says that only 52% of food eaten in the UK comes from British farmers. It claims that if the UK were to produce more of its own food, this would help to protect suppliers and consumers from global price fluctuations. Climate change and potential trade wars are named as the biggest risk to farmers and consumers. Morrisons plans to recruit another 200 suppliers in the UK over the coming year.

**bbc.co.uk, 17 February 2017; The Guardian, 17 February 2017, p25; famingfutures.org.uk, 17 February 2017**

### **Will Trump protect US agriculture?**

US farmers and agribusinesses are concerned about President Trump's protectionist stance. The US is the world's top exporter but one of Trump's first acts as president was to pull out of the Trans-Pacific Partnership (TPP). He also wants to leave the North

American Free Trade Agreement. Both moves could harm farmers. Australia is already looking for a TPP without the US while competitors are busy expanding into US markets.

**Bloomberg Businessweek, 20 February-5 March 2017, pp13-14**

### **New Zealand – success despite no subsidies**

In the mid-1980s New Zealand decided to remove all farm subsidies. Despite initial hiccups, the country's farming sector is now flourishing as well as being more diversified. New Zealand farmers now look for new market opportunities and technology rather than expecting money from the government. Sir Roger Douglas, the then finance minister who was responsible for the changes, believes that, in the wake of Brexit, Britain could try a bit of the same...

**The Times, 21 February 2017, pp10-11**

## **Building industry**

### **Private housing down in Q4**

The *Construction Trade Survey* shows that private housing activity fell in the last quarter of 2016 compared with the previous year. Public housing and non-housing remained flat while the industrial and commercial sector grew strongly. Among the main contractors, 38% reported that construction output was higher than a year ago. The UK Government, which has just launched its housing white paper, promises to boost residential construction and the build-to-rent market.

**Construction News, 17 February 2017, p10**

### **The rise of the graddy annexe**

As record numbers of university leavers are forced to move back into their parents' houses, there has been an increase in what architects are calling the “graddy annexe” – a new take on the granny annexe. Some new-build houses are even being constructed with self-contained units. Over the past two years the number of properties with an annexe has increased by 39%, with 9,330 being built in England and Wales.

**The Times, 21 February 2017, p3**

## **Businesses and strategy**

### **Subscription-based businesses**

The increase in subscription-based businesses has changed the type of data that companies report to external shareholders. Companies are increasingly reporting on the number of new or lost customers, customer lifetime value and so on. There has consequently been greater interest in linking the value of customers to the overall value of the company, something referred to as “customer-based corporate valuation”. To address gaps in research on this topic, the authors develop a framework for valuing subscription-based firms.

**Journal of Marketing, Vol 81(1) 2017, pp17-35 (McCarthy et al)**

### **Strategy, leadership and co-development**

This study looks at ways of fostering co-development with customers. The authors argue that an innovation-oriented strategy, together with transformational and transactional leadership, provide the necessary senior management “levers” that can lead to innovation. This helps to “build bridges” with customers and to facilitate the co-development of products. The research reveals an inverted U-shaped relationship between co-development and new product frequency.

**Journal of Product Innovation Management, Vol 34(2) 2017, pp201-222 (Stock et al)**

### **The changing nature of the C-suite**

The traditional C-suite roles, such as chief executive, chief financial officer and chief marketing officer, are evolving to meet new challenges such as focusing on customer-centricity and co-creation of value. New roles are also emerging, such as chief customer officer, chief innovation officer and chief digital officer. The number of chief digital officers has doubled almost every year since 2005 as the digital strategy of many organisations is fast becoming synonymous with corporate strategy. This article also mentions the chief procurement officer as a focus for innovation, growth and long-term value.

**Velocity, Vol 19(1) 2017, pp30-32 (Sciammas et al)**

### **Practice what you preach – hypocrisy**

The definition of hypocrisy probably depends on where you are in the world. Professor Daniel Effron and colleagues decided to challenge the idea that hypocrisy “is universally decried”. Preliminary findings from studies across 46 countries suggest that in countries, such as the UK or US, people are more likely to react negatively to a mismatch between words and deeds in the workplace than people in Asian or Latin America countries. In the US and UK people tend to be judged by how they stick to self-professed values and how “authentic” they are. Some other cultures stress “interdependence” which is where the self is “inextricably linked to its social context”. So far the research suggests that we should adapt our behaviour to maximise the chances of receiving respect, depending on the culture we find ourselves in.

**London Business School Review, Special Edition Leadership, 2016, pp30-33 (Ryle et al)**

## **Charities and NGOs**

### **Ikea supports six charities in one initiative**

In general corporate partnerships involve working with just one charity but last year Ikea partnered with six charities (Unicef, Save the Children, War Child, Handicap International, Room to Read and Special Olympics) for its “Let’s Play” campaign. The

three-year activity focuses on building awareness of children’s right to play, wherever they happen to be. Ikea raised money by donating €1 for every book or toy sold in one of its stores from 20 November to 24 December 2016. To date it has donated £19m to the six charities. The campaign was supported by pop-up galleries in stores and VR technology to showcase the charities’ work.

**Third Sector, February 2017, p41**

### **Comic Relief shifts to social media**

Comic Relief is looking at ways of targeting young people by placing greater focus on social media, such as Snapchat and YouTube, and partnering with online book community Wattpad, three-quarters of whose readers are under 24. The Comic Relief campaign, which launched last Friday, features a commissioned story about teenagers who have a “crazy” fundraising idea. The charity has spent the last 20 years building its brand through school initiatives but has realised the need to change its strategy as digital has become more important to young people.

**marketingweek.com, 17 February 2017**

## **Economy**

### **Inflation trends**

January saw the highest level of inflation in Britain since June 2014. The consumer prices index rose to 1.8%, up from 1.6% in December. This is mainly attributed to a rise in petrol and diesel prices plus a slowdown in the decline in food prices. This was partly offset by the falling prices of clothing and footwear, down by 4.2% from December to January. Inflation is expected to rise this year due to the weaker pound. The Bank of England predicts that consumer price inflation will peak at 2.8% early in 2018.

**Financial Times, 15 February 2017, p2**

### **Weekly spending remains below peak**

The Office for National Statistics reports that the average weekly spending on alcohol, tobacco and narcotics has fallen below £12 in Britain, representing a 15-year low. This also reflects the substantial decline in the number of smokers over the past decade. By way of contrast, households spent over £45 a week on restaurants and hotels for the first time in five years, reflecting higher disposable income and rates of employment. However, average weekly spending has remained unchanged from the previous year, at around £528.90 a week. It is also below the peak of £547.10 which was recorded a decade ago.

**The Guardian, 17 February 2017, p12; The Times, 17 February 2017, pp1-2; Financial Times, 17 February 2017, p3**

### **Third of people have below minimum income**



Researchers at the University of Loughborough have found that nearly a third of people live in a household where there isn't enough money for basic living, up from a quarter at the beginning of the financial downturn. The research, conducted for the Joseph Rowntree Foundation, revealed that the number of people in households with income below the minimum level increased from 15m in 2008-9 to 19m in 2014-15.

**Financial Times, 15 February 2017, p2**

## Energy and utilities

### Charging up as you walk

Nanotechnologists at Georgia Institute of Technology have developed fibre-based material that can produce and store electricity. They aim to use fibre-based devices to convert solar energy or motion energy into electricity. The material might one day be used in watch straps, bracelets or even t-shirts so that people can charge up their phones as they walk. However, the prototype is still some years away.

**Wired, March 2017, p80**

## Environment

### Cultivating a taste for edible cutlery

Bakey's, an Indian company based in Hyderabad, aims to tackle the use of plastic cutlery. It makes edible spoons from rice, sorghum, wheat flour and water. There is no fat in the recipe so the spoons don't melt in hot liquid. When the company was launched in 2011 the spoons didn't sell but a video of the process went viral in 2015 and within a month Bakey's took £329,000 in new orders. Founder, Narayana Peesapaty, plans to make chop sticks, forks and bowls with the ultimate aim of making plastic cutlery redundant.

**Wired, March 2017, p73**

### Waste – the circular economy

Bio-bean works with waste management companies to collect coffee grounds from shops for making into logs for use on barbecues or in wood stoves. Founder, Arthur Kay, is one of a growing bunch of entrepreneurs who are working in the circular economy. They turn waste into new products or design materials that can be reused time and again. McRebur, a start-up, uses plastic waste in road surfaces to make them last longer while Toast Ale uses unsold loaves of bread as its main ingredient.

**The Sunday Times, 19 February 2017, p10**

## Fashion

### Amazon launches own brand

Amazon is seeking a bigger slice of the £2.4 trillion global fashion industry with the imminent launch of its own fashion label in the UK. This month Amazon says it has sold 60m fashion items after adding 360

new brands to its portfolio across Europe. It has been busy registering a raft of fashion brand names through Amazon Technologies, its Luxembourg-based subsidiary. However, some analysts believe that it could take time for Amazon to be recognised as a fashion brand in its own right because it doesn't have bricks-and-mortar stores.

**The Daily Telegraph Business, 16 February 2017, p1**

### Fashion retailers look to India

International retailers are expanding into India, where the relaxation of rules on foreign investment, the rise of e-commerce and changing attitudes to women's clothing are offering opportunities for western brands. The 2012 reforms enabled foreign retailers to trade under their own names provided that 30% of materials were sourced from India. Entrants have included M&S, Benetton, H&M, Gap and Zara. Baqar Naqvi, a retail consultant, believes that successful retailers are those that "are better at understanding the Indian consumer psyche". Distribution has proved to be a significant barrier for retailers but this is changing due to the internet, although only 10% of internet users in the country shop online.

**Financial Times, 17 February 2017, p16**

## Financial services

### Tech groups challenge banks

There are signs that big tech companies are challenging the traditional banks. Google, Amazon, Facebook and others, who have closer contacts with their customers, can create better services than the banks. Currently services, such as Facebook's Messenger app, are chipping away at the banks' dominance and in the longer term banks have reason to be concerned. In January an Accenture survey found that one in three global banking and insurance customers said they would switch accounts to Google, Amazon or Facebook if they could. This year Ant Financial, Alibaba's digital payments arm, applied for an e-money licence in the UK as part of its overseas expansion plans.

**Financial Times, 15 February 2017, p14**

### Mobile should do more to exploit loyalty

A new survey suggests that mobile financial services providers are not doing enough to harness the potential of loyalty programmes for driving growth. The survey revealed that only 33% of mobile providers offer the ability to manage different loyalty cards using a single mobile wallet. The report, by Amdocs and Ovum, also found that half of service providers offer tiered loyalty programs – 79% of these say that the chance to earn higher points encourages customers to use their services more. Meanwhile 30% of customers would like to receive vouchers through their mobile wallet but only 22% do so currently.

nfcworld.com, 15 February 2017

### **Co-op – can it maintain ethical focus?**

Despite the problems and controversy surrounding the Co-operative Bank, its customers appear to have remained loyal. The number with current accounts has risen from 637,000 in 2012 to over 650,000 in 2016 even though its branch networks have fallen to just 100. The Co-op Bank derives its support from its ethical stance but if the bank is taken over by a larger entity, such as TSB, it will need to convince customers of its continuing ethical commitment. (See also under Brands)

**Financial Times, 17 February 2017, p19**

## **FMCG**

### **FMCG shifts towards direct-to-consumer**

Unilever is increasing its "direct-to-consumer" focus, a strategy that FMCG companies are increasingly adopting. Last year the company acquired Dollar Shave Club, the razor subscription service. Procter & Gamble had already launched its own subscription service, the Gillette Shave Club. The popularity of new business models among FMCG companies is attributed to: consumers moving away from the major supermarkets to discounters, premium retailers and online; the growth of authentic brands; and the fact that the traditional media model is not as effective as it was.

**Campaign, 17 February 2017, pp2-3**

## **Beverages**

### **Heineken brews non-alcoholic option...**

Heineken has been brewing premium-strength lager for 153 years but now it is launching an alcohol-free brew. Non-alcoholic Heineken is due to appear in the Netherlands in March before being rolled out in Europe. The new version, Heineken 0.0, aims to reproduce the taste of Heineken lager as closely as possible. The jury is still out among young consumers as to the merits of non-alcoholic lagers. However, last year St Peter's Brewery in Suffolk launched the first alcohol-free real ale and already has export deals with 15 countries.

**The Times, 16 February 2017, p41**

### **...while Punch takeover threatens real ale**

Heineken's planned takeover of Punch Taverns has led to an inquiry by the Competition and Markets Authority. Heineken, the second-biggest brewer after AB InBev, wants to purchase 1,900 of Punch's pubs, making it the third-biggest pub company in the UK after Greene King and Enterprise Inns. Landlords and independent brewers are concerned about the effect the takeover will have on the pubs' freedom to stock real ale.

**Financial Times, 17 February 2017, p3**

## **Food**

### **Unilever rejects Kraft advances**

Unilever has rejected a takeover offer from US food company Kraft Heinz and "does not see the basis for any further discussions". If the deal had taken place, it would have been one of the biggest in corporate history. A combined Kraft and Unilever would also have had more clout with the supermarkets when putting up prices. Since the news first broke, Kraft has withdrawn its proposal due to the public rejection of its offer. Unilever said that it "saw no merit, either financial or strategic" in the proposition.

**bbc.co.uk/news, 17 February 2017; campaignlive.co.uk, 20 February 2017**

### **Can Nestlé get by on organic growth?**

Nestlé has experienced a substantial slowdown in sales, with organic growth of just 3.2% for 2016. The company has long relied on sales growth and sheer size with which to get by, but this model has become hard to sustain in an age of deflation, global economics and consumers who are moving away from processed foods to healthier options. Mark Schneider, who has just taken over as chief executive, is keen that the company should focus on organic growth, aiming for 2% to 4% this year and "mid-single digit" growth by 2020. Mr Schneider also wants to expand Nestlé's "health science" division and skin care products.

**Financial Times, 17 February 2017, p17**

### **Brittle biscuit market**

The British biscuit market is crumbling: in December Rivington Biscuits, maker of Pink Panther wafers, went into administration; United Biscuits has sold its Belgian Delacre and Delichoc brands; and Fox's Biscuits, which is losing market share, could be up for sale. United Biscuits remains the market leader in the UK but Mondelez is growing rapidly while other, smaller brands are appealing to the healthier part of the market.

**Financial Times, 18 February 2017, p17**

## **Tobacco**

### **New CAP Code rule for e-cigarettes**

This month the Committee of Advertising Practice introduced a new rule for e-cigarette advertising into its non-broadcast CAP Code. It is designed to reflect changes in the law which came into force last year through the Tobacco and Related Products Regulations 2016. It prohibits promotion of any e-cigarettes, which can be used to consume both nicotine and non-nicotine, in newspapers, magazines, periodicals, online media and some other forms of electronic media. Some types of non-broadcast media are not covered by the ban.

**mondaq.com, 16 February 2017**

## Government and public sector

### Defence budgets

The International Institute for Strategic Studies reports that the ten biggest defence budgets last year amounted to \$1.1 trillion, with America the largest spender, followed by China. Military spending has been growing in Asia, (up 5-6% from 2012 to 2016) and China now accounts for 10% of global defence spending. In contrast, Saudi Arabia's defence spending fell by 31% last year, despite still being worth 10% of GDP.

**The Economist, 18 February 2017, p81**

### M&C Saatchi to help tackle the alt-right

Far-right nationalist propaganda and extremism has moved into the mainstream. To tackle this problem, the UK Government has launched a £60m-campaign. Advertising group, M&C Saatchi, has been recruited to help combat the increasing influence of the so-called "alt-right". This is not M&C Saatchi's usual domain but then it has run many successful political campaigns in the past. So what can the agency hope to do to turn attitudes around?

**The Guardian, 16 February 2017, pp6-9**

## Health and pharmaceuticals

### Transhumanism

Neil Harbisson, who was born colour-blind, designed antenna which translated colours into musical tones which he could memorise. Initially connected to headphones, he later had a chip implanted into his skull and now regards himself as a cyborg or "transspecies". Moon Ribas, his partner, has a Bluetooth implant which analyses the earth's seismic movements. The couple's London start-up, Cyborg Nest, is manufacturing DIY kits with the intention of bringing "transhumanism" into the mainstream. It has already sold around 1,000 implants which vibrate when the wearer faces north. Similar sensors are already being used for medical purposes, to detect colds and other diseases.

**Bloomberg Businessweek, 20 February-5 March 2017, pp34-35**

### It's permanently winter for the NHS

The NHS is described as being in a "permanent winter" because it is suffering from high levels of activity throughout the year, rather than experiencing the usual seasonal spikes. Cuts in social care have forced it to keep people in hospital longer than necessary. This has led to targets for areas such as cancer treatment being missed. The Health Foundation, a think-tank, believes that one of the biggest threats to the NHS's five-year plan, which was published over two years ago, is a lack of workforce planning. A series of graphs illustrate the

pressures facing the NHS.

**Financial Times, 20 February 2017, p2**

## IT and telecoms

### Apple to continue building outside US

Apple plans to continue building its products outside the US for the foreseeable future despite President Trump's promises to lower repatriation taxes. While campaigning, Trump had said he would "get Apple to build their damn computers and things in this country instead of in other countries". Luca Maestri, Apples CFO, has cited the lack of components and the fact that the "supply chain for the tech industry is not in the US today".

**The Daily Telegraph Business, 16 February 2017, p4**

### Nokia tries to revitalise brand with relaunch

The Nokia 3310, one of the all-time most popular phones, is to be relaunched by Nokia in an attempt to revive the brand. At just €59, it should appeal to nostalgic ex-Nokia owners. Nokia dominated the mobile industry for almost 30 years but, after the launch of the iPhone in 2007, it went into decline. Last year a team from Nokia and Microsoft founded HMD Global, to reintroduce the brand.

**The Times, 15 February 2017, p3**

### AI robots become aggressive when competing

Researchers at DeepMind, Google's AI division, have found that neural networks can become "highly aggressive" when faced with competition. When they were tasked with collecting apples in a computer game, they were fine as long as there were plenty of apples, but when the supply ran short, they started to attack their opponents with lasers. The smarter the robot was, the nastier it became. In another game, where both were rewarded regardless of the outcome, the robots worked cooperatively. DeepMind believes the findings could help researchers to understand more complex systems.

**The Times, 1 February 2017, p7**

## Leisure and tourism

### Private jets – business and leisure

Bookings for private aircraft flights to the Alps rose by 19% during half-term last week, according to PrivateFly, a booking service. Around half the bookings were made by companies but many corporate jets are now being used for leisure. As video conferencing reduces the need for face-to-face meetings, company bosses are using private jets for leisure as well as business. Executives justify the expense on the basis that they may need to return to the office quickly and that confidential documents are safer on a private plane.

**The Economist, 18 February 2017, p63**



## Materials and mining

### Bioplastics

Global production of bioplastics rose by 5% in 2016 to reach 4.2 tonnes, with the packaging industry accounting for 40% of this. This figure is forecast to grow to around 6.1 tonnes over the next five years with 2.5 tonnes going to packaging applications. Bioplastics have received the support of big brands, such as Coca-Cola, Danone and Heinz as well as NGOs, such as WWF and the Ellen MacArthur Foundation. Various factors have combined to hold back the adoption of bioplastics and there is some way to go before it becomes a viable alternative to its fossil-fuel alternative. The author reports on trends in the sector and highlights from the European Bioplastics Conference held last year.

**FlexoTech, Issue 164, February 2017, pp31-32 (King)**

### Copper – string demand

Copper prices have reached their highest level in 20 months due to strikes and supply disruption at two of the largest mines – Escondida in Chile and Grasberg in Papua – which together account for 9% of mined copper supply. Whatever the outcome of the strikes, it seems that copper will continue to be in strong demand over the next two decades, according to McKinsey Global Institute. This is because of demand from China and its use in electric vehicles and wind and solar energy units.

**The Economist, 18 February 2017, p71**

## Media

### Books

#### Travel books

*The Bookseller* devotes three articles to an analysis of the travel book market, which last year saw a 1.2% rise in value, representing its second year of growth. Publishers have been responding to changes in consumer behaviour as well as digital innovations. Travel publishers have also been adjusting their offerings in response to the wider environment. For example, the AA noted a fall in sales of Paris guides and French atlases following the 2016 terrorist attacks. Printed travel guides are alive and flourishing: Lonely Planet enjoyed 14% growth in its printed *World Travel Guides*, while experiencing a decline in e-books sales.

**The Bookseller, 17 February 2017, pp6-7,26-37**

### Games

#### Beware false advertising

Advertising new games can lead to legal problems as Hello Games found out recently when it was investigated by the Advertising Standards Authority (ASA). This followed complaints that its game, *No Man's Sky*, either did not contain the features

advertised or the features did not appear in the way advertised. Although the ASA decided that the advertising was not misleading, this case shows how careful advertisers of new games need to be. This article lists some examples in which accusations of false advertising have arisen in the UK or US.

**lexology.com, 15 February 2017 (Gatto)**

### UK gamers – half of internet users by 2019

Half of all internet users in the UK will be playing games digitally at least once a month by 2019, according to a forecast from eMarketer. It predicts that digital gaming – mobile, social and online console gaming – will reach 48.6% of the UK's internet users (26.4m people) this year. Online gaming is no longer the preserve of "young, tech-savvy males" since cultural shifts have led to wider audiences, including more women and older adults.

**emarketer.com, 15 February 2017**

## Internet

### DriveTribe – a new social model?

The ex-*Top Gear* team – Jeremy Clarkson, Richard Hammond and James May together with producer, Andy Wilman – have co-founded a Web start-up called DriveTribe. It combines a user-generated editorial platform with social media. DriveTribe users can either follow tribes (arranged around particular interests) or create their own tribes. In January the site was already attracting 2m content views per day. The DriveTribe approach could be expanded to other areas such as food, fashion or music.

**The Times, 15 February 2017, p45**

## Magazines

### Sales – winners and losers

Sales of magazines are down by 6% year-on-year according to the latest ABC audit. However, out of the 367 titles on the list, 130 increased their sales. These include the likes of *Garden Answers* (+27.6%), the *Times Literacy Supplement* (+27.6%) and *Peppa Pig Bag O Fun* (+17.6%). On the way down are titles such as *Glamour* (-25.6%), *Look* (-22.2%) and *OK!* (-31.4%). The celebrity appears to be losing its shine while gardening, literature and Peppa Pig still sell!

**The Observer, 19 February 2017, p44**

## Newspapers

### Sun eclipses Daily Mirror

*The Sun's* website has overtaken the *Daily Mirror* in terms of users. In January it attracted 25.4m users compared with the *Daily Mirror's* 23.8m. MailOnline is still the most popular website, with 29.3m users but *The Sun* says it is catching up. Editor-in-chief of *The Sun*, Tony Gallagher, attributes its success to the 81% of traffic coming from smartphones and other mobile devices. One observer comments on the relatively low amount of digital ad revenue

attracted by newspaper sites, despite some of them being among the most-viewed news sites.

**campaignlive.co.uk, 20 February 2017**

### **How long will Trump-bump last?**

Donald Trump's media-bashing has benefited *The New York Times*, *The Washington Post* and *Wall Street Journal*, which have all experienced a rise in subscriptions and page views. CNN and Fox News Channel are also enjoying big increases in audiences. The political events in the US have kept people riveted to the news and even some of Trump's supporters feel the need to keep up with what is being reported about him. The question is, how long can this "Trump-led media resurgence" or "Trump bump" last? Separately the *FT* reports on the rise in digital subscriptions while ad revenues continue to face problems.

**The Economist, 18 February 2017, pp60-61; Financial Times, 16 February 2017, p15**

## **Social media**

### **Snapchat – too reliant on youth audience?**

Snapchat is looking for an IPO valuation of up to \$22 billion. Its flotation is likely to be the biggest in the industry since Alibaba's entry to the stock market in 2014. The company makes its money from advertising and is relying on mobile ad sales to give it a profit. Snapchat's revenue growth slowed towards the end of 2016 and user engagement appears to be falling in the UK. UK usage tends to be dominated by the 18 to 24 age group, who account for only 35% of users but 70% of time spent on the app. Analysts are concerned about its reliance on this age group.

**The Times, 17 February 2017, p42**

## **Television**

### **Short-form on mobile – where the ads are**

Canal Plus Group, a major backer of Europe's films and TV series, has started to create a new format – serialised comedies and dramas delivered in five- or ten-minute segments. It and other European networks are tailoring shows to a younger audience who like to view on their mobile phones, as they try to "bridge the gap between mobile and TV". Although ad spending on phones is still behind that on TVs, it is catching up fast.

**Bloomberg Businessweek, 20 February-5 March 2017, p44**

## **Packaging**

### **Low migration packaging**

Food packaging will grow at 3% from 2016 to 2021, which is faster than the overall packaging market, according to a forecast from Smithers Pira. This means that printers will increasingly have to adhere to food safety guidelines relating to low migration printing. Low migration packaging is where the chemicals used do not migrate or move into the

product. This covers sectors such as food, pharmaceuticals, beverages and healthcare. The author looks at trends in printing, such as food-safe inks, which are likely to grow rapidly over the next few years due to pressure from brands and regulators.

**FlexoTech, Issue 164, February 2017, pp25-28 (Lodej)**

### **Alcohol – plain packaging?**

The distinctive packaging of alcoholic products has helped them to become internationally-recognised brands. Every year more than £800m is spent on branding and advertising alcoholic products in the UK. A report from Public Health England, published in December 2016, offers an overview of alcohol-related harm and how it could be prevented. One suggestion is to sell it in plain bottles with health warnings, similar to tobacco packaging. Drinks companies have cause for concern: product packaging is a "market stimulant" which enables brands to compete and position themselves. Craft beer and gin products rely on distinctive packaging for their reputation and brand.

**lexology.com, 16 February 2017**

## **Retailing**

### **Supermarket satisfaction – Waitrose at the top**

A poll by Which?, the consumer group, places Waitrose, Marks & Spencer and Iceland at the top with regard to customer satisfaction levels for bricks-and-mortar supermarkets. Waitrose was the only chain to receive five stars for staff availability and helpfulness. Waitrose and M&S were both praised for their store appearance and quality of own-label and fresh products, while Iceland's home delivery service came top for the second year running.

**The Guardian 16 February 2017, p22**

### **Business rates – contentious issue**

Amazon, along with Asos and Boohoo, are to receive a reduction in business rates for their warehouses in the north of England. This does not sit well with the more than half a million retailers whose business rates are set to rise, some by up to 500%. In the first revamp of business rates for seven years, there will be many winners and losers because the rates are linked to the price of property. Those in thriving urban areas will lose while those in low-growth areas should receive a tax cut.

**The Times, 15 February 2017, pp1-2; The Guardian, 17 February 2017, p9**

### **Bricks-and-mortar become an online experience**

Retailers have been trying to make their physical stores operate more like the internet but are still falling behind their online competitors. Oak Labs, a

start-up founded by former eBay executives, is trying to tackle the problem. It has created a dressing room mirror which contains a recommendation engine, allows shoppers to call a shop assistant and even enables them to wave their phone in front of the mirror to make payments. The mirror is currently being trialled by some upmarket retailers in the US.

**Bloomberg Businessweek, 20 February-5 March 2017, pp42-43**

### **London leads luxury store openings**

According to Savills' *Global Luxury Report*, London opened more luxury stores than any other city last year. With 41 openings, it was ahead of Paris, with 36, and New York and Dubai, each with 31. Although the weak pound has attracted foreign tourists, this is part of a wider trend. The Office for National Statistics says that Chinese and Hong Kong tourist numbers rose by almost 70% from 2011 to 2015.

**retail-week.com, 20 February 2017; telegraph.co.uk, 19 February 2017**

## **Services**

### **Delivery droids**

Drones may be about to get some competition in the form of a new breed of droids. Piaggio Fast Forward, a subsidiary of Vespa scooter maker Piaggio, has created Gita, a drum like cylinder with two wheels that allows it to roll along the pavement at 22mph while keeping the luggage compartment upright. In reality it travels at walking pace behind its owner who is wearing an electronic belt with a wireless connection. As well as helping people who visit physical stores, it will eventually serve the online market to carry out deliveries. There are already a number of pilot projects in America involving Gitas. Other bot operators, such as Starship Technologies in Estonia, have similar offerings. The robots are popular for their ability to reduce pollution and congestion on the roads as well as cutting costs.

**The Economist, 18 February 2017, pp73-74**

### **MealPlan – subscription-based service**

MealPlan is a new food service that focuses on food planning rather than delivery. It charges £4.79 per meal for a 12-meal plan and £4.39 for a 20-meal plan, with the aim of users ordering their food a day ahead. The pick-up only service allows consumers to choose just one dish from each restaurant. The company is relying on referral-based marketing and direct marketing on social platforms.

**marketingweek.com, 17 February 2017**

### **Delivery – a marketing disruptor**

Garçon Wines, a subscription wine brand, is set to launch this month. Co-founder, Santiago Navarro, describes the business as an "innovator, not a

disruptor". It has created a flattened plastic 750ml wine bottle that can be posted through an average letterbox while maintaining the quality of the wine inside. The company is playing to increasing consumer demand for convenience in products and services. This can be translated into the three "Es" – "ease, economy and experience" – according to Rob Seller, MD of GreyShopper. The article includes advice for brands wanting to offer "extreme convenience".

**Campaign, 17 February 2017, pp28-29**

## **Transport and travel**

### **Norway – battery-powered**

Battery-powered cars and hybrids made up 29% of all car sales in Norway last year, making it the most developed national market for electric vehicles. Sales have risen over the past five years thanks to more appealing vehicles with better batteries. Norway's transport minister expects that by 2025 there will be an end to sales of new cars powered by fossil fuels. Tax allowances for electric cars and zero-emissions vehicles will help to bring this about.

**The Economist, 18 February 2017, p60**

### **Taxis take to the air in Dubai**

Flying taxis are to appear in Dubai this summer. The Ehang 184 drone, which can fly without human direction, can carry a person and bag weighing up to 100kg at speeds of 63mph. Passengers can enter their destination into an app and the drone will plot a route.

**The Daily Telegraph, 16 February 2017, p3**

### **Jaguar – smart fuel payment**

Jaguar is to introduce an in-car mobile payments system enabling the driver to use PayPal or Apple pay at Shell petrol stations. Using an app together with a touchscreen in the vehicle, the driver can simply type in the number of the fuel pump, fill up and then drive off.

**nfcworld.com, 15 February 2017**

### **VW ups online proposition in Denmark**

From December 2016 VW has allowed consumers in Denmark to buy a car online, although the service only applies to one model, the up! minicar. They can pay with a credit card or Danske Bank's MobilePay app and the car is delivered within ten business days. It is too early to tell how successful this initiative will be although the up! is the most popular minicar in Denmark, according to VW. Denmark is also a good market to trial – eMarketer estimates that this year it will have the second highest digital buyer penetration rate in the world.

**emarketer.com, 15 February 2017**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Jonathan Bottomley	Vice Media	Ralph Lauren	Chief Marketing Officer	marketingweek.com
Katherine Hudson	n/a	Tommy Hilfiger	Communications Manager (temporary cover)	fashioninsight.co.uk
Dawn Kelley	various	Friedheim International	Sales Specialist, Digital Solutions	packagingnews.co.uk
Neil Sumner	n/a	Mamas & Papas	Global Head of Ecommerce and Marketing	retail-week.com
Anna Watkins	Guardian Labs	MoFilm	Chief Executive	Campaign

## Promotions

Name	Company	Previous title	New title	Source
Lois Clark	In+Addition	PR Manager	Communications Director	fashioninsight.co.uk
Sara-Jade Virtue	Simon & Schuster	n/a	Special Sales Director and Brand Director for Commercial Fiction	The Bookseller



## Sources

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Bloomberg Businessweek\*

The Bookseller\*\*

Campaign\*\*

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

Construction News

[The Daily Telegraph](http://TheDailyTelegraph.com) ~

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

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

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

[The Financial Times](http://TheFinancialTimes.com) ~

FlexoTech

[The Guardian](http://TheGuardian.com)

Journal of Marketing\*\*

Journal of Marketing Research\*\*

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

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

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

Marketing Africa

The Marketing Review\*\*

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

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

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

[www.out-law.com](http://www.out-law.com)

Public Relations Tactics\*\*

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

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