

Cutting Edge: Our weekly analysis of marketing news

8 March 2017

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

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Marketing trends and issues

Advertising

Do search ads work?

Companies have the problem of deciding whether the money they spend on advertising helps to increase sales. This is one reason why many are moving to digital media. Advertisers might presume that ads delivered when a customer has searched on something specific are more effective than banner ads. However, a 2015 eBay study found that after stopping and starting advertising on a large search engine, there was no change in traffic. The authors of this article worked with Yelp to discover if the ads it sells to small businesses produce more customers. They concluded that Yelp ads were a positive investment. The difference between eBay and Yelp is that most people have heard of eBay while few have heard of the local businesses which Yelp helps to promote. They concluded that search advertising works best when they tell consumers about something they are not already aware of. Bigger brands should use search ads to promote things that people might not know about the brand.

Harvard Business Review, Vol 95(2) 2017, p26 (Dai and Luca)

100 years of advertising

This year the IPA celebrates its 100th anniversary and this month's Festival of British Advertising marks this centenary. However, it wasn't until the 1960s that advertising really came into its own as popular culture – music, fashion, film and literature – underwent a revolution and Britain started to return to prosperity after the war. Commercial TV also started to prove its worth in advertising circles. Samantha Heywood, curator of the Festival, has selected around 120 TV, print and digital ads. *Campaign* picks out some of the most popular ads

from the past century, including the Government's "Don't ask a man to drink and drive" (1964); Heineken's "Refreshes the parts..." (1974); Levi's "Launderette" (1985) and Cadbury's "Gorilla" (2007).

Campaign, 3 March 2017, pp30-34 (Tylee)

Digital – not all it's cracked up to be?

This year, for the first time, advertisers will spend more online than on TV as they continue to shift their budgets away from print and TV and into digital media. In 2012 Procter & Gamble (P&G) announced that it could save \$1 billion by using digital and social media. This did not result in the expected sales growth and P&G has since become more wary of online advertising; these doubts have been voiced by its Chief Brand Officer, Marc Pritchard. His views are backed up by an IAB survey which revealed that 70% of marketing execs are dissatisfied with digital marketing. Other research shows that up to 37% of online impressions are made by bots or "fake" consumers. Advertisers are beginning to question the efficacy of digital advertising.

Financial Times, 1 March 2017, p11

Agencies

Ad industry should be braver

Nils Leonard, formerly Chairman and Chief Creative Officer of Grey London, wants the advertising industry to be more entrepreneurial. He has just launched Halo, his own brand of coffee capsules, which contain luxury coffee beans. It aims to offer a more eco-friendly alternative to existing brands. He believes that the ad industry could learn from this by being "braver" about their own ideas instead of giving them all to marketers. Having experience of launching their own brand will make people more useful and help to earn the respect of clients. Other examples of ad people who have launched their own

brands are cited.

Campaign, 3 March 2017, p8

WPP predicts weaker growth

WPP has reported like-for-like growth in net sales of 3.1% for 2016 but has predicted lower net sales, of 2%, for 2017. This is below analysts' expectations for the company which it says is due to "continued tepid economic growth and recent weaker comparative net new business trends".

businessinsider.com, 3 March 2017

Brands and branding

Acquisition – retaining brand identity

Acquisitions can lead to a clash of cultures and a battle to retain brand identities. This article looks at ways in which brands have retained their identity post-acquisition. It cites a number of examples, including Ladbrokes and Coral; Coca-Cola and Innocent; and Dixons and Carphone Warehouse. Ultimately brands must ensure that all the objectives of the different parties are met.

marketingweek.com, 2 March 2017

BA is top Superbrand for fourth year

British Airways has emerged at the top of the Superbrands' *Consumer Top 20* ranking for the fourth consecutive year. Lego moved up from third to second place, while dropped Rolex from second to third place, followed by Andrex and Gillette. British Airways also tops the *Business Top 20* list, followed by Apple, Microsoft and PayPal. The brands are judged according to their quality, reliability and distinction.

research-live.com, 28 February 2017; The Guardian (Superbrands 2017), 4 March 2017, pp1-24

Using your own name for a brand

It is a common misconception that you are entitled to create a brand under your own name. It is also not necessarily a good idea, either from a commercial or personal point of view. This article looks at what factors should be taken into consideration in the context of the UK Trade Marks Act 1984 and cites some examples of the pitfalls of using your own name for a brand.

lexology.com, 27 February 2017 (Atkinson and Conway)

Conferences and events

Fake meetings

From fake news to fake meetings – this article looks at how scammers are creating fake or "shadow" meetings to extract money from delegates. The International Congress and Convention Association (ICCA) reports that the problem has reached "significant" proportions with more and more complaints from international associations about the negative impact it is having on their events. Increasingly associations are having to post

warnings on their websites to draw attention to the fact that it is the real thing.

AMI, February 2017, pp14-15 (Lancaster)

Sustainability

After the financial crisis, sustainability dropped down the event industry agenda but it might be back, according to C&IT's *Incentive Travel Report*, which reveals an increase in the number of clients incorporating a CSR element into their event. Other research, by Positive Impact, reveals that only 18% of corporate planners share or publish their event sustainability reports. This could be because the events industry is too focused on environmental sustainability, rather than on social and economic benefits which are difficult to demonstrate. Nevertheless there is a growing trend for events to have a positive impact on communities. In January Positive Impact launched a campaign to encourage event professionals to take sustainable action as part of the UN International Year of Sustainable Tourism for Development.

Conference & Incentive Travel, March 2017, p19

Consumer behaviour

Targeting Generation Z...

Brands have for years focused their attention on the Millennials but the latest generation of consumers, Generation Z, is changing the consumer landscape. This paper examines Gen Z in terms of their values and how they are different from the previous generation. Gen Z spans the age range from kids in middle school to young people at college who are about to start work. These savvy consumers, brought up with Amazon and Netflix, are not a pushover. They like advertising to be authentic, using real people. They also like their customer services to be personalised and efficient. Sellers must use the most up-to-date data to customise Gen Z's shopping and buying experience. Brands may need to rethink their marketing strategies!

Journal of Brand Strategy, Vol 5(3) 2017, pp245-249 (Gutfreund)

...but some regions need to reach Millennials

Businesses may have started to focus on Gen Z but East Africa happens to be a region where three-quarters of the entire population is made up of Millennials (18 to 34 year-olds). The challenge for brands is to reach and engage with this group which they should be targeting if they want to achieve sustainable growth. The author, a client service director at Dentsu Aegis for Sub Saharan African, examines the characteristics of Millennials; explains how marketers need a new mindset; and describes Dentsu's *Consumer Connection Survey*, which is due to be launched in Kenya in April.

Marketing Africa, Issue 15 2016, pp7274 (Nobanda)

Joint consumption behaviour

People tend to be attracted to varied product assortments. Consumers make choices for joint consumption with committed partners and these choices may include more or less variety. The author asks what factors influence the amount of variety that people choose. Five experiments demonstrate that when consumers perceive that there is more (rather than less) time left in a committed relationship, they prefer more variety for joint consumption with partners. Overall the research suggests that preference for variety depends, not just on personal or situational factors, but on aspects of social relationships.

Journal of Marketing Research, Vol 53 December 2016, pp1019-1033 (Etkin)

Direct marketing

GDPR guidance

The Information Commissioner's Office (ICO) has finally published its draft guidance for the General Data Protection Regulation (GDPR). The guidance (page 11) lists the main seven changes that marketers will have to take into account and which are summarised here by the DMA. The DMA is in the process of feeding back its concerns about the guidance to the ICO. It stresses that this is draft guidance but that members should review the "legal grounds they're relying on to process personal data". (See under Law)

dma.org.uk, 3 March 2017; ico.org.uk/about-the-ico/consultations/gdpr-consent-guidance/

Law

GDPR – some clarification for marketers

The General Data Protection Regulation (GDPR), which has been the subject of much discussion, will finally take effect next year. The UK's Information Commissioner's Office has stressed the importance of awareness and of being prepared because the GDPR has enormous scope. As well as providing background and timelines for the GDPR, this article focuses on aspects of the Regulation that are applicable to marketers, direct marketing techniques and database marketing. It also identifies several areas that are unclear and for which the ICO (at the time of writing) had yet to provide guidance. (See under Direct marketing)

Cambridge Marketing Review, Issue 12 Winter 2016-17, pp30-35 (Savage)

Data protection in the cloud

More than 20 cloud infrastructure providers operating in Europe make up the Cloud Infrastructure Service Providers in Europe (CISPE) coalition. The CISPE data protection Code of Conduct provides a framework that ensures that the data processing activities of the CISP's are compliant with the Data Protection Directive and the General Data Protection Regulation (GDPR). The CISP's will

have to comply with a set of data protection and transparency requirements. This article provides some outline information on the topic.

lexology.com, 2 March 2017 (Dunlop)

Measures for greater consumer protection

Today's budget is expected to address the problem of "subscription traps", whereby a free month's trial offer is automatically turned into a regular payment. This type of tactic is widely used by companies such as Netflix and Amazon. Chancellor Philip Hammond is expected to give competition regulators the power to fine companies that use "dubious" tactics to get money out of consumers. This will form part of a wider Green Paper designed to tackle markets that are "not working fairly for consumers", according to a Treasury statement.

The Daily Telegraph, 4 March 2017, p8; The Guardian, 4 March 2017, p2

Marketing

Revenue and cost in customisation

Customisation is a key element in customer-oriented marketing where the business is trying to create "unique" value for individual customers. This study looks at customisation in transactions with business customers in which there has been little research on the supplier's challenges and performance. A key issue is managing the balance between revenues and costs. Hence the authors address two research questions: what effect does project customisation have on the supplier's revenues; and costs and how should the supplier manage customisation to increase revenues and reduce costs?

Journal of Marketing, Vol 81(1) 2017, pp136-154 (Wang et al)

Digitisation and SAM

Digitalisation has led to new business models and new channels for communicating with customers and prospects. This article looks at what this "new breadth" of ways to interact with the customer means for strategic account management. A major challenge is to find out which touchpoints the customer is interacting with and to provide the best service to customers at these points. Digital selling leads to the creation of an ecosystem which uses all the digital assets of a company. At a tactical level it involves sales automation, digital document production, CRM and digital campaign management. The author outlines an advanced model for account-based marketing.

Velocity, Vol 19(1) 2017, pp27-28 (Bregulla and Rapp)

Market research

Social media – untapped potential

Marketers have been using social media to discover what customers are saying about them. Now brands are using sophisticated techniques to exploit social media for market research purposes. They are

moving beyond simply keeping an eye on what is being said about them to gaining social insight and using the data for other strategic purposes. This article discusses the potential of social media for market research.

Marketing Week, March 2017, pp32-34 (Canham)

Public relations

Uber – in need of good publicity

Uber has had a bad time lately: events have included chief executive, Travis Kalanick, being videoed having an argument with one of his drivers; over 200,000 subscribers deleting their Uber app after the company broke a strike by taxi drivers; and its head of engineering resigning following sexual harassment complaints. Kalanick responded quickly by resigning from Donald Trump's business advisory council; creating a committee to examine Uber's culture; meeting with female employees; and promising to "get at the people who are making this place a bad place". Yet some experts say it will take more to repair Uber's brand. This follows previous bad publicity when Uber had apologised profusely only then to return to its old practices. This comes at a time when the company is struggling with stricter regulation and failure to make a profit.

The Economist, 4 March 2017, pp56-57

How to fail successfully

It can be a big mistake for an organisation to try to hide its failures; and hiding failure can in itself be an "epic failure". Truly innovative companies understand the importance of building a tolerance of failure into their corporate culture. Julian Birkinshaw, of London Business School, proposes drawing up a balance sheet to analyse a project's "return on failure", considering both the assets and liabilities. A four-stage, risk-mitigation framework for designing experiments is included.

London Business School Review, Issue 1 2017, pp26-28 (Brewis)

Sponsorship

Bullish sponsorship of German football

Red Bull has been sponsoring sports teams and athletes for the past 15 years. However, its sponsorship of German club, RB Leipzig (RB stands for RaisenBallSport because a sponsor isn't allowed to feature in a club's name), has been fraught with problems. This is probably because Red Bull is perceived as having circumvented the rules which stipulate that German clubs should be under the control of fans rather than commercial interests. Experts believe that the only way Red Bull can avoid hostility is to "dilute their ownership and dilute brand involvement". This is symptomatic of an ongoing struggle for the "soul of football" between hard-core fans and the audiences who watch it on TV as a form of entertainment.

Campaign, 3 March 2017, p15

Agriculture, fishing and forestry

Free range milk

These days cows tend to be kept indoors for most of their lives rather than grazing outside in the fields. In fact there are currently no laws in place to define free-range milk production. Although many farmers would rather their cows did graze outside, free-range milk is not labelled at the point of sale and farmers would receive no financial recognition for it. Asda is finally making progress by launching a new line of "free range" milk from cows that have been kept outside for at least six months of the year. The brand, Pasture Promise, has been pioneered by Neil Darwent, who set up the Free Range Dairy Network in 2014.

The Guardian, 1 March 2017, p29

Arla aims for total automation

The Arla cheese factory in Taulov, Denmark, is aiming for complete automation, with around 70% of its processes already automated. A robot arm milks the cows at the farm before other processes take over and the cheese is made, cleaned and packaged ready for distribution. The factory produces over 60,000 tonnes of cheese every year but the threat of competition is pushing senior director, Jørgen Greve, down the automation route.

Wired, April 2017, pp18-19

Building industry

The route to greater productivity

Reinventing construction: A route to higher productivity is a new McKinsey report which claims that the construction industry has an opportunity to enhance its value added by \$1.6 trillion. The report starts by looking at the sector's poor record on productivity and performance by identifying ten root causes. It then examines in detail seven ways that, together, could improve the productivity of the sector by 50% to 60%.

mckinsey.com, February 2017 (Barbosa et al)

Housing and skills

The UK's latest housing statistics show that housing starts in England reached a nine-year high last year, up by 5% on 2015 and the fourth consecutive year of growth. Yet analysts believe that growth in housing starts will not reach double digits this year. Meanwhile data from the ONS suggest that fewer young people are not in education, employment or training (NEETs) with the result that the pool of labour available to the construction industry is contracting. The major trends are illustrated by way of infographics.

Construction News, 3 March 2017, pp34-35 (Schouten)

Building materials – price pressure hit Travis

Builder's merchant, Travis Perkins, has warned of a fall in demand for building materials coupled with increased competition in the plumbing and heating sectors. This has led to the loss of 600 jobs and the closure of branches at the company. Travis Perkins blames the decline in sterling – it imports 40% of the goods and products it sells and they have become 15% more expensive – plus a decline in the number of people moving or doing up their homes.

The Times, 3 March 2017, p47

Pop-Up hotels hit the festival circuit

Glamping specialist, the Pop-Up Hotel, is collaborating with Dutch company, Flexotel, to provide collapsible, foldaway structures that can be erected and dismantled quickly as well as being lockable. The partnership launches at the Glastonbury Festival in June, where the Flexotel rooms will form an "Urban Quarter" with outdoor corridors. Following this, the company plans to visit various sporting events around the UK.

Open Air, February 2017, p6

Businesses and strategy

Servitisation – advanced services

Servitisation – developing services to grow revenue and profit – is a way for manufacturers to achieve competitive advantage and improve customer value. Advanced services can lead to a more service-focused organisation and have an effect on customers' business processes. This study looks at servitisation from the point of view of manufacturer, intermediary and customer, in order to identify the capabilities required for advanced services within the manufacturer's downstream network. A study conducted among 19 UK-based manufacturers, intermediaries and customers helps to identify six key business activities within which advanced service capabilities are grouped. The study claims to be unique in highlighting the roles of the different parties in the provision of advanced services.

Industrial Marketing Management, Vol 60 January 2017, pp54-68 (Story et al)

Network learning

SMEs who enter into an inter-firm network often see this as a good way to compete because they perceive their own resources in areas, such as innovation, to be ineffective on their own. However, not much is known about learning processes in these horizontal networks. This study examines the idea of networks as learning entities and how the network learning is used in developing a network-level performance goal. Two learning episodes are identified: "learning how to compete" and "learning how to perform".

European Management Journal, Vol 35(1) 2017, pp15-25 (Gibb et al)

Opportunity audit

Uncertainty over what Brexit means for business means that companies may have to change their mindsets to face the challenge of finding opportunities in new markets. Most of this article focuses on providing a framework which can be used to assess opportunities that businesses can start developing an approach to. This opportunity audit recognises that opportunity can come from both inside and outside the organisation. An internal audit should consider ten main areas, which include the current product or service portfolio; the brand; existing customers; and communications. Within each area one needs to decide what opportunities are available and what activities need to be undertaken. When performing an external audit, the author proposes that business should create an "Opportunity Web".

Cambridge Marketing Review, Issue 12 Winter 2016/17, pp4-7 (Hatcher)

Boards too busy to consider customers

One in five directors believe that their company's board has "little idea" about what their customers want, according to a new study by Ridgeway Partners in collaboration with *The Times*. Many directors feel that their boards are too focused on regulators and investors to consider their customers. A fifth of directors felt that increased regulation and corporate governance was "significantly hindering" the board's ability to discuss core business issues.

The Times, 7 March 2017, p40

Charities and NGOs

Leadership challenges

The third sector is experiencing significant change due to social, political and economic turmoil in Europe. This article looks at the challenges for leadership in the sector by using the personal narratives of leaders. The narratives help to extend the knowledge of leadership by acknowledging the uniqueness of the sector; by offering insight into the challenges faced by leaders; and by showing the benefit of looking at leadership from the perspective of practising leaders.

European Management Journal, Vol 35(1) 2017, pp69-77 (Hodges and Howieson)

Durable consumer goods

Smart hairbrush

Nokia's consumer electronics division has built what it claims is the "world's first" smart hairbrush. The Kérastase Hair Coach has sensors and "signal analysis" from L'Oréal to measure the quality of hair and the effects of haircare. An app tracks how the brush is used and provides recommendations. It will be priced under \$200!

Mobile Europe, February-March 2017, p10

Lego creates female role models

Lego is to produce a set of figures based on real-life female astronauts, engineers and scientists at NASA, such as Sally Ride, the first American woman in space in 1983. The aim is to improve the visibility of women who have made contributions to NASA. Lego has previously been criticised for its lack of female role models.

The Daily Telegraph, 2 March 2017, p13

Economy

Weak growth and rise in inequality

Britain is experiencing the weakest growth in living standards for 60 years, according to the Institute of Fiscal Studies (IFS). This applies particularly to the poorest families and a rise in inequality is expected through to 2021-22. The IFS predicts that a childless couple could be £5,900 a year worse off than might have been expected in 2007-8 (before the financial crash) while a couple with two children will be £8,300 worse off. The IFS says this is the biggest slowdown since 1961.

The Guardian, 2 March 2017, p11

UK economic briefing

This briefing sets out the background to Britain's Spring Budget 2017 which is taking place today, Wednesday 8 March. The Office for Budget Responsibility (OBR) is also due to publish revised forecasts for the economy and public finances today. During the second half of 2016 growth in the UK economy continued unaffected by the Brexit vote. This year increased inflation will reach around 3% which will affect consumers' purchasing power. This is the main reason that GDP growth is likely to slow to 1.4% in both 2017 and 2018, down from 1.8% last year.

parliament.uk/business/news/2017/march/spring-budget-2017, 3 March 2017

Are emerging economies recovering?

Trade with developing markets is beginning to revive with positive signs being observed in industries such as mining, container shipping and clothing. There has also been a recovery in China over the past year. The Institute of International Finance reports that growth in GDP across emerging markets rose by 6.4% in January, the fastest growth since June 2001. This could signal a reversal of the downward trend for emerging economies that has been apparent since the financial crisis. Analysts are cautious however, because the recovery could be subject to wider problems!

Financial Times, 1 March 2017, p9

Manufacturing

Data from IHS Markit indicates that Britain's purchasing managers' index (PMI) was 54.6 in February (above 50 denotes expansion) which is

well above the long-term average of 51.6. The euro area's PMI has also risen to its highest level since April 2011. Meanwhile Chinese manufacturing is beginning to recover after government spending helped to shore up construction.

The Economist, 4 March 2017, p77

Energy and utilities

The future of energy

The result of the Paris Agreement on climate change is that there will be a shift to a low-carbon economy. This supplement looks at the changes taking place in the energy industry as it reduces its carbon emissions and becomes digitised. In one article energy guru, Ged Davis, predicts what the oil and gas industry will look like in 2060. Another article looks at the democratisation and disintermediation of the energy market in the age of the peer-to-peer economy. A set of graphics, occupying the centre pages, illustrates the future of energy demand.

The Times (Raconteur: The Future of Energy), 2 March 2017, pp1-16

Children inspire use of smart meters

According to anecdotal evidence, UK households with school-aged children are better at using their smart meters than those without, according to Rob Smith, Head of Policy and Public Affairs at Smart Energy GB. He has commented that the interest of children in the new devices appears to result in "bigger savings" than those made by households with smart meters but without school-aged children.

utilityweek.co.uk, 2 March 2017

Environment

Keeping food fresh

Food often goes off, even in the fridge, which is annoying as well as wasteful. *Good Housekeeping* magazine, which decided to find out in which part of the fridge food should be stored, has proposed "radical" changes to the way that food is kept. It recommends that dairy products shouldn't be kept in the fridge door, where it is warmer; instead condiments can be kept here while cooked foods should be stored at the top, dairy in the middle and raw meat below that. Meanwhile some "gas releasing" fruit, which include plums and tomatoes, should be kept out of the fridge. However experts, such as chefs, are divided on the subject...

The Times, 2 March 2017, p3

VW Polo among worst polluters

The Volkswagen Polo is one of the worst polluters on Britain's roads, according to new tests commissioned by Transport for London. Despite the 2015 "Dieselgate" scandal, the latest diesel version of the Polo emits as much nitrogen dioxide as a fully laden lorry. The emissions were also 13 times higher than EU regulations allow. Other high polluters were

the Vauxhall Astra, Ford Focus and BMW 318d. Ironically the VW Passat, a much larger car, was the cleanest of all diesels tested!

The Sunday Times, 5 March 2017, p11

Fashion

Provocative takeover

The UK business of Agent Provocateur, the luxury lingerie brand, has been acquired by Sports Direct founder Mike Ashley. However, he has not purchased the global branding rights of the business or its 100 international outlets. Agent Provocateur founder, Joe Corré, and ex-punk, Malcolm McLaren, are outraged. They have referred to the deal as a "scandal, a catastrophe, the worst possible outcome...what's next, Agent Provocateur tracksuits?"

The Daily Telegraph (Business), 3 March 2017, pp1,4; theguardian.com, 2 March 2017

M&S under attack for gender stereotyping

Marks & Spencer has been accused of sexism because it has been selling children's clothes claiming to be "less work for Mum". The labels are on trousers with reinforced hems that stay up for longer. Critics say the messages reinforce stereotypes that women perform all the domestic work. Fathers 4 Justice plans to lobby M&S to change its "prehistoric" advertising.

The Times, 6 March 2017, p11

Financial services

Contactless card payments triple

Contactless card payments tripled last year to reach £25 billion. According to the UK Cards Association, more than half of people in Britain have moved away from weekly shops in favour of more frequent trips to the supermarket, which means that they run up smaller bills that can be paid for by "tap-and-go".

The Daily Telegraph, 3 March 2017, p10

M-Pesa comes of age...

M-Pesa, Vodafone's mobile banking platform, was around long before Apple Pay and its like. Launched in 2007, M-Pesa has become something of an institution in the countries in which it operates. It started out in Kenya, allowing people to store money and make payments and transfers by linking the person's money with a SIM card. This article examines M-Pesa's role in developing countries.

The Daily Telegraph (Business), 1 March 2017, p8

...while mobile money goes global

Over half a billion mobile money accounts have now been registered in 92 countries. In December 2016 some 1.3 billion transactions were processed, according to GSMA, whose sixth *State of the Industry Report on Mobile Money* was released at the recent

Mobile World Congress in Barcelona. The report says there are nearly 174m active accounts around the world and 35 mobile money services with more than 1m active accounts. This article looks at the top level findings of the report.

nfcworld.com, 28 February 2017

PPI campaign

The Financial Conduct Authority is to launch its biggest ever ad campaign to nudge people who have been mis-sold Payment Protection Insurance into applying for compensation before the deadline for claims in August 2019. However, the ads will not warn people about the dangers of the claims management industry, which has benefited to the tune of £5 billion in commissions. Consumer switching service, USwitch, warns that the campaign will lead to a deluge of cold calls to consumers from claims management firms.

The Daily Telegraph, 3 March 2017, p10, moneymarketing.co.uk, 2 March 2017

FMCG

Beverages

AB InBev hangover after SABMiller acquisition

AB InBev's first set of annual results since acquiring SABMiller last year, have failed to meet market expectations in terms of volumes, sales or profit. In Brazil, one of its oldest markets, it has lost both market share and margin. Volumes were also down in other countries. Nevertheless its focus on Latin America seems to be the right thing to do, because it is one of the few regions where beer consumption is expected to grow.

Financial Times, 3 March 2017, p14

New tax regime could boost craft brewers

Higher taxes are imposed on drinks with higher malt content in Japan. Some of the largest brewers get around this by making beer using peas or corn, to reduce the amount of malt. Now the Government wants to increase the competitiveness of the beer industry by changing the tax rates for both beer and its substitutes. This could prove to be a stimulus for the growth of craft beer in Japan. Craft brewers currently account for just 2% of beer sales in the country.

Bloomberg Businessweek, 6-12 March 2017, p29

Yorkshire brews up new campaign

Yorkshire Tea has launched a new campaign aimed at helping it increase sales as well as keeping its challenger brand status in the declining tea market. Currently it is the only major UK tea brand to have achieved consistent year-on-year growth in the black tea market. Yorkshire Tea has a market share of 21.7%, behind Twinings and PG Tips in the UK

market. It is also the only FMCG brand to be listed in the top ten of YouGov's *BrandIndex*.

marketingweek.com, 2 March 2017

Tobacco

BAT acquisition – a boost to e-cigarettes?

BAT is to acquire Reynolds American for \$50 billion, which will make it the largest listed tobacco company in the world. Chief Executive, Nicandro Durante, plans to quadruple the number of markets where the company sells e-cigarettes by 2019. It is currently in 12 markets. Some analysts have questioned whether BAT's vapour product, Glo can catch up with Phillip Morris's IQOS product, which is likely to be in 35 markets by the end of the year.

Financial Times, 3 March 2017, p18

Government and public sector

UK to focus on growing digital sector

The UK Government's new digital strategy includes key changes for 2017, including a greater emphasis on AI, data and the creation of new markets for the creative industries. In a speech, Karen Bradley, the culture secretary, said the digital sector, which is now worth 7% of the economy, grew nearly three times faster than comparable sectors in 2015. Her ambition is that: "The UK must lead the world. Meanwhile, none of our citizens should be left behind". The Government wants the digital sector's contribution to the economy to reach £200 billion by 2025. It aims to invest heavily in new technology and connectivity, focusing particularly on research and development in the sector.

marketingweek.com, 1 March 2017

ICO to investigate misuse of personal data

The Information Commissioner's Office (ICO) is investigating the use of voters' personal data in political campaigns. This follows concerns over the activities of data analytics company, Cambridge Analytica. The company has worked on a number of political campaigns, including Trump's election campaign and the EU Referendum. The ICO is also undertaking a wider assessment of the risks involved in using data analytics for political purposes. Privacy campaigners are concerned that electoral laws are not keeping pace with technological change. Separately *The Observer* takes a closer look at Cambridge Analytica.

Financial Times, 6 March 2017, p3; The Observer, 5 March 2017, pp1,8-9

Health and pharmaceuticals

NHS comms focuses on logos

NHS England has ordered all hospitals to alter their logos so that they are placed above the name of each trust, instead of beside it, on all publicity

materials. The diktat has come from members of the "NHS identity team" following the culmination of a two-year review of the logo involving 100 communications officials. Hospital managers and charities have criticised the move, saying that it is using valuable resources at a time when the NHS is trying to save £22 billion.

The Daily Telegraph, 1 March 2017, p6

Digitisation and innovation in health

Alexa, Amazon's voice-driven computer, can respond to health-related questions. This is just one aspect of a move to disrupt health care, an area which is too expensive and over-regulated to innovate in and which has a history of disastrous IT projects. Yet investment in digital healthcare is rising, largely due to the cost-savings that can be expected. This is coupled with the increasing acceptance of digital products by consumers. Andy Richards, an investor in digital health, says that three groups are fighting over the "health-care value chain": "traditional innovators", "incumbent players" and "insurgents". Faster growth and innovation in healthcare tends to be seen in emerging economies, where regulations are less strict and people are used to paying to see a doctor. Change will not happen quickly due to regulation, security and privacy concerns...

The Economist, 4 March 2017, pp54-55

IT and telecoms

HTC phone – a second screen

HTC is looking to make a comeback with a new phone model. The U Ultra has a second screen at the top which can send notifications without interrupting browsing. It also has four microphones to improve sound quality and superior voice activation. The software will adapt features according to consumer usage.

Mobile Europe, February-March 2017, p11

Dyson moves to high-tech vision

Dyson is seeking to compete with the likes of Google and Facebook by creating a 500-acre, high-tech campus. The campus, which is to be built on an ex-RAF airfield in Wiltshire, together with other projects, will account for most of the £2.5 billion that Sir James Dyson plans to spend on R&D. Dyson wants to change its image as a company that produces vacuum cleaners, and instead move towards higher-density batteries, robotics and AI. *The Times* article reports on other tech firms that are investing in Britain.

The Times, 1 March 2017, pp1-2; The Guardian, 1 March 2017, p17

Dual-action chips

There are two types of chip – one that works as a memory and another that doesn't. This is an inefficient way of working especially when trying to

transfer data between the two types. Now researchers in Singapore and Germany believe they have found a way of making a single chip that works as both a processor and a memory. The dual-action ReRAM chips may not be as fast as the fastest processors but they could be useful for sensors, wearable gadgets and medical items.

The Economist, 4 March 2017, p70

BT to address customer service

BT has promised to improve customer service after being criticised for “rip-off” charges and poor quality broadband. Chief Executive, Gavin Patterson, admits that the company “underestimated the degree of criticism in our service and in our levels of investment. This has eroded trust in our brand”. Only 2% of Britain’s homes and businesses have access to full fibre broadband compared to an EU average of around 20%.

The Times, 3 March 2017, p39

Leisure and tourism

Instagram Stories boosts travel sector

Beautiful Destinations, a travel-themed Instagram page launched in 2012 by Jeremy and Tom Jauncey, has attracted customers in the travel industry. Hotels and tourism bureaus pay to tap into the company’s millions of followers. When Instagram introduced its Stories feature last year, Beautiful Destinations was able to post video clips linking to client websites and since then has been attracting 30m weekly views. The Jaunceys have already sold services to the Hilton and Marriott hotel chains. Last Autumn they posted an aerial image of the Empire State Building for the New York tourism board, which achieved 3m likes and shares. Clients are attracted by the ability to build brand awareness while keeping marketing costs substantially lower than for traditional advertising.

Bloomberg Businessweek, 6-12 March 2017, pp38-39

Hotel competition

Increasingly there is an overlap between traditional hotels and home-sharing as players in one area expand into others. This is exemplified by Airbnb’s recent acquisition of Luxury Retreats, a Canadian villa company. Meanwhile Booking.com, which specialises in hotel listings, has been increasing its inventory of holiday rentals. Airbnb, Expedia and Priceline are trying to make their home-share bookings look more like a hotel booking by using “instant book”, a feature that allows people to confirm a room straight away. The increased competition in the travel sector is beneficial to travellers, but hotel groups are feeling threatened by the strategies of the digital groups.

Financial Times, 4-5 March 2017, p13

Materials and mining

Tackling potholes – successful start-ups

Toby McCartney is co-founder of MacRebur, a company that adds waste plastic to road mix to make more durable road surfaces that are less likely to sustain potholes. McCartney got the idea while in southern India, where he saw people filling potholes with plastic rubbish and then setting fire to it to melt it down. MacRebur produces pellets which act as an additive for asphalt road mix. This can produce a surface that is 60% stronger and longer-lasting than traditional surfaces. McCartney has a lot to say on the subject of small business success: “the first step for any successful business is that people have to know you exist, which is where marketing comes in”.

The Daily Telegraph, 3 March 2017, p8

Media

Books

Indie bookseller numbers down again

The number of independent bookshops has fallen for the 11th consecutive year, according to data from the Booksellers Association (BA). In 2005 there were 1,535 indies but that number fell to just 894 last year, although the rate of closure has been slowing. The trend has been attributed to a combination of rising rent and rates, competition from e-books and online retailers and the popularity of other forms of entertainment. BA Chief Executive, Tim Godfray, believes that the slowdown in closures is “testament to the innovative, creative ways in which bookshop owners are continuing to fight to stay on the high street”.

The Bookseller, 3 March 2017, p20

Games

Virtual reality

Virtual reality seems to be taking longer to hit the mainstream than games developers might have hoped. Oculus Rift appears to have lost its early advantage as a pioneer as other, high-end, headsets offer richer graphics and more immersive experiences. Sony’s PlayStation VR has become a clear market leader in terms of units sold and many analysts think that Oculus is trailing in third place, behind HTC’s Vive. Analysts have also reduced their forecasts for the VR market: CCS Insight, a research group, believes that “limited availability” of content is holding back VR. However, some games studios have begun to demonstrate that VR can be profitable if managed properly.

Financial Times, 1 March 2017, p17

Nintendo – no longer in control?

Nintendo’s launch of its Switch console was somewhat predictable, accompanied as it was by the

usual “theatre” of high demand and limited supply. Yet Nintendo is no longer in control of the games market, where there are “cheaper and broader gaming options than ever before”. Some argue that Nintendo would make more money if it focused on the software side of the business. An infographic charts the history of Nintendo.

Financial Times, 3 March 2017, p17

Internet

Fake news

Google has been criticised for spreading fake news through its “featured snippets” tool which uses popular websites to deliver brief answers to queries. Unfortunately the algorithm used by the tool, which has no filter, has been spreading fake news. This includes the accusation that Barack Obama was planning a coup, that four former US presidents were members of the Ku Klux Klan and that Theresa May is a lizard in disguise!

The Times, 7 March 2017, p17

Social media

Does a like lead to purchase?

Brands spend huge amounts on maintaining a social media presence, but do such campaigns make money? The researchers conducted a series of experiments to test four ways in which Facebook might influence customers’ behaviour. They found that simply liking a brand doesn’t increase purchasing; neither does it encourage friends to purchase more. However, supporting likes with branded content can lead to meaningful behaviour change.

Harvard Business Review, Vol 95(2) 2017, pp108-115 (John et al)

Television

Fox goes after Sky

21st Century Fox is proposing an £11.7 billion bid for Sky, the British broadcaster. This will boost the UK’s creative industry, according to James Murdoch, chief executive of Fox. Last year Fox and Sky together invested £700m in original production in the UK. In the deal Fox would acquire the 61% of Sky that it doesn’t already own, but this has inevitably led to criticism. A group of MPs have called on Ofcom to launch a review of whether Murdoch meets the “fit and proper” test to hold a UK broadcasting licence given his historical links to the phone hacking scandal.

The Times, 3 March 2017, p38

ITV revenues down

ITV has reported that net advertising revenues fell by 3% to £1.7 billion last year, despite outperforming the TV market as a whole. It forecasts that ad revenues will fall by around 6% for the first four months of this year, due to political

and economic uncertainty. The largest casualties are food, retail and consumer goods advertisers who are trying to reduce prices despite inflation. ITV did manage to increase its ad revenues from non-TV sources: online, pay TV and interactive rose by 23% to £231m

The Times, 2 March 2017, p41

Packaging

The quest for greener bottles

Nestlé and Danone are collaborating to fund Origin Materials, a California-based biotech company which is developing plastic made from waste, such as sawdust or card board, rather than petroleum. As plastic use soars, drinks companies have been competing with each other to see who can produce the greenest bottle. However, many of their products have been made from biofuels derived from sugar or crops which campaigners say uses land and food.

Financial Times, 2 March 2017, p18

Retailing

Retail success in disruptive markets

The authors look at retail opportunities in disruptive markets by focusing on nine countries. They examine eight retailers that have survived in these “highly volatile” markets. They reveal that successful retailers have certain characteristics: strategic focus; operational flexibility; long-term vision; and rapid growth. Using a mix of qualitative and quantitative information, they have been able to understand how the markets are alike, how they differ, how they are changing and the attitudes and competencies needed for success. The findings are distilled down into best practice considerations for success in disruptive markets.

Journal of Brand Strategy, Vol 5(3) 2017, pp245-311 (Marcotte and Morrison)

Holland & Barrett continues expansion

Holland & Barrett is to continue with its expansion in Britain and Asia as demand for its products continues to rise. Sixty new stores are to be opened in Britain and Ireland this year while 200 store-in-stores are to be opened in Hong Kong in partnership with AS Watson. Peter Aldis, chief executive, says that the new experiential stores, where people can “touch, taste and feel our products”, are very popular. Holland & Barrett has introduced services, such as vegan nail bars and herb gardens.

The Times, 2 March 2017, p45

Slump in non-food sales

Non-food, like-for-like sales in the UK fell by 0.4% during the three months ending 25 February, according to the BRC-KPMG *Retail Sales Monitor*. This is the first quarterly decline in sales

since November 2011. Grocery sales rose by 0.6% during the same period. Over the three months to February, in-store sales fell by 2.6% on a like-for-like basis as the shift to online shopping continued. Online sales of non-food products rose by 7.7% during the three months.

retail-week.com, 7 March 2017

Services

Food deliveries up...

People are shifting to upmarket takeaways rather than going to the pub for grub. Dishes such as meat pies and roast dinners are available for home delivery as pubs start to offer food online in a bid to keep up with the competition. Last year the number of people ordering food from pubs online or through apps increased by 59%. Overall the number of deliveries rose by 10% to 599m visits in Britain last year.

The Daily Telegraph, 3 March 2017, p10; The Guardian, 3 March 2017, p13

...as McDonald's takes to the road

MacDonald's is considering entering the \$100 billion restaurant home delivery market. With more than 1,200 branches in Britain, it is ideally suited to making deliveries. The company has outlets within three miles of nearly 75% of the population in each of its top five markets: the US, UK, France, Germany and Canada.

The Times, 3 March 2017, p47

Transport and travel

Carmakers faced with new EU tests

In the 1990s diesel engines were meant to be the answer to tackling CO₂ emissions. But EU plans to reduce fuel consumption, which used to be advantageous to diesel cars, have been supplemented by two new pollution and CO₂ tests which will be hard for diesel engines to conform to. This could prove expensive for fleet and business users who may be pushed into buying electric or hybrid vehicles. This year the EU is introducing a new test called the Worldwide harmonized Light vehicles Test Procedures (WLTP) for checking fuel consumption. Yet this could make the EU 2020 CO₂ targets even harder to achieve. The car industry is facing what is described as "its most serious challenge for decades".

Management Today, Issue 1 2017, pp52-58 (Holloway)

JLR has luxury of remaining in Britain

Despite the UK car industry backing the Remain campaign in the EU referendum, Jaguar Land Rover is continuing to invest in Britain. Its latest model, the Velar, is to be produced exclusively in its Solihull plant. The car, which is the fourth generation of the Range Rover, will be sold in over 100 countries.

According to JLR, Range Rovers are Britain's biggest luxury export and make up 85% of all luxury cars produced in the UK. They also contribute £10 billion a year to the economy.

Theguardian.com, 1 March 2017

Western carmakers look to Pakistan

A surge in car sales in Pakistan has led three global carmakers – Renault, Hyundai and Kia – to announce that they will be setting up production in the country. Pakistan's car market is still relatively small and currently dominated by three Japanese brands – Toyota, Honda and Suzuki – which accounted for all but seven of the cars manufactured in the country in 2015-16. Increases in wealth and security in Pakistan have boosted demand, which existing carmakers are finding it hard to meet.

Financial Times, 1 March 2017, p16

Valeo – staying ahead of the competition

Valeo, the French car group which designs, manufactures and sells automotive parts, is aiming for sales of €27 billion by 2021, up from €16.5 billion last year. One growth area is lane-changing and parking sensors which not all carmakers can make for themselves. Valeo's competitors are mainly German and Swedish engineering companies but electronics companies and start-ups are beginning to get in on the act as they target the "car of the future".

Financial Times, 1 March 2017, p12

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Jake Burnham	Team Spirit	First Event	Head of National Sales	Conference & Incentive Travel
Sallie Coventry	Reed Exhibitions	WRG	Client Engagement Director	Conference & Incentive Travel
Katy Cattell	Egmont Publishing UK	Hachette Children's Group (HCG)	Group Communications Director	The Bookseller
Gary Kibble	Mothercare	Argos	Marketing Director	Campaign
Dominic Kingston	Nosy Crow	Hachette Children's Group (HCG)	Head of PR for Orion and other divisions	The Bookseller
Alex Melia	VW Group	First Event	Head of Marketing	Conference & Incentive Travel

Promotions

Name	Company	Previous title	New title	Source
Karen Buchanan	Publicis UK	Chief Executive, Publicis London	Chairman and Chief Client Development Officer	Campaign
Nick Farnhill	Publicis UK	Chief Executive, Poke	Chief Executive, Publicis London	Campaign
Rebeca Logan	Hachette Children's Group (HCG)	Publicity Manager	Head of PR, Hodder and Quercus	The Bookseller
Joanna Lyall	Mindshare	Chief Commercial Officer	UK Managing Director	campaignlive.co.uk

Sources

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