

Cutting Edge: Our weekly analysis of marketing news

5 April 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

Sky's the limit with top ad spend

Last year Sky retained top place as the UK's highest-spending advertiser, increasing its adspend by 11% to £270m. BT came in second place at £157m but with spend down by 4%. Procter & Gamble retained third place (£128m, down 18%), while Unilever's adspend fell by almost a quarter. Some supermarkets also reduced their adspend last year, while Amazon joined the top 20 advertisers at £84m.

Campaign, 31 March 2017, p1

Mobile advertising in the Middle East

Mobile advertising is taking off globally – PwC predicts that mobile will account for 49% of all internet advertising by the end of the decade – but is the Middle East catching up with this trend? This article looks at the opportunities presented by mobile, including mobile video, and analyses the reaction of the different generations to mobile ads on their smartphones. Hussein Dajani, COO of Hug Digital, concludes that "Our region is still at an infancy level when it comes to mobile advertising" largely because many marketers lack an understanding about how to use it. Agencies should be playing a bigger role in educating their clients about mobile's benefits.

Gulf Marketing Review, March 2017, pp10-13

Comparative advertising

Comparative advertising – designed to attract a competitor's customers – can result in huge rewards but equally run the risk of a legal dispute. For example, making the claim that a product is superior to another can backfire because customers will complain if the claims are not justified. The trick is to be sensitive. This article includes a case study of

the "Pepsi Challenge" in which Pepsi successfully took on its rival Coke.

The Times (Raconteur: Customer Experience & Loyalty), 29 March 2017, pp12-13

Paris bans sexist ads

From 20 November Paris is to ban all ads thought to be "sexist and discriminatory" from outdoor public spaces. The city council has signed a new contract with outdoor ad specialist JCDecaux. This follows recent controversy surrounding a series of "porno chic" ads from Saint Laurent which featured underweight models in fishnet stockings.

marketingweek.com, 30 March 2017

Agencies

Agency accountability

Advertisers have become frustrated by the gap between the promises made by agencies during the pitch and what happens afterwards. They are also wary of the ways in which agencies make additional revenue through "undisclosed" arrangements between the media agency and media owners. Online advertising brings its own set of problems, such as proving audience delivery and programmatic advertising sourcing. Media agencies' capabilities should be tested during the tender process when they should state how they plan to improve the advertiser's business performance. Advertisers are also advised to use the contract templates produced by ISBA and ANA as well as insisting on verification of contract compliance at every stage of the process. Meanwhile smart agencies should change their behaviour to gain competitive advantage...

Campaign, 31 March 2017, p21

Grey renamed

Grey London has changed its name to Valenstein and Fatt for 100 days, in memory of its Jewish founders who originally named the company "Grey"



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after the colour of their office walls. The company was founded 100 years ago in a climate of antisemitism and racism. Today the agency is making a statement about the recent rise in racism and nationalism. The change was timed to take place the day before Theresa May triggered Article 50.

Campaign, 31 March 2017, pp3,25; dma.org.uk, 31 March 2017

Brands and branding

The new K in brand names

Research has shown that the letter "K" is overrepresented as the first letter of brand names. It is now 35 years since this so-called "K-effect" was originally published and there may have been a shift in trends since then. The authors use the top 200 company names from the Fortune 500 list to analyse initial-letter frequency. They find that "A" and "J" are overrepresented as initial letters in top company names and that "S" is underrepresented. The lack of company names beginning with the letter "K" may represent an opportunity for people setting up new companies.

Journal of Brand Management, Vol 23(6) 2017, pp666-678 (Van Doorn et al)

Liking a brand and purchasing outcomes

The authors ask whether "liking" a brand on Facebook gives people a higher regard for it or whether it just means that they are "fond" of the brand. They find that brand attitudes and purchasing are indeed affected by the consumer's fondness for brands and that this is the same whether or not consumers "like" brands on social media. They also investigate whether "liking" a brand results in consumers' friends perceiving the brand in a more positive way. They find that friends are less likely to buy the brand compared with when they discover that the person genuinely likes the brand in an offline context. The latter is regarded as a more meaningful social endorsement. Turning "liking" into more favourable brand attitudes and increased purchasing could be harder than anticipated!

Journal of Marketing Research, Vol 54 February 2017, pp144-155 (John et al)

Conferences and events

Use it or lose it – the apprenticeship levy

Realise, the first approved training provider for event apprenticeships, has warned the event industry to use the apprenticeship levy, which is due to be introduced by the UK Government in April, or risk losing it. The apprenticeship levy requires all businesses with a payroll of over £3m to invest in apprenticeships. The levy is taken regardless of whether it is used although employers can use the funds for investing in apprenticeship training.

M&IT, March 2017, p12

Childcare in any event

Childcare isn't something that is often covered in event literature but there is a whole sector out there that provides childcare at conferences, trade shows, festivals and outdoor events. One of the companies in this field, Nipperbout, shares some of the most important questions that should be asked when considering childcare services at an event.

eventindustrynews.co.uk, 29 March 2017

Consumer behaviour

Online food shopping reduces unhealthy buys

Contextual factors often lead consumers to opt for unhealthy choices (vices) as opposed to healthy ones (virtues). The authors consider online shopping channels as a contextual factor and look at how food choices made online differ from food choices made in a physical store. The study reveals that consumers choose fewer vices when shopping online. This is because online shopping channels depict products symbolically while bricks-and-mortar stores present them physically. Symbols diminish the product's "vividness" which decreases the consumer's desire for instant gratification.

Journal of Marketing Research, Vol 54 February 2017, pp61-74 (Huyghe et al)

Customer relations

Brand loyalty in social media communities

Facebook has become a platform for brand followers to interact with each other as well as with the brand. Many companies use their brand pages to create and maintain customer relationships and brand loyalty. The authors examine member participation in social media brand communities. They develop a research model to describe how brand loyalty is affected by user participation. The model is tested among members of fan pages of Indian hotels. It reveals that users' participation significantly influences brand loyalty both directly and indirectly through brand commitment.

Journal of Brand Management, Vol 23(6) 2017, pp679-700 (Kamboj and Rahman)

The importance of personalisation

The sheer number of channels available to customers has made customer service, and in particular personalisation, increasingly important. A recent CIM survey showed that the top two priorities for marketers over the coming year are: personalisation (42%) and data driven marketing (37%). "Personalisation can create an upsell or cross-sell opportunity with higher conversion rates and also increase brand loyalty", according to Chris Daly, CIM's Chief Executive. Gagandeep Gadri, consulting VP at Capgemini, believes that the next stage of personalisation is communication with the wider family.

The Times (Raconteur: Customer Experience & Loyalty), 29 March 2017, p11

Direct marketing

Beware service messages

The Information Commissioner's Office (ICO) has fined Flybe £70,000 and Honda Motor Europe Ltd £13,000 for breaching the Privacy and Electronic Communications Regulations. Flybe sent e-mails asking "Are your details correct?" despite 3m people having opted out of receiving marketing messages. Honda sent e-mails asking "Would you like to hear from Honda?" to people while failing to maintain "opt in" or "opt out" information. The ICO interpreted the e-mails as direct marketing messages even though they were phrased as service messages. The case also demonstrates that the ICO uses a very broad definition of marketing.

lexology.com, 28 March 2017 (Macmillan)

Law

Brexit and intellectual property

The effect of Brexit on intellectual property rights has yet to be ascertained. Two articles address some of the issues. One article offers some possible scenarios in the areas of patents, trademarks and design. The other suggests five actions that organisations can take to address Brexit-related brand issues in advance of the event.

lexology.com, 30 March 2017 (Green); lexology.com, 29 March 2017 (Kirk)

Marketing

Marketing to the over-50s

You have to scroll down a long way to find anything on Google for the over-50s yet the spending power of this age group is higher than ever. They account for a third of the UK population, 80% of wealth and their spending has risen by 4.4% a year over the past decade compared with just 1.2% for those under 50. A recent survey by SunLife has led to some startling revelations about the over-50s which have helped it to create its first above-the-line campaign, "Welcome to life after 50". The market opportunity for brands is clear so why aren't they targeting this segment?

Campaign, 31 March 2017, p16

Market research

What customers want

Many organisations use customer insight as a way of justifying "pre-made" decisions rather than placing it at the centre of business strategy. Traditionally brands have used market research and transaction data to gain insight into customers. But these methods have their limitations – if brands want real insight, they also need to look at third-party data sources and modern forms of segmentation. In the last edition of *Market Leader*, John Sills offered three simple steps for better understanding customers. Here the author proposes her own three steps towards "customer-centricity": choose customisation over personalisation; reject

preconceptions; and don't rely on a single data source.

Market Leader, Quarter 2 2017, p13 (Dunn)

Using bias to advantage

If you test out a proposition using qualitative or quantitative research, you have something to take to the company board, but if you conduct other types of research and come up with conflicting answers then you are in a quandary. Research does not necessarily get at the truth and is rarely free of bias on the part of the respondent. Cognitive bias results in people giving different answers depending on the way the question has been posed. Another type of bias comes from the researcher but this bias could point the way ahead, especially if it is shared by the marketing team who can translate it in an imaginative way...

Campaign, 31 March 2017, p27 (Edwards)

ComRes creates Brexit unit

ComRes, the polling and research company, has launched a Brexit unit consisting of European policy experts who can help clients to understand how Brexit will affect their sector. It is building a knowledge bank of Brexit data, which will include attitudinal data perceptions from published sources as well as original research to help understand the "opinion landscape".

research-live.com, 28 March 2017

Public relations

Cheerios campaign creates Buzz

In a Honey Nut Cheerios campaign to save the honey bee, General Mills distributed 1.5 billion wildflower seeds to people across the US only to find that some seeds are banned in certain states and areas because they are considered invasive. Realising its mistake, General Mills took to Facebook and Twitter; it crafted three different messages designed to allay concerns and head off the criticism. This article explains how General Mills' responses proved simple yet effective.

prdaily.com, 3 April 2017 (Slater)

Combating fake news

There has always been fake news and propaganda but we are in a new era of fake news because social media provides anonymity for the purveyors of fake news. It is the job of PR professionals to protect their profession, clients and companies from such falsehoods. Here are four brief pieces of advice.

Public Relations Tactics, Vol 24(3) 2017, p12 (Barwick)

Sponsorship

Snickers to support LGBT web site

Snickers (a Mars brand) is to sponsor *Gay Star News'* new Gay Star Support section on the LGBT

web site. Snickers will use its own advertising with the message "be who you are".

Campaign, 31 March 2017, p3

Agriculture, fishing and forestry

Farmers could suffer after Brexit

An analysis by Rabobank warns that European farmers will suffer if the UK removes tariffs on food imports after it leaves the EU. Harry Smit, senior analyst at the bank, says that Irish beef farmers and EU exporters of beef, dairy, grain and sugar would be hardest hit because they will face more competition from countries outside the EU. British farmers would also suffer through increased competition if food tariffs were to be dropped. The EU is the UK's most important trading partner for food and agricultural products.

The Daily Telegraph (Business), 30 March 2017, p5

Farmers support buy British button

Farming groups have been looking at ways to protect and increase their markets post-Brexit. The idea of introducing a British preference button for online shoppers is advocated by the food chain team at the NFU together with Andrew Loftus, a livestock farmer with a background in retail. He argues that you can already select various preferences, such as gluten-free, when shopping online, but you can't tell which products are British. Some retailers are already considering the option. The buy-British button could also provide data on the number of people prepared to support British farming.

fginsight.com, 3 April 2017

Trimmigrants head for green gold rush

Illinois could become the ninth US state to legalise recreational cannabis. If Canada follows America's lead, this could result in over a 100m north Americans free to use cannabis. Some Britons have become involved in the cannabis "green gold rush" by heading up to the so-called Emerald Triangle, north of San Francisco. Known as "trimmigrants", they are experts in snipping the plant leaves to expose the buds which contain cannabis resin. As more legalisation takes place, it is inevitable that the sector should develop some of the characteristics of more mature consumer markets. It is possible to buy the more expensive, organic cannabis or accessories, such as a \$900 glass coil for smoking.

The Sunday Telegraph (Business & Money), 2 April 2017, p4

Building industry

Opportunities for architects

A survey by the Royal Institute of British Architects (RIBA) in December sought to gather information on how its members were responding to Brexit. It

found that over 60% of architects have had work put on hold while 37% reported cancelled projects. One in five architects hopes to expand overseas and the domestic market continues to be strong. The survey identifies five priorities for government to "maintain and strengthen the UK's status as a global hub for architecture".

architecture.com, January 2017

Businesses and strategy

CSR cooperation – business and academia

The authors look at collaboration between business and academic sectors in the field of sustainability. They focus on the importance of raising awareness and describe the types of cooperation between the two sectors. They focus on a case study involving a PwC programme in Hungary, as a way of providing an in-depth analysis of a complex, innovative CSR initiative. The programme, which is called "It is about others", is a competition for teams of students aimed at creating projects with an environmental or social goal. Lessons and potential development options are examined.

Social Business, Vol 6(4) 2016, pp337-353 (Nagypál et al)

The art of negotiation

The process of negotiation is not difficult but many people are put off because it might involve disagreeing with someone; when dealing with a client, this can make people feel uncomfortable. Professional negotiators are happy to negotiate with other professional negotiators because they don't have to waste time posturing or persuading. The author provides ten steps for negotiating like a pro. These are summed up as "give them what they want on terms acceptable to you".

Market Leader, Quarter 2 2017, pp44-45 (Kean)

Overseas business ownership

Of the 2.2m businesses registered in the UK, just 1.1% (24,145) are owned by overseas companies, according to the Office for National Statistics. Nevertheless foreign investors are more likely to own the bigger companies – those with over 250 employees – where the proportion of foreign ownership rises to 27%. Foreign ownership varies across sectors, being most common in mining and quarrying (11.2%), followed by electricity and gas (7.5%) and manufacturing (2.8%). US-based companies own more UK companies than any other country.

The Daily Telegraph (Business), 29 March 2017, p8

Multidimensional drives growth

Growth is all about long-term business survival yet many companies focus on controlling costs to enhance earnings. This strategy detracts from any growth plan. Companies that have a clear plan for organic growth, and follow it carefully, tend to

outperform the competition. Companies that are most successful at driving growth are those operating across multiple dimensions. The authors conducted a survey among 600 executives and identified three broad growth dimensions: investing, creating and performing. They found that companies which focus on creating seem to perform the best.

mckinsey.com, March 2017 (Ahuja et al)

Charities and NGOs

Salaries – top 100 charities

Negative publicity has led to a backlash over executive pay in charities. *Third Sector* has analysed the accounts of 150 charities to find the 100 organisations who paid their top execs the most. The survey reveals that the top earners tend to be found in philanthropic foundations, charitable private hospitals and arts institutions. The Wellcome Trust paid the highest salary, at between £3.05m and £3.06m followed by Nuffield Health and the Royal Opera House. While some experts believe that charities need to pay enough to attract the right talent, others prefer to err on the side of restraint. Pay should be justified and charities need to be mindful of public trust, rather than comparing salaries to the private sector.

Third Sector, March-April 2017, pp24-29 (Hillier)

Church hits out at Easter egg hunt

The Church of England is upset because the National Trust's annual Easter egg hunt, sponsored by Cadbury, has removed the word "Easter" from its titles. John Sentamu, Archbishop of York, describes it as "spitting on the grave" of Cadbury's Quaker founder, John Cadbury. Cadbury says that it still uses the word "Easter" on its packaging and in its marketing, as it has done for over 100 years but the Church claims that: "This marketing campaign not only does a disservice to the Cadburys but also highlights the folly in airbrushing faith from Easter."

bbc.co.uk/news, 4 April 2017

Durable consumer goods

Swiss watchmakers – not keeping time

Last year Swiss watch exports fell by 10%, their worst performance since the financial downturn. Swatch alone suffered a profit slump of 47%. High demand from the Chinese between 2004 and 2012, has tailed off. Many companies have been slow to adapt to the changing market and a generation of fickle consumers. The question is whether demand will recover. Competition is now taking the form of Apple, which claims to be the second-biggest watch brand after Rolex. Companies are adopting various approaches to the problem.

The Economist, 1 April 2017, p60

Luxury firms need to look beyond China

European luxury goods manufacturers account for around 70% of the €250 billion industry. They have previously prospered by entering new markets, enjoying particular success in the high-end malls of Asia. Anti-corruption policies in China, together with changing Chinese tastes, have signalled a slowdown in Chinese sales. The luxury sector has been slow to adopt digital but all this could be changing and now luxury outfits are keen to harvest data about their most attractive customers...

The Economist, 1 April 2017, pp59-60

Economy

Global economic growth

In the last quarter of 2016 the world's economy grew by 2.8% year-on-year. While China's economy is slowing – it expanded by less than 7% in the quarter – it still makes up two-fifths of global growth. Twenty years ago America accounted for 20% of total growth, but now it is behind both China and India, at just 11%.

The Economist, 1 April 2017, p85

Lowest-paid get pay rise

Ironically the only sector of the UK workforce to see a pay rise in real terms over the past decade is the lowest-paid 15% of employees. This is because of the rise in the minimum wage. The national living wage has just increased by 30p to £7.50 an hour for people aged over 25. The Low Pay Commission says that 2.3m workers will benefit from the rise, with those working 26 hours a week earning £400 more a year. However, it warns that the pay increases are creating pressures for some employers with the result that employment growth is variable across some low-paying occupations.

Financial Times, 31 March 2017, p4

Drones could benefit economy

The UK Government is looking into how non-military unmanned aerial vehicles (UAVs) can deliver the best economic benefit to the country. A report by PwC suggests that the greater use of drones could create a global market worth \$127 billion. PwC says that as well as being used for delivery, drones could be used for surveying, where they are faster and more accurate than traditional human methods. The Government inquiry is looking at the safety implications of drone technology.

The Daily Telegraph (Business) 30 March 2017, p4

UK productivity crisis

According to figures from the Office for National Statistics, two-thirds of the decline in the UK's productivity growth is accounted for by just five sectors: banking; telecoms; electricity and gas; management consultancy; and legal and accounting services. This is despite the fact that they are

prestigious, “go-getting” sectors and together produce only 11% of UK economic output. Before the economic crisis, productivity (output per worker) rose by 1.6% a year but since 2008 it has only managed average growth of 0.3%.

Financial Times, 29 March 2017, p3

Energy and utilities

Connected home – not engaging consumers

Miriam Jordan Keane, British Gas’ Head of Marketing, believes that the connected home isn’t working for consumers because they don’t understand the benefits and believe it to be for “geeks”. This follows the launch of a British Gas campaign which promotes the connected home along with the company’s Hive smart technology. British Gas expects to spend in the “high hundreds of millions” on its Hive products over the next five years. Research has shown that, although there is a high awareness of the connected home, there is not the understanding of its benefits at a mass level.

Campaign, 31 March 2017, p6

Competitive business market for water

On 1 April the “world’s largest competitive water market” was established in England and Wales. It will allow over 1.2m businesses, charities and public sector organisations to choose who they use for water and waste water. Currently 22 retailers are licensed to work in the market which is expected to provide up to £200m in benefits to the economy. Scotland is the only other country with a competitive water market for businesses.

utilityweek.co.uk, 1 April 2017

Environment

US green energy likely to trump coal

President Trump made an election pledge to bring back coal mining jobs in areas such as western Pennsylvania. However, experts say that they expect to see a continued shift in the US towards energy sources with lower emissions. Solar and wind power have become powerful competitors to coal. Some states are actively calling for regulatory changes to restrict green energy; others say that, in any case, coal jobs will not come back as Trump has promised.

Financial Times (Big Read: US Energy), 30 March 2017, p9

Exporting air pollution

An international team has been measuring the damaging emissions which led to 3m premature deaths in 2007 (the first year for which complete data are available). It found that 22% of the damaging particles were the result of goods and services produced in one region (usually poor) being exported for consumption in another, often rich country. In other words rich countries are exporting

air pollution by importing goods.

The Economist, 1 April 2017, p77

UK scientists develop seawater sieve

Scientists at the University of Manchester have developed a method of sieving sea water to produce drinking water. The graphene oxide sieve, which could be effective for filtering salts, will now be tested against other desalination membranes. The aim is to create a filtration device that will produce drinkable water from seawater or wastewater with “minimal energy input”. The UN predicts that by 2025 14% of the world’s population will experience a shortage of water. Climate change will continue to effect urban water supplies which is why wealthy countries are busy investing in desalination technologies.

bbc.co.uk/news, 3 April 2017

Fashion

Fashion designers for Gen Z bypass retailers

Alexandre Daillance (known as Millinsky) is one of a growing collection of young designers who use Instagram as a base from which to sell their fashions. His label, Nasaseasons, has taken off and is now stocked by several retailers around the world. The low-budget, social media approach seems to be paying off.

Bloomberg Businessweek, 3-9 April 2017, p74

Poundland moves into fashion

Poundland is looking to step into Woolworths shoes by selling value fashion in stores this year. It plans to install Pep&Co clothing outlets (a brand owned by Poundland’s owner, Steinhoff International) in up to 200 of its 850 stores. This forms part of a wider strategy to sell some goods for more than £1. Less than 4% of the retailer’s sales are above £1 but it wants to expand this with items costing £2 to £5.

The Guardian, 30 March 2017, p27

H&M creates pricier brand

Hennes & Mauritz (H&M) is addressing slow sales growth by trying to get clothes into its shops faster and through the launch of a new brand. Arket, H&M’s eighth brand, will launch this autumn, offering more expensive clothes and in-store cafes. The company has suffered through competition from the likes of Primark, with its cheap clothing; online fashion sites such as Zalando; and Zara, the largest clothing retailer in the world.

Financial Times, 31 March 2017, p15

Financial services

HSBC to over gender-neutral prefixes

HSBC is seeking to demonstrate its gender-diversity by introducing a series of gender-neutral titles for customers who don’t want to divulge their gender. It

will introduce ten new titles, such as Mx, Misc, Ind or Msr instead of the traditional Mr and Mrs, etc. This follows a move in the banking industry to be more sensitive to gender diversity. This year Stonewall, the LGBT charity, named Lloyds Bank the most inclusive employer in Britain.

Financial Times, 31 March 2017, p20; The Daily Telegraph, 31 March 2017, p3

Lloyds adopts micro branch

Lloyds Bank is to reduce the size of many of its branches to "micro branches" staffed by just two people who will carry tablet devices and help customers to use the ATMs and paying-in machines. There will also be video links to mortgage advisors. Lloyds attributes the move to a "profound change in customer behaviour", in which more transactions have gone online.

bbc.co.uk/news, 3 April 2017

Insurtech – AI and IoT

Artificial Intelligence (AI) and the Internet of Things (IoT) are the latest trend in insurance technology ("insurtech"), according to Accenture. It says that start-ups in these areas were the most successful in obtaining new investment last year. AI could soon be used to automate administrative tasks in insurance, helping to cut down on the time and cost of customer applications. The Internet of Things is also set to become a big thing in insurtech – it could help to inform insurers of the risks and even deflect problems before they occur.

Financial Times, 31 March 2017, p19

FMCG

Beverages

Wine – the price is right at £10

Lord Price, former managing director of Waitrose, believes that the optimum price for a bottle of wine, which balances cost with quality, is £10. He points out that a lot of costs relating to wine, such as tax and transport, are fixed. This means that the value of the wine in a £5 bottle is 47p while that in a £10 bottle is £3 (six times the quality). Yet research shows that over half of people in Britain wouldn't pay more than £6 a bottle and only 7% would pay more than £10 at a supermarket.

The Times, 30 March 2017, p3

Diageo – high spirits

India is Diageo's second-largest market by value and volume but it contributed just 1.5% to group operating profits, compared with North America's 49% contribution. In contrast, the company's performance in China, Africa and Latin America is improving. In emerging markets spirits penetration is low while in Europe and the US consumers are moving towards premium spirits. Ivan Menezes,

Diageo's chief executive explains why Diageo is "a growth company".

Financial Times, 29 March 2017, p15

Food

Reckitt considers food disposal

Reckitt Benckiser plans to dispose of its food business as the company shifts its focus towards consumer healthcare, which includes brands such as Durex and Nurofen. Food, which currently accounts for 4% of the company's annual sales of £9.9 billion, has been operating as a standalone division in the company's Portfolio unit which includes detergents and fabric softeners.

Financial Times, 4 April 2017, p20

More people buying free from

In the first quarter of the year 3.3m more people bought "free from" products than in 2016, according to Kantar Worldpanel. The research firm says that people are associating "free from" products with a natural form of health rather than eliminating dairy or gluten for medical reasons. The trend is largely seen in households with under-45s, who are 20% more likely to buy from these ranges. Sales are also higher among the more affluent demographic who shop at Waitrose and Sainsbury's.

bbc.co.uk/news, 4 April 2017

Household

Single men attracted to cats!

There are now 8m pet cats in Britain, the number having risen by 500,000 over the past year. Men and young people are largely responsible for this growth, according to the Pet Food Manufacturers' Association. Some 5.5m men own a cat, with celebrity cat-lovers, such as Russell Brand and Ed Sheeran, helping to raise their popularity. Men with cats are apparently more popular on dating sites – men are advised to pose with their pets online to improve their chances!

The Times, 31 March 2017, p11; The Daily Telegraph, 31 March 2017, p11

Crayola culls dandelion yellow

The news that Crayola is to ditch one of its crayon colours has come as a shock to colouring aficionados. Last week it announced that it would be axing its dandelion yellow crayon to tie in with National Crayon Day in America (31 March), a move that has led to a spate of tweets from concerned fans. This isn't the first time that Crayola has retired some of its colours. In 1990 it removed eight colours from its collection. In May Crayola are due to announce the replacement for its yellow on Facebook.

bbc.co.uk/newsbeat, 31 March 2017

Government and public sector

Digital driving licences coming your way

By the end of 2018 car drivers will have digital licences on their smartphones, according to the DVLA, which is testing a digital licence service this summer. The DVLA admits that the legal status of the new document is uncertain and that it will not replace the physical driving licence. It could, however, be used to show to third parties such as car hire companies.

The Times, 31 March 2017, p23

Health and pharmaceuticals

MPs want greater restrictions on HSSF foods

A Health Select Committee report published this week has recommended stricter advertising guidelines to tackle childhood obesity. It recommends that HFSS advertising should be restricted to after 9pm; that the sugary-drinks levy should include milk-based drinks; a cap should be placed on portion sizes; and local authorities should be allowed to limit the number of fast-food outlets in their area. In addition, the Government should regulate discounting and price promotions on unhealthy food and drink. Not surprisingly the ad industry has rejected these proposals and calls on the Government to focus on behavioural change instead.

Campaign, 31 March 2017, pp2-3

Lower sugar or smaller chocolate bars?

Public Health England (PHE) has just published guidelines calling on food manufacturers to cut the sugar content of cereals, yoghurts, biscuits, ice creams, sweet spreads and confectionery by a fifth by 2020. The aim is to tackle childhood obesity and reduce the amount of sugar in the British diet by 200,000 tons a year. The guidance suggests that those businesses who don't want to reduce the sugar content of their products, because it may be difficult to reformulate them, can reduce the size. This could result in smaller chocolate bars but the National Obesity Forum argues that people will simply buy two instead of just one.

The Daily Telegraph, 30 March 2017, p14

IT and telecoms

Will 5G phone masts spoil the countryside?

To provide high-speed mobile phone coverage and internet to the parts of Britain that don't currently receive it, another 400,000 phone masts will be required. There are concerns that the countryside will be spoiled by the masts, which are designed to support 5G technology and could be up to 80ft high. Although Chancellor Philip Hammond has pledged to invest £1.1 billion in a 5G network by the early

2020s, consumer group Which? has revealed that half of England does not even have access to 4G.

The Daily Telegraph, 31 March 2017, p13

Samsung's reputation rests on Galaxy 8

The launch last week of Samsung's new smartphone, the Galaxy S8, was in part designed to help restore the company's corporate image following its Galaxy Note 7 fiasco and a corruption scandal relating to the company's leader, Lee Jae-Yong. Samsung will ship 331m smartphones this year, up by 6.8% on 2016, according to IHS Markit. On the whole analysts do not regard the reputational damage to the company as permanent although *Businessweek* stresses that Samsung has some serious work to do to rebuild its brand. However, the premium smartphone market is crowded and the replacement cycle is getting longer so long-term growth may be a problem...

Financial Times, 31 March 2017, p16; Bloomberg Businessweek, 3-9 April 2017, pp36-37

Android overtakes Windows

Android has overtaken Windows as the most popular operating system. Microsoft's Windows has been the dominant operating system since the 1980s but now Android, which runs on four out of five smartphones worldwide, has surpassed Windows in terms of users. Meanwhile Microsoft has retained its desktop market share, with 84% of people accessing the internet from their desktop still using Windows.

The Daily Telegraph (Business), 4 April 2017, p1

Leisure and tourism

Online tourism purchasing

This study examines the influence of three features (perceived benefits; risks; and confusion due to over-choice) on price, quality and trust, which are three key factors affecting consumers' purchasing intentions online. The research focuses on holidaymakers who purchased at least one part of their holiday online. It reveals the importance of direct marketing and the brand names of e-tailers and products. It identifies the importance of online buying convenience and of providing enough product information. The research also highlights the influence of safety and security, the instilling of trust and the role of price and quality in purchase intentions.

Journal of Marketing Communications, Vol 23(2) 2017, pp195-218 (Pappas)

GCC – destination sport and leisure

The GCC (Gulf Cooperation Council) is transforming and diversifying into new sectors, such as leisure, sports and entertainment. International visits to the GCC have increasingly been driven by sport tourism and leisure, with many countries in the region hosting major sporting events. This article sets out

the five forces that will shape the success of GCC cities. It discusses the development plans of the countries and some of the success factors relating to their role as leisure destinations.

Gulf Marketing Review, March 2017, pp30-33

Trump policies deter tourists

Tourists have been avoiding travelling to America because of Donald Trump's immigration policies. Expedia, the largest online travel agent, says the US is "looking less attractive as a product" and expects prices to come down in order to boost volumes. Some hotels and airlines are already reducing their prices. The World Travel and Tourism Council also reports "early signs" of "anti-US sentiment" among tourists. It forecasts that the US travel and tourism sector will contract by 0.5% this year.

FT Weekend, 1-2 April 2017, p13

Materials and mining

Tiffany – sustainable supply chain

At Tiffany, the luxury jeweller, vertical integration has proved a major competitive advantage. This is partly because of the belief that luxury brands should be responsible for their own designs and partly because diamond traceability is a way of ensuring social and environmental responsibility. Tiffany's sustainability drive began 25 years ago and it has since become an industry leader in dealing with environmental and human rights concerns. All its stones carry microscopic codes proving their provenance so that the company can demonstrate its chain of diamond custody. This article is written from the perspective of Frederic Cumenal, who recently stepped down as CEO of Tiffany.

Harvard Business Review, Vol 95(2) 2017, pp41-46 (Cumenal)

Sand – beached supplies

Sand is important to the construction industry, where it is used to make concrete and asphalt. Sand and gravel are the most extracted materials in the world, accounting for up to 85% of the weight of all mined materials globally. Asia, particularly China where housing and road-building are booming, has become the main source of demand. Ironically it is becoming scarce since it is being extracted faster than it is being replaced by nature. This is also damaging to the environment, which has resulted in restrictions on mining. However, illegal mining is common in some countries.

The Economist, 1 April 2017, p73

Media

Film

China's film industry in decline

Film companies in China have been reporting some of their lowest profits and revenue growth for a number of years. This comes at a time when the country's box office sales are slowing – 2016 domestic ticket sales grew 2.4% year-on-year compared with 49% in 2015. The slowdown is attributed to poor films and slowing economic growth. Meanwhile Chinese authorities are trying to address fraud in the form of underreporting of ticket sales.

Financial Times, 3 April 2017, p17

Games

Playing games with AI

Artificial intelligence researchers are using video games to help test their software. Games allow software to tackle complex logic problems in the real world and also help with reinforcement learning, where machines can work out sequences of actions through trial and error. Various AI companies are using this strategy. Microsoft has created Project Malmo, an AI research environment based on *Minecraft*, a video game that it owns.

Bloomberg Businessweek, 3-9 April 2017, pp34-35

Internet

Digital advertising

The recent controversy in which advertisers withdrew their ads from YouTube, could result in Google losing up to \$1 billion in ad sales. But this year the amount spent on internet advertising globally is expected to overtake TV advertising for the first time and it would be difficult for advertisers to do without advertising that is purchased programmatically. Google may have to make concessions to advertisers, including allowing them to use third parties, such as Integral Ad Science, to filter or block inappropriate content. (See also Television)

The Economist, 1 April 2017, pp62-63

Music

Streaming sales rise at fastest rate since 1998

The Recording Industry Association of America reports that sales from streaming music last year have led to the fastest growth in the US market since 1998. Around 23m Americans subscribe to a monthly service, such as Spotify, which resulted in a 114% increase in streaming revenues last year. Revenues from all streaming, including YouTube, rose by 68%. In contrast, digital downloads fell by 22% and physical album sales were down by 21% last year. YouTube says it paid over \$1 billion to the music industry from advertising in 2016, pointing out that the music industry is beginning to resemble

television, where subscriptions and ads contribute equally to revenue.

Financial Times, 31 March 2017, p19

The re-emergence of the music cassette

It appears that music cassettes have made something of a comeback: music sales on cassettes rose by 74% last year to reach 129,000, according to Nielsen. Although most of the sales are popular albums, mixtapes are also reappearing. Mississippi Records, an independent record store in Portland, records and sells its own compilations on cassette. Meanwhile Urban Outfitters has "aggressively cultivated" the market by selling cassettes and players as well as creating limited-edition mixtapes. Director of global marketing, Stacey Britt Fitzgerald, says that nostalgia and music are brand pillars for Urban Outfitters.

Bloomberg Businessweek, 3-9 April 2017, p70

Newspapers

Newspapers should answer for misreporting

A cross-party science and technology committee of MPs has said that newspapers should be accountable to a press regulator when they misrepresent science stories. It claims that journalists have lost the trust of the public through providing a "false balance" when they present two views as equally true, despite the weight of scientific evidence coming down on one side. A high-profile example was the MMR controversy relating to a 1998 paper which turned out to be fraudulent.

The Times, 30 March 2017, p4

Johnstone – needs to grow digital revenues

Johnstone Press, one of the biggest local and regional news publishers in the UK, has just reported an annual pre-tax loss of £300m. Classified ads had the biggest impact on that figure. Not surprisingly, the print revenue fall was much larger (9.5%) than digital ad revenues (0.2%). However, digital ad revenues are much less valuable to the company and it will need to grow them substantially if they are to help the bottom line.

emarketer.com, 31 March 2017

Social media

WeChat expands into Europe

WeChat is to offer its platform to British companies so that they can sell goods in China. The Chinese social network, which is owned by Tencent, plans to expand its e-commerce and payment services into Europe. It will then open up direct operations in other countries, such as France and Germany. This will help European retail companies to avoid the bureaucracy involved when setting up in China.

Financial Times, 31 March 2017, p18

Television

TV capitalises on YouTube controversy

Broadcasters, such as Channel 4, ITV and Sky, have benefited from advertisers' boycott of YouTube. It is estimated that the three broadcasters alone have reaped an additional £1m a week from VoD ad sales over the past two weeks. John Litster, MD at Sky Media, stresses the brand safety element and claims that the extra advertising money is "going into exactly the place where YouTube can't guarantee it...premium broadcast VoD". Separately the *FT* examines the opportunities for TV networks. (See also Internet)

Campaign, 31 March 2017, p1; Financial Times, 31 March 2017, p19

BBC – an aging viewership

The average age of people who watch the BBC is now over 60 due to the popularity of streaming services, such as Netflix and Amazon Prime. The BBC Trust says that the average age for those watching BBC is 61 while for BBC2 it is 62. Although BBC iPlayer attracts 21% of young viewers aged 16 to 34, Netflix is more popular. Radio is experiencing the same trend, with Radio 1 reaching 35% of 15 to 29s in 2011 vs 11% now.

The Times, 30 March 2017, p4

Packaging

Sustainable labelling

There is increasing demand for unique labels that allow products to stand out from the shelves. Yet consumers have become increasingly aware of the effects of packaging on the environment so sustainability is an important consideration. This article looks at the trend for clear labels, the need for health and personal care brands to have eye-catching designs and consumer expectations of food brand packaging.

FlexoTech, March 2017, pp19-20 (Lodej)

Retailing

John Lewis MD raises expectations

Paula Nickolds, the new Managing Director of John Lewis, believes that the store will need to reinvent itself to take account of "profound" changes in the industry. She points to the dramatic change in customer behaviour and expectations: "If expectation of retailers is high, then expectation of John Lewis is about as high as it gets". She aims for over half the products sold in John Lewis to be exclusive to the retailer.

Financial Times, 31 March 2017, p20; The Daily Telegraph (Business), 31 March 2017, p5

Services

Controversial ad does wonders for awareness

Marsh & Parsons, the estate agent, will remove an ad from the London Underground following a furious response on Twitter. The ad, which has been denounced as sexist, depicts an older man being embraced by an attractive young woman with the message "A charming period property with a modern extension". The estate agent has a history of ads that compare people with property. One thing is certain – this ad has succeeded in raising awareness of the company!

thedrum.com, 30 March 2017

Coin-operated industry – short-changed?

The introduction of the new £1 coin will lead to a shake-up in the industries that use coin payments, including vending machines and parking metres which will need to be upgraded. The change could cost the industry about £80m but the Government is adamant that the benefits are greater than the costs. This article looks at the implications for car park machines; vending machines; gaming machines; phone boxes; supermarkets; and gyms.

The Daily Telegraph, 29 March 2017, p8

No-frills funerals – the Bowie effect

People are increasingly opting for "no-frills" funerals, due to a dislike of traditional services and rising costs. The trend for alternative funerals has become more apparent since David Bowie's funeral, when his family chose a "direct cremation". It is estimated that around 5% of funerals were direct cremations or burials last year. Simplicita Cremations, which was the first British funeral director to offer a no-frills service, cites the "Bowie effect". However, the National Association of Funeral Directors believes that few families choose the no-frills option unless the deceased specifically requests it.

The Times, 3 April 2017, p9

Transport and travel

Self-driving cars – a boost for the economy

A study by PwC suggests that self-driving cars could boost the UK economy by £8 billion a year and have the potential to increase people's earnings by as much as £8,500 a year. They would also give people "greater independence, freedom to socialise, work and earn more, and access services more easily", according to Mike Hawes, Chief Executive of the SMMT.

The Daily Telegraph (Business), 31 March 2017, p1

Tesla overtakes Ford in value

Tesla's market value has risen by 7% to overtake that of Ford: it has been valued at \$49 billion compared with Ford's \$46 billion. In the first quarter of the year Tesla delivered over 25,000 cars, representing a 70% increase year-on-year. However, Tesla's sales are small – it delivered just 76,000 electric cars last year – compared with Ford, which sold almost 6.7m vehicles. Nevertheless investors are enthusiastic about Tesla's potential for growth. Separately, *Businessweek* examines Tesla's fortunes in Hong Kong, which account for 6% of the company's Model S sedan sales, where the end of an electric vehicle tax break could threaten Tesla's position here.

bbc.co.uk/news, 3 April 2017; The Times, 4 April 2017, p37; Bloomberg Businessweek, 3-9 April 2017, p35

Less coal – more capacity for rail passengers

Network Rail has found that half the timetabled slots for freight trains are not being used. The spare slots – a total of 4,702 – have become available because power-generating companies have switched from coal to natural gas, which has reduced the amount of coal traffic on the railways by about 80% over the past three years. The free capacity is being offered to passenger services, such as Virgin Trains, ScotRail and Western Railway, to help free up congested routes.

Financial Times, 1 April 2017, p4

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Jared Anderson	Sears	Carlson Wagonlit Travel	VP of Customer Experience	M&IT
Olivia Chalk	Freelancer	Grey London	Chief Production Officer	Campaign
Damian Ferrar	R/GA	Jack Morton Worldwide	SVP, Executive Creative Director	M&IT
Rob Kittlety	Troubadour	The Book people	Managing Director of Sales	The Bookseller
Heather O'Shea	Twitter	Research Now	VP of Global Research	research-live.com

Promotions

Name	Company	Previous title	New title	Source
Rosie Bardales	BETC London	Executive Creative Director	Chief Creative Officer	Campaign
Francisco Crespo	Coca-Cola	President of Coca-Cola Mexico	Chief Growth Officer	Campaign
Lucy Merritt	Marketing Manager	ExCel	Head of Marketing	M&IT

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www.fginsight.com

FlexoTech

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The Journal of Brand Management*

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Journal of Marketing Research**

www.lexology.com

www.marketingweek.com

Market Leader

www.mckinsey.com

www.prdaily.com

Public Relations Tactics**

www.research-live.com

Social Business

[Third Sector](http://ThirdSector.com) (selected articles available)

The Times

www.utilityweek.co.uk

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