

# Cutting Edge: Our weekly analysis of marketing news

24 May 2017

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

**Quick links to sections**

## Marketing trends and issues

### Advertising

#### Programmatic advertising

Programmatic advertising has become tainted by ads being placed next to extremist content, and the wider problem for brands of not knowing whether their ads are going to be put next to inappropriate content. For example, ads for alcohol or gambling could pop up on screens of addicts. This article explores the choices to be made when using programmatic and maintaining brand integrity and ownership of the process. Definitions and acronyms are explained.

**B2B Marketing, Q1 2017, pp28-33 (Pike)**

### Agencies

#### Vivendi-Havas deal

Vivendi (owner of Universal Music Group, Canal+ and Telecom Italia) plans to acquire Havas which would result in an advertising, media content and entertainment group worth €28 billion. This would create an entity larger than WPP, worth €26 billion. Although analysts and industry experts believe that the deal makes sense, other commentators warn that Havas needs to ensure that it maintains impartiality when offering media services because it has its own media platforms. Other media and entertainment companies have moved into marketing services. There has also been a trend for management consultancies to acquire marketing companies.

**Campaign, 19 May 2017, pp2-3**

#### Frequency of agency-client collaboration

New research suggests that collaboration between agencies and clients shouldn't occur more than once a day. Agencies consider that the quality of their work declines if more than one collaboration a day

takes place, according to a joint study from the Marketing Agencies Association and others. The so-called "sweet spot" for collaboration was found to be somewhere between "multiple times a week" and "multiple times a month". However, it is also important to clarify the level of collaboration expected by the client.

**Campaign, 19 May 2017, p5**

### Brands and branding

#### Brands in Africa

Many western brands have been taking advantage of the positive economic climate in Africa by expanding their presence. One report (in *African Business* magazine) claims that non-African brands have increased their share of African consumer markets to 84% over recent years and that they account for 84% of the top 100 most admired brands in Africa. Over the past two years brands, such as Starbucks and H&M, have launched in Africa. But it is important for brands to understand the continent's cultural diversity and sensitivities. Viacom, which has had a presence in Africa for 11 years, is evolving how it communicates with audiences while Diageo is benefiting greatly from its African strategy.

**Marketing Week, May 2017, pp34-36 (Bacon)**

#### New brands/extensions – success or failure?

It is common for packaged goods businesses to create new brands or brand extensions, with their launch being accompanied by marketing communications to encourage their trial and purchase. Yet new brands often fail, so how effective are marketing comms at a new brand launch and what are the best tools for measuring success? The authors have developed a diagnostic framework for understanding the probability of success or failure. This has enabled them to examine the performance of new brands and brand



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extensions using four key measures: market share, penetration, purchase frequency and repeat purchase rate. Here they set out four lessons that companies should learn.

**Admap, May 2017, pp10-12 (Crisafulli and Singh)**

## Conferences and events

### Team-building returns to the traditional

Team building is still big business and many companies can see the value of a "fun-work" balance. Spending time outdoors is important for both physical and mental wellbeing as well as inspiring creativity and innovation. It also creates a team dynamic that helps delegates to be more productive, according to Ellie Jones of Center Parcs. Some venues have observed that clients are moving away from digital towards more traditional activities. Other trends identified are: shorter events and family days. A case study of Rockitfish is included.

**Meetings & Incentive Travel, May 2017, pp47-48 (Channon)**

### Hotel-agency relationships in an age of M&A

A current trend affecting event organisers is the spate of hotel mergers and acquisitions. Last year's acquisition of FRHI Hotels & Resorts by Accor is a case in point: this is regarded as just one of a number of acquisitions in the sector that are threatening to undermine previously long-standing relationships that conference and incentive agencies have had with hotel brands.

**Conference & Incentive Travel, Spring 2017, p21**

## Consumer behaviour

### Giving consumers an excuse to spend more

Research shows that consumers may feel guilty about buying luxury goods because of the additional cost. Marketers can address this by using a so-called "functional alibi". This is a utilitarian feature that helps people to justify the cost of the product. Researchers analysed online reviews to understand utilitarian attributes vs prices and tested ads to find out how much more consumers would pay when a utilitarian feature is emphasised. They found, for example, that pregnant women would pay 50% more for a Coach nappy bag after viewing an ad which highlighted an insulated pouch for baby bottles!

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

### Nostalgia

An online industry is tapping into the desire for nostalgia. Websites are springing up, such as Nostalgia Machines, which offers compilations of music from a particular year, or Retromash, which brings back memories from the seventies, eighties and nineties. However, not everyone is happy with the nostalgia trend: Lionel Shriver, the author, believes that digitised nostalgia, especially photos,

means that people are often too busy trying to record the experience rather than actually living it. Meanwhile advances in VR and 3D images could mean that people are able to "step into facsimiles of their memories".

**The Times, 19 May 2017, p21**

## Customer relations

### Customer engagement

There is no excuse for brands not to meet customer service expectations yet customers still become frustrated that some companies operate their digital and contact centres separately. Customer experience is often the key differentiator between sellers so it is important to get it right. Businesses should fix the "disconnects" between their digital and operation contact services which means mapping customer journeys across all activities. This article examines five tech trends that will help to deliver an improved customer experience.

**Winning Edge, Number 1 2017, pp52-53 (Roberts)**

## Direct marketing

### Telemarketing

Telemarketing is a controversial subject and some people argue that the discipline is dead. The author identifies five reasons why marketers might be negative towards telemarketing and explains how they should address each issue. He argues that telemarketing has a strong future, especially since marketing often rests heavily on data collection, but that it is important to ensure that the telemarketing campaign is strategic in its data collection.

**Winning Edge, Number 1 2017, p13 (Dickens)**

### E-mail consent – a risky business

To establish whether they are GDPR-compliant, some organisations have sent e-mails to their database to check that the necessary consents are in place. This strategy isn't without risk: in March the ICO fined Honda and Flybe for sending e-mails to customers to check their contact details and marketing preferences. Flybe made the mistake of sending e-mails to people who had previously refused their consent for e-mail marketing. The ICO stressed that e-mails, even for the purpose of updating marketing preferences, are still sent for direct marketing reasons so need to have prior consent. The three main lessons to be learnt from this are outlined.

**lexology.com, 16 May 2017 (Jackson and Woolley)**

## Law

### KitKat battle in bad shape

Nestlé has lost its latest fight to trademark the shape of its KitKat bar in the UK. This was after the court of appeal ruled that the design had "no inherent distinctiveness" and was not a "badge of origin" which could be relied on alone to identify the product. This is just the latest stage in the seven-

year battle over the trademark between Nestlé and Cadbury-owner, Mondelez. The European Court of Justice had already decided that the four-fingered shape was not distinctive enough for a trademark. This ruling means that Nestlé's competitors can produce their own version of the KitKat without fear of legal reprisal. Toblerone, owned by Mondelez, has successfully trademarked its shape.

**The Guardian, 18 May 2017, p3; independent.co.uk, 17 May 2017**

## Digital Economy Act

The Digital Economy Act 2017 (DEA) was passed on 27 April just before the UK Parliament was dissolved in the run-up to the General Election. Its main focus is to update the laws controlling the installation and maintenance of telecoms infrastructure. It introduces a wide range of reforms in areas such as electronic communications networks and services, online bullying, access to online pornography, protection of IP in broadcast material, data sharing, the lending of e-books and direct marketing. Some of the issues covered by the Act are defined here.

**lexology.com, 17 May 2017**

## Marketing

### Influencer marketing

Influencer marketing, the process of using influential individuals to reach new audiences, is generally considered to be the preserve of B2C marketers. Yet Oracle succeeded in attracting over 3,800 Twitter users through a combination of influencers and increased awareness. Although the number of influencers varies from sector to sector, B2B audiences can be more engaged than B2C and B2B's influencers play an important role in building expertise and brand reputation. This article discusses how to develop an influencer strategy, offers five ways to nurture influencer relationships and sets out the ten "golden rules" of influencer marketing. It also explains how IBM Security converted 56% of its influencers into advocates.

**B2B Marketing, Q1 2017, pp35-39 (King)**

### Understanding innovation

Innovation is important but many marketers now believe it has just become a buzzword. So how can marketing reclaim innovation? There are four aspects of innovation which marketers need to be aware of. Firstly, innovation does not necessarily equate to technology; there are plenty of examples of "analogue innovations". Secondly, innovation can refer to almost anything, from the smallest change to a completely new product or service; yet it should "push boundaries and create solutions for problems that have not yet been recognised". Thirdly, innovation should add value for the customer. Lastly, it can only happen if the whole company is involved.

**Marketing Week, May 2017, pp38-40 (Chahal)**

## Market research

### Designing a shelf test

Shelf tests are a mainstay of shopper research design. Eye Faster, an eye-tracking specialist, has developed a set of best practices for performing shelf tests using eye-tracking methodologies. It has found that shelf tests benefit from a methodology that allows the client to understand how the product is performing in relation to consumer engagement and attention. Here the author examines some key aspects of designing a shelf test.

**Admap, May 2017, pp44-45 (Hendrickson)**

### Evaluating opinion polls – a guide

How do you predict the likely result of the UK's General Election on 8 June? The Market Research Society has produced a guide aimed at non-researchers to help them assess how authoritative an opinion poll is and how reliable the results are likely to be. It highlights ten things to consider when evaluating polls.

**Mrs.org.uk, 17 May 2017;  
[www.mrs.org.uk/pdf/readingpolls.pdf](http://www.mrs.org.uk/pdf/readingpolls.pdf), June 2016**

## Public relations

### PR – a transformation

The nature of PR is shifting and PR agencies are increasingly being asked to abandon old tactics and formulas in favour of building relationships that can influence behaviour, mainly through digital media. Yet many PR experts have services that are limited to media and media relations in the belief that publicity will generate the required outcome. PR views are changing and agencies are increasingly seeing digital media as a way of altering how the public reacts to campaigns, which in turn changes the way that agencies practice PR. This article examines this transformation.

**Gulf Marketing Review, May 2017, pp20-22 (Akkawi)**

## Sponsorship

### Sponsor recall for short events

Most sponsorship studies tend to focus on sports events of long duration. Since sponsor recall tends to be affected by the length of time a person is exposed to it, this study examines the effectiveness of sponsorship of an event of shorter duration. Respondents were asked to watch a video clip of a swimming event lasting less than ten minutes. The findings suggest that sponsorship of short events can be as effective as that for a longer event although this will depend on the prominence of the sponsor, the duration of the event and spectator involvement. Sponsors may also benefit from sponsorship of events that are broadcast on YouTube and other social media.

**International Journal of Sports Marketing and Sponsorship, Vol 18(2) 2017, pp138-148 (Leng)**

## Agriculture, fishing and forestry

### Sugar upbeat with new factory

The UK's first new sugar beet factory for 90 years is to be built in Yorkshire offering facilities for processing, warehousing and packaging. An increased demand for sugar beet could help to drive up prices and encourage more farmers to grow the crop. British Sugar's York factory closed ten years ago. This latest development may persuade local growers to start up again. The sugar beet industry currently supports around 10,000 jobs.

**fwi.co.uk, 19 May 2017**

### Demand for vets will rise after Brexit

Every year 170 EU inspectors and vets undertake inspections in 130 different countries as part of the EU's strict control on products imported for human consumption. Because the UK is leaving the EU, it will have to take on this task to ensure the health and hygiene of produce. The British Veterinary Association has warned that the UK will need a liberal immigration policy to ensure that it has enough government vets.

**Financial Times, 17 May 2017, p4**

### Uncertain future for fruit and veg harvests

UK fruit and veg supplies are likely to be increasingly volatile, warns Rabobank. The early warm weather has already led to early asparagus and big crops of carrots and cauliflower. However, there have also been late frosts, which have hit some British vineyards, and fruit growers are warning of a smaller harvest due to cold weather. Both farmers and consumers need to be prepared for this unpredictable environment in the years to come, warns Cindy van Rijswick, fruit and veg analyst at Rabobank.

**The Grocer, 20 May 2017, p18**

## Building industry

### The housing market – party promises

Both the Labour and Conservative parties have plans to build a new generation of council houses in their attempts to sway the electorate. Labour says it will set up a new department for housing and build 100,000 "genuinely affordable" homes a year. Brian Berry, Chief Executive of the Federation of Master Builders has welcomed the plans but warns about the lack of capacity. Meanwhile the Tories have promised to build new council homes for social rent to help address the "broken" housing market.

**Construction News, 19 May 2017, p3**

## Businesses and strategy

### Short-termism – damaging to marketing?

Chief executives are in their jobs for an average of eight years but chief marketing officers are in theirs for just four years. According to a new report for Magnetic by Enders Analysis, there is a trend for short-termism in corporations which is potentially having a negative effect on marketing effectiveness. The changing nature of shareholders means that they are demanding faster returns which has led to volatility within senior management positions. Even in relationships with ad agencies, there is a shift towards shorter-term arrangements while technological disruption has also led to uncertainty. The Enders report notes a "failure to measure a range of marketing risks" which could damage a brand, but that "it is not too late" to remedy the situation.

**Campaign, 19 May 2017, p8 (Rich)**

### Communication – the skills gap

According to the Chartered Institute of Personnel and Development, one of the top three skills required by UK employers when recruiting young people is communication and many employers rank communication as their top priority. In fact 60% of employers say that applicants do not demonstrate adequate communication and interpersonal skills. Research by IDC in the UK and US has found that large companies are losing £50m a year on average because of communication, and this number does not even include revenues lost due to external communication. This article looks at bridging the skills gap with communication training and mentions the founding of the Pinnacle Performance Academy.

**London Business Matters, May 2017, p18 (Yirrell)**

## Charities and NGOs

### A matter of trust

Over the past few years the relationship between the public and charities has become fractious following a series of scandals – but how much has this relationship been damaged? The *Donating Trends* survey, a poll by Harris Interactive for *Third Sector*, has found that 39% regard charities as highly trustworthy with only 9% believing them to be highly untrustworthy. Perceptions of charities are generally more positive than they were last year when 39% of people said they had more negative views of charities after seeing press stories compared with 27% who said so this year. The survey also gives insight into engaging with charities online: 48% of 25 to 34-year-olds and 43% of 16 to 24-year-olds engage with charities online, while only 20% of over-55s say they have done so.

**Third Sector, May-June 2017, pp26-29**

## Preparing for GDPR

The General Data Protection Regulation (GDPR), which takes effect on 25 May 2018, will have a tremendous impact on the management of donor data and relationships with charity supporters. Charities will have had three years in which to prepare but, in case they haven't done so, here is a list of things for them to consider, preferably before next year!

**Third Sector, May-June 2017, pp42-43**

# Economy

## UK households under pressure

Two surveys emphasise the financial pressure being experienced by British households: IHS Markit points to the fact that Britons are less confident about their finances due to inflation and fears of interest rate increases while the Bank of England reports that consumer spending is slowing due to inflation. Since the Brexit vote and the fall in sterling, inflation has been rising faster than wage growth for the first time since 2014. Households, who have become concerned about the rise in living costs, have started using their savings and incurring debt. By contrast, the *FT* reports on Mintel's *British Lifestyles* report, which confirms that shoppers are concerned about rising prices, but concludes that consumer confidence is holding up. It forecasts a 17% rise in consumer spending over the next five years.

**The Times, 18 May 2017, p38; Financial Times, 19 May 2017, p2**

## Output gaps

The output gap is a measure of the distance an economy is from its full potential ("the level of output consistent with stable inflation and full employment"). Countries with positive output gaps usually have growing inflation and slow economic growth. According to the IMF, many central and eastern European countries may have closed their output gaps this year. A graph shows which eastern European countries are performing well in this respect.

**The Economist, 20 May 2017, p85**

# Energy and utilities

## Shedding light on electricity supply

More than one billion people worldwide have no electricity so giving them access to solar power should be "a good thing" which leads to lower costs, greater security and connectivity and improved economic circumstances. However, an experiment in India, conducted by Michaël Aklin and his team at the University of Pittsburgh, found that households connected to a mini-grid benefited little when it came to social benefits. To have a truly positive effect, there should be better batteries and larger systems which would enable rural households to run appliances or machinery rather than just giving them

a few hours of extra light in the evenings. (See also under Environment)

**The Economist, 20 May 2017, p77**

## Green power

The green energy movement, which started in northern Europe almost 20 years ago, has been expanding rapidly around the world thanks to falling costs and improved technology. Governments are also upping their efforts to tackle climate change and pollution. This article takes a look at the big picture as cleaner power disrupts entire industries and the oil and gas sector is left asking how long fossil fuels will survive.

**Financial Times, 19 May 2017, pp10-11**

# Environment

## Water with a dash of wonky veg

Dash Water, a start-up, has produced a range of carbonated water infused with wonky fruit and veg. The brand was founded by Alex Wright and Jack Scott, in collaboration with Feedback, a food waste charity, after they saw "food waste caused by overly stringent regulations".

**The Grocer, 20 May 2017, p36**

## Shoppers reject brand values

New research suggests that two in five consumers are abandoning or avoiding brands which they perceive to have the wrong values or behaviour. Two-thirds believe that big companies should "give back to society" while four out of five say they want corporations to minimise their environmental impact. Two-thirds of people believe that brands overstate their environmental credentials. The research was conducted by Real World Insight, a communications agency.

**The Times, 22 May 2017, p4**

## Cheapest solar power lamp comes to Africa

Inventid, a Manchester-based start-up, has helped to introduce the cheapest solar light (\$5) in the world to Africa. The company has teamed up with Yingli, a Chinese solar panel manufacturer, and SolarAid, a charity, to launch the SM100, a handheld light that can run for eight hours and is twice as bright as kerosene. (See also under Energy and utilities)

**Financial Times, 22 May 2017, p1**

# Fashion

## Cultural appropriation – the boomerang effect

Chanel has been accused of cultural appropriation after selling boomerangs on its website at a cost of £1,130 each. The wood and resin boomerang was being sold together with beach rackets and balls (£2,860), tennis balls (£330) and paddle boards (price not stated!). Aborigines in Australia are

unhappy about what they see as appropriation of a tool that was originally used for hunting animals and for rituals and ceremonies.

**The Times, 17 May 2017, p19**

### **Burberry – marketing at product launches**

Burberry aims to increase its marketing around product launches in line with plans to increase investment in particular categories. Christopher Bailey, CEO and Chief Creative Officer, used the example of the company's DK88 bag whose launch was accompanied by a standalone marketing campaign and dedicated windows in stores. So far the company has been "delighted with the very strong results" and plans to do more marketing and "storytelling around each product".

**marketingweek.com, 18 May 2017**

## **Financial services**

### **Lloyd's – greatest ad awareness rise**

In terms of marketing, it appears that Lloyds Bank is successfully putting its message across. This month the bank's "By Your Side" campaign has achieved the greatest rise in ad awareness (whether someone recalls seeing the ad in the past couple of weeks), which has risen from +12 in early April to +24 in May. More significantly, its score has increased from +25 to +35 among those who might consider becoming customers. According to YouGov's brand tracking data, Lloyds' Word-of-Mouth Exposure score has also grown, from +4 in late April, to a yearly high of +7.

**yougov.co.uk, 19 May 2017**

### **Underwriters – supplanted by technology?**

The insurance industry has traditionally relied on qualified underwriters to conduct an in-depth assessment of an insurance risk, but now technology and AI are threatening to replace the profession. However, although automation may revolutionise the way in which the industry operates, it will still need staff to explain how automated systems have priced their policies. This article looks at the advance of insurance technology in motor, agricultural and life insurance as well as the wider industry.

**Financial Times, 17 May 2017, p9**

### **Seeding a new market**

Crowd-funding is popular among small start-ups who cannot obtain venture-capital funding. Seedrs, a crowd-funder set up in 2012, has already backed 500 companies. One of the problems of crowd-funding is that shareholders do not recoup their investment until there is a stock market flotation. Seedrs is addressing this by setting up a secondary market in which buyers and sellers can exchange shares. The market is due to launch this summer and will trade for one week in every month.

**The Economist, 20 May 2017, p71**

## **FMCG**

### **Beverages**

#### **Coca-Cola tackles sugar content...**

Coca-Cola has reduced the sugar content of some of its brands, notably Sprite, Fanta and Dr Pepper, apparently without it having affected sales. Two weeks ago the sugar content of Fanta was cut by a third, giving it less than half the sugar content of Coca-Cola Classic. However, there has been criticism on social media from those claiming that Fanta doesn't taste the same. The new Fanta recipe will place it in the lower bracket of the sugar tax due to be introduced next April.

**The Times, 17 May 2017, p21**

#### **...and looks to new brands**

Coca-Cola's distribution is so huge, and its marketing so successful, that the Gates Foundation has called for vaccine campaigns to use its strategy. Yet the company is under pressure – it needs to adapt and move beyond its core product. Venturing & Emerging Brands (VEB) is a Coca-Cola business unit set up to find promising new drinks by acting as a venture capital firm and incubator. It is busy investing in new brands. However, marketing, which is Coca-Cola's key strength, may not retain the same power when spread across numerous brands.

**The Economist, 20 May 2017, p62**

### **British vineyard wins award**

An award for the world's best white wine has gone to the Winbirri Vineyard in Norfolk. Its Winbirri 2015 wine scored 95 out of a 100, which was enough to win it the Platinum Best in Show at the Decanter World Wine Awards 2017. The South of England has become notable for its wine but this is the first time that an English wine has won such a prestigious award.

**The Times, 19 May 2017, p5**

## **Food**

### **Food science**

In its series on "Tomorrow's jobs", *Management Today* looks at the changing role of the food scientist who has traditionally worked on ready meals or new flavours of crisps. The need to feed the nine billion people who will inhabit the planet by 2050, has led to a "second coming" for food scientists who are tasked with using plants, genetically engineered animal cells and insects to develop new sources of protein. However, in order to make real money they need to set up their own businesses. US start-up, Impossible Foods, has raised \$75m for its meat-free burger that produces red juice, just like a full-blooded burger!

**Management Today, Issue 2 2017, p60**

### **Cheddar sales in a pickle after Brexit**

Cheddar cheese sales could suffer after Brexit: if a free-trade deal isn't reached before Britain leaves the EU, Irish producers could be left with around 78,000 tonnes of cheddar per year. The cheese is created mainly for the Irish and British because people on the continent are not so keen on the taste. The other option for Irish cheddar-makers is to diversify into different cheeses but this would be a long process.

**The Times, 17 May 2017, p8**

### **Healthy food a British priority**

A survey by Leatherhead Food Research of Britons' food preferences has revealed that "healthy food that keeps me fuller for longer" is top of the list according to 40% of those polled. Respondents gave this priority over ethical, environmental or local sourcing options. Convenience in food and drink shopping was also an important factor, as mentioned by 20% of respondents. Among younger people (18- to 24-year-olds) convenience had an even higher priority (28%).

**The Grocer, 20 May 2017, p7**

### **Tobacco**

#### **UK adopts plain tobacco packaging...**

On 20 May the UK became only the second country in the world (and the first in Europe) to introduce plain tobacco packaging. The UK's legislation introduces standardised packaging of tobacco products with no logos, colours, brand images or promotional information. Product and brand names appear in a standard colour and typeface. The packs are also covered with graphic health warnings. Action on Smoking and Health (ASH), says the packaging is a form of advertising for the tobacco companies, which helped to encourage young people to smoke. Forest, a smokers' rights group, claims that the rules: "treat adults like naughty children".

**brandchannel.com, 22 May 2017**

#### **...and tobacco industry responds**

The tobacco industry says that plain tobacco packaging is not evidence-based and will lead to cigarette smuggling. Nevertheless Big Tobacco is in good financial shape with profits more than twice that of many consumer businesses. Philip Morris's global operating profit margin is 40%, compared with Unilever's 15% and Coca-Cola's 23%, while BAT is the fourth most valuable company in the UK by market capitalisation. However, according to one analyst, plain packs could result in "an erosion of brand equity". One result of the plain packs is that tobacco companies could do deals with retailers to act as salesmen, as Imperial Brands has done in Australia.

**Financial Times, 20 May 2017, p2**

### **Marlboro uses branded tins**

Philip Morris, maker of the Marlboro cigarette brand, has attempting to circumvent the new law on plain packaging by distributing tins that resemble ordinary cigarette packs. Philip Morris claims that it produced the tins before last year's 20 May cut-off point after which branded packs could not be produced. The tins, which cost the same as a conventional pack, carry the message "Smoking kills". There are signs that the tins may have increased the popularity of Marlboro.

**The Guardian, 20 May 2017, p3**

## **Government and public sector**

### **HM prisons – hard management lessons**

G4S has received a pasting both financially and reputationally over recent years. Notable bungles include its management of security for the London 2012 Olympics. Last Christmas its staff lost control of HMP Birmingham and in March one of its prison officers at HMP Oakhill was the subject of a savage attack. Three companies are operating private prisons in the UK: G4S, Serco and Sodexo. Managing prisons is not an easy option due to overcrowding, violence, an inability to recruit staff and low margins. This article examines the issues.

**Management Today, Issue 2 2017, pp46-49 (Gwyther)**

### **Behavioural insights and nudge theory**

The Behavioural Insights Team (BIT), a British government spin-off, has pioneered the use of psychology to help policymakers change the public's behaviour through "nudges" rather than laws. BIT, which has saved around 20 times its running costs, was the start of a global trend and now many countries are using nudge theory to save money and perform better. This article examines some successful nudges and the spread of nudge theory to countries like Guatemala and Qatar.

**The Economist, 20 May 2017, pp59-60**

## **Health and pharmaceuticals**

### **Communicating health information**

People have high expectations of online information in terms of its accuracy and how it is presented. They also have expectations of modern healthcare information, which in turn places pressure on government agencies that support public health. Such agencies are tasked with the clear communication of health information to help prevent and manage disease. They have diverse audiences, including health professionals, intermediaries and the general public. It isn't easy to devise a strategy for bringing together technology, design and content. Here are ten tips for communicating with stakeholders.

**Admap, May 2017, pp21-23 (Kraiger)**

### Innovation in healthcare

The fourth annual *Wired* Health event saw doctors, researchers, investors and start-ups gathered together to explore the latest innovations in the sector. *Wired* summarises ten of the contributions, which include: "augmented humans", involving human/robotic interfaces; implants or devices which trigger immune defences to help the body fight disease; and ageing-reversing therapies!

**Wired, June 2017, pp55-58**

### Chinese regulation – pressure on drug prices

China is the second-largest pharmaceutical market in the world but pharma companies are reporting slowing or falling sales. This is attributed to a breakdown of the system whereby foreign companies could sell premium branded drugs, which had lost their patent protection, at prices that were far higher than generic medicines. But new rules from Beijing have changed all this and there is pressure to reduce prices. However, drug companies are hoping that draft regulations, aimed at speeding up the approval process for drugs, will mean that drugs can be launched in China at roughly the same time as in advanced economies.

**Financial Times, 17 May 2017, p16**

### Scottish girls spend most time on screens

The health of Britain's children is at risk due to the length of time they spend in front of computer screens. A study by the World Health Organisation (WHO) of 42 countries has found that Scottish girls spend the most time on computers, closely followed by England and Wales. Children in Denmark, Bulgaria and the Netherlands also spend a long time in front of screens. In contrast, the time spent watching TV is falling. Only one in five British boys and one in seven girls achieves the recommended amount of daily exercise.

**The Times, 17 May 2017, p12**

## IT and telecoms

### Digital assistants

The digital assistants market is becoming more crowded as new players are launched. Orange used its annual Hello technology show to announce Djingo, a digital assistant accessible through a connected speaker or through Orange apps. Users can use it to access services, make calls and obtain advice. Meanwhile Samsung has launched Bixby, an assistant which the company says can respond to partial commands and incomplete information. Bixby can also handle tasks while the person is using other apps.

**Mobile Europe, April-May 2017, pp10,11**

### Google Lens recognition system

This year Google will introduce a system called Lens on smartphone cameras which can recognise objects and places in photos and give information about them without the user having to type anything. It uses machine learning to identify what the camera sees and then initiates an online search. This will enable people to photograph objects, landmarks or venues to access information about them. But Lens will also supply Google with data on people's movements which it will be able to sell to advertisers and can also make money by directing people to sites to purchase products

**The Times, 19 May 2017, p21**

### Microsoft homes in on WannaCry opportunity

The recent WannaCry ransomware attack has damaged the reputations of organisations hit by it, such as Britain's NHS, the US National Security Agency and Spain's Telefónica. But for Microsoft, which owns the software on the 200,000 computers which were targeted, it has become an opportunity. It has not only told customers to update their software but warned government bodies, such as the NSA, about the risk of reducing their privacy and security. Microsoft is still present on 90% of PCs – now it is able to demonstrate the advantage to users, who are still running XP, of upgrading to a new version.

**Financial Times, 18 May 2017, p11**

## Leisure and tourism

### UK travel and tourism

The ONS has released some top-level figures for tourism in and from the UK. It reveals that 2.9m visits were made to the UK by overseas visitors in March 2017, up by 11% compared with March 2016. By contrast, UK residents made 4.6m visits overseas in March, up by 5% on March 2016. Overseas visitors spent £1.5 billion in March 2017, an increase of 14% year-on-year, while UK residents spent £3 billion on overseas visits, up by 13% year-on-year. In the first quarter, overseas residents made 18% more visits to the UK for holidays than in the same period last year.

**ons.gov.uk, 19 May 2017**

## Materials and mining

### Real is Rare – diamonds

De Beers launched one of the most successful ad campaigns in 1948, with its slogan "A Diamond is Forever". But the diamond industry has problems because many millennials do not get married or are marrying later in life, while others would rather spend their money on experiences than diamond rings. Sales of diamond jewellery have been slowing. Now De Beers and others in the industry are using a marketing campaign to appeal to millennials. By

emphasising the scarcity of mined diamonds, it suggests that the stones reflect a commitment to a lasting relationship rather than marriage. The traditional diamond industry is also facing competition from other gemstones and man-made diamonds. The ad campaign carries the slogan "Real is Rare" to make mined diamonds appear more desirable than manmade ones.

**Financial Times, 20-21 May 2017, p15**

### **BHP thinks big and drops Billiton**

BHP has launched its "Think Big" campaign aimed at educating Australians about the role the company plays in the economy and to boost its image in the country. BHP also plans to drop the "Billiton" from its name, which it originally acquired in 2001 when it merged with Billiton of South Africa. The campaign, which currently covers TV, print, online and social media, will also be launched in other countries where BHP has a presence.

**miningnews.net, 15 May 2017**

## **Media**

### **Books**

#### **Ageism in publishing**

The publishing industry produces little data and the Publishers Association has never compiled a survey of workforce demographics. This has led to speculation and accusations regarding the lack of employees aged 50-plus in the sector and questions are being asked about ageism in the industry. Penguin Random House UK, one of the few publishers to divulge information, employs four generations of workers: Baby Boomers, Gen X, Gen Y and Gen Z. One important aspect of "ageism" is the balance of publishing output: many editors are in their 30s or 40s yet most fiction readers are over the age of 50. While signing up young vloggers is commonplace in publishing, it also needs to appeal to the huge number of Radio 4 listeners and literary festival-goers...

**The Bookseller, 19 May 2017, pp6-7 (Page)**

### **Film**

#### **Disney film held to ransom**

The latest *Pirates of the Caribbean* film (*Dead Men Tell No Lies*) is being promoted by its star, Johnny Depp, at various Disney theme parks. Unfortunately hackers, who have reportedly managed to obtain an illicit copy of the film, are demanding a ransom from Walt Disney although it has not officially confirmed this. Unless Disney pays the money, the hackers threaten to release the film in segments. Although film piracy has been around for years, the use of sites such as Pirate Bay to share files, has fallen substantially. It is not clear how an online "leak" like this one will affect box office sales.

**The Times, 17 May 2017, p3**

### **Bollywood challengers**

Indian cinema was once dominated by Bollywood but now two southern Indian film industries – Kollywood (Tamil-language films based in Kodambakkam) and Tollywood (Telugu films in Telangana) – are stealing some of the limelight. Southern India is a good region for film-makers thanks to its richer inhabitants who prefer regional languages to Bollywood's Hindi. Meanwhile Bollywood has had a number of expensive flops. The southern Indian film industries together already account for 36% of box office receipts.

**The Economist, 20 May 2017, p67**

### **Internet**

#### **UK internet usage**

In the first three months of 2017 89% of adults in the UK said they had used the internet in the last 3 months, up from 88% who said so in 2016. Just 9% had never used the internet, down from 10% in 2016. Some 99% of those aged 16 to 34 years were recent internet users, while just 41% of adults aged 75 years and over were users. Among disabled adults 22% said they had never used the internet in 2017, down from 25% in 2016.

**ons.gov.uk, 19 May 2017**

### **Magazines**

#### **Time Inc. takes time out to transform**

Time Inc. UK is a heritage brand – it has been around for 150 years and eight of its titles are over 100 years old. Its mission is to continue to inspire people and be a "trusted voice", but this will involve finding new ways of working with commercial partners to deliver content and create enjoyment for customers. But transforming a legacy business is a challenge, as Sam Finlay, Time Inc. UK's Chief Revenue Officer, explains.

**Media Week Annual 2017, p31 (Finlay)**

### **Music**

#### **Vinyl – a pressing business**

Demand for vinyl records is rocketing but it is difficult to meet the demand. Many of the world's vinyl-pressing plants had closed by the 1990s and many of the machines date back to the 1960s. GZ Media, a Czech company, is the biggest producer of vinyl and makes 60% of all vinyl records. From a low of 20,000 in 1993, it will produce 24m vinyl discs this year. Some start-ups, who have spotted the opportunities, are building new machines or are providing machine servicing.

**The Economist, 20 May 2017, p66**

### **Radio**

#### **RAJAR reveals latest UK listening stats**

The latest data from RAJAR reveal that 89% of the UK population (aged 15+) listened to selected radio stations every week for the first quarter of the year. This represents 400,000 more adults compared with

the same period last year. On average a listener experiences 21.2 hours of live radio every week. While 59% of the population listens to digital radio, 25% of adults listen via a mobile phone or tablet and 30% of adult social media users receive updates via social media.

**rajar.co.uk, 18 May 2017**

### **Commercial radio ad revenues up**

Since the start of 2017 commercial radio ad revenues have risen by over 3%, bucking the trend for ad revenues to fall in other areas of broadcasting. TV ad revenues are expected to fall by 9% in the first six months of the year. Advertisers have been choosing radio because it is cheap and cost-effective, with BT and Sky being amongst the biggest spenders. Various factors have contributed to radio's success, one of which is that 77% of Echo owners use it to listen to radio.

**Campaign, 19 May 2017, p5**

### **Radio – a trusted medium**

Listeners have a special relationship with radio and advertisers regard it as a "safe" environment for their brands, according to Lucy Barrett, client director at Radiocentre. The rise in commercial radio listening is attributable to two factors: digital and mobile, but one of its main attractions is simplicity – listeners and advertisers understand what national flagship radio brands, such as Heart and Capital, have to offer. Campaigns featuring radio achieve four times the level of brand trust than those which don't, according to IPA Databank. Radio is also an effective medium for long-term brand-building with an ROI second only to TV.

**Media Week Annual 2017, May 2017, p29 (Barrett)**

## **Social media**

### **Facebook fined for data use without consent...**

France has fined Facebook €150,000 for "unfair tracking" of users. This follows a pan-European investigation of Facebook. CNIL, the French data regulator, along with Netherlands, German, Spanish and Belgian regulators have spent two years investigating whether Facebook had informed users about how it was collecting data. The Dutch stated that Facebook had targeted advertising based on data which included topics like sexual preferences. CNIL said that Facebook had collected data "without obtaining their [the user's] explicit consent".

**The Daily Telegraph (Business), 17 May 2017, p4**

### **...and for takeover breach**

Facebook has also been fined €110m by the EU for providing misleading information during its takeover of WhatsApp in 2014. It had claimed that it wouldn't be able to match user accounts on Facebook and WhatsApp but the European commission found that it was possible to link WhatsApp phone numbers with Facebook user identities. The EU competition

commissioner, Margrethe Vestager, says that the decision to fine Facebook will send a message that companies must comply with EU merger rules.

**The Guardian, 19 May 2017, p10**

### **Snapchat offers AR ads**

This month Snapchat has begun launching a raft of promotional Lenses (a Lens is Snapchat's AR camera filter) that superimpose corporate logos on buildings, horizon lines and other parts of the user's photos and videos. One campaign, in which Taco Bell enabled people to see their head in the shape of a giant taco shell, notched up 224m views. For the first time Snapchat is selling Lens ads for smaller audiences. This new kind of "deluxe, high investment" advertising may boost Snapchat for a while but Facebook has been copying its ideas so it remains to be seen whether it can stay ahead.

**Bloomberg Businessweek, 22-28 May 2017, pp33-34**

## **Television**

### **Amazon launches live TV in Europe**

Amazon is to launch live TV channels for the first time in Europe as part of its expansion into broadcasting. It is giving Amazon Prime subscribers the option to pay an additional fee for access to live TV and on-demand services on its video platform. Through a deal with Eurosport, Amazon will also stream premium live sports content. Other groups, such as Facebook, are enhancing their live sport offerings – it recently announced that it would be broadcasting 20 baseball games on Friday nights. Meanwhile expensive, full-service cable and satellite TV subscriptions are becoming less attractive in Europe and the US.

**Financial Times, 23 May 2017, p14**

## **Video**

### **US viewers prefer video ads**

A survey by the Interactive Advertising Bureau has found that many US viewers find commercials shown during digital video streaming on TV to be more memorable and less disruptive than when shown on traditional linear TV. Nearly a third of respondents surveyed this year said that video commercials are more memorable than those shown on normal TV, up by 5% on those who said so in 2015. eMarketer, predicts that US digital video ad spend will enjoy double-digit growth up to 2020 while TV adspend will slow to rates of 2.0% to 2.5%. However, TV will remain the dominant medium.

**emarketer.com, 17 May 2017**

## **Packaging**

### **Asda receives flak for more packaging**

Asda has been criticised for its decision to remove loose fruit and veg from its fresh produce. The retailer has been trialling the initiative on a "small

number of lines" following research into consumer buying habits. The move affects carrots, apples and potatoes. Feedback, the food waste charity, is concerned that this will increase the use of unnecessary plastic packaging as well as food waste. A recent survey from the Women's Institute found that 84% of people preferred to buy their fruit and veg loose. The NFU warns that packaging tends to exacerbate the requirement for fruit and veg to be uniform sizes.

**The Grocer, 20 May 2017, p45**

### **Absolut and Tabasco team up for cocktail**

Absolut Vodka has joined up with Tabasco to create a bottle neck tag carrying a mini-bottle of the hot Tabasco sauce. The aim is to inspire people to make their own Bloody Mary cocktails.

**The Grocer, 20 May 2017, p38**

## **Retailing**

### **Physical stores use technology to compete**

The GCC's retail sector is experiencing a slowdown at the same time as its e-commerce sector is booming. Yet some experts claim that the negative effect of e-commerce on traditional retail has been overstated because internet shopping cannot replace the shopping experience offered by a physical store. Traditional retailers are responding to cheaper online pricing by offering their own competitive pricing. They are also becoming more tech savvy, using data and new technology to offer personalised experiences and experiential incentives.

**Gulf Marketing Review, May 2017, pp36-44**

### **Shop assistance – not always welcome**

Shop employees are encouraged to assist customers but this is not always helpful. Researchers have looked at areas where shopper help has been productive and counterproductive. One of the key findings is that customers need privacy – if people feel they are being watched, they will abandon the item they are interested in. One study revealed that shoppers were 25% less likely to make a purchase if they felt their space was being invaded. The need for privacy was found to be greatest for "expressive" products, such as nail polish or hair dye, and embarrassing products, such as family planning or toilet paper! The researchers make a number of suggestions for ensuring privacy.

**Harvard Business Review, Vol 95(3) 2017, p34**

## **Services**

### **Appear Here – Airbnb for retailers?**

Appear Here, a new business that is being dubbed an "Airbnb for retailers", has already helped to launch over 4,000 shops in Britain this year. The site is basically an online marketplace which matches landlords who have space with retailers who want short-term lets. Entrepreneur, Ross Bailey, who has

just received \$12m in venture capital, hopes to replicate the success of Airbnb. Appear Here has already been used by companies including Google, Spotify and Nike as well as celebrities such as Kanye West.

**The Times, 17 May 2017, p45**

### **EI Group changes to direct pub management**

Last year's reforms to the pub "beer tie" system mean that publicans who rent a pub from a company need no longer buy beer at inflated prices in return for lower rent. Instead they can ask for "free of tie" and pay a market rate for rent and beer. EI Group, a pub owner and operator, says its net income from such pubs has been reduced by a fifth. It has responded by changing its business model so that it runs pubs directly rather than in partnership with a tenant. It aims for 800 managed pubs by 2020.

**Financial Times, 17 May 2017, p20**

### **New Waze to lift-share**

Waze, a Google-owned navigation start-up, has diversified into a ride-sharing service. Waze Carpool enables drivers to schedule passengers who can be picked up in exchange for money towards fuel, or simply to speed up the journey by enabling them to drive in the carpool lane. The service isn't meant to compete with Uber and the company is hoping that its more informal structure will help it to avoid the regulatory problems faced by Uber. Di-Ann Eisnor, Waze's Head of Growth, hopes that money from rides will eventually overtake advertising as the main source of income.

**Bloomberg Businessweek, 22-28 May 2017, pp34-35**

## **Transport and travel**

### **Emirates loses most valuable brand status**

Emirates has been the most valuable brand in the Middle East since 2010, when Brand Finance first launched its ranking. The latest *Brand Finance's Middle East 50* reveals that Emirates' brand value has fallen by 21%. This means that it has also lost its global position as the most valuable brand in its industry. US brands, American United and Delta, have overtaken it. It has also lost its most-valuable-brand status in the Middle East, having been eclipsed by STC, whose value has grown by 11% over the past year.

**Gulf Marketing Review, May 2017, p6**

### **GM leaves some emerging markets**

General Motors' CEO, Mary Barra, has decided not to invest in India because the profit margins are too small. She is pulling out of South Africa for the same reason. GM has sold or closed 13 plants and pulled out of five markets since Barra became CEO in 2014. Her belief that: "We aren't going to win by being all things to all people" means that GM won't operate in

any market where it can't make good profits. GM's strategy has been likened to that of General Electric Co under CEO Jack Welch, who wanted the company to be one of the top two players in every business it was involved in. GM is doing the same in emerging markets.

**Bloomberg Businessweek, 22-28 May 2017, pp20-22**

#### **Digital key to access car**

Lynk & Co, an automotive brand and sister brand to Volvo, has unveiled a digital key which could be useful in car sharing. Cars can be locked digitally, rather than using the usual keys, by drivers using their smartphones to lock and provide access to the vehicle. The system operates through Lynk's platform, which uses Ericsson's Connected Vehicle Cloudservice.

**Mobile Europe, May-June 2017, p11**

#### **Volvo ad banned**

The Advertising Standards Authority (ASA) has banned Volvo's LifePaint campaign which won two Cannes Grands Prix despite receiving only one complaint. The ASA agreed that the ad, which promoted a spray paint designed to help cyclist safety at night, was misleading because it gave the impression that it could be used as effectively on bicycle frames as on fabric.

**Campaign, 19 May 2017, p3**

Written by CIM's Knowledge Services Team

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## On the Move

Name	From	To	New title	Source
Jim Bolton	CHI & Partners	Y&R London	Deputy Executive Creative Director	Campaign
Martin George	Post Office	Waitrose	Interim Customer Director	The Grocer
Jo Hagger	Google	Possible	UK Managing Director	Campaign
Desirée Lopez	Kantar Public	Flamingo Group	CEO	research-live.com
Dino Myers-Lamptey	the7stars	MullenLowe Mediahub UK	Managing Director	Campaign

## Promotions

Name	Company	Previous title	New title	Source
Tom Noble	Pan Macmillan	Social Media and Online Manager	Senior Digital Marketing Manager	The Bookseller
Sarah Patel	Pan Macmillan	Publicity Manager	Senior Publicity Manager, Non-Fiction	The Bookseller
Lucie Cuthbertson-Twiggs	Pan Macmillan	Senior Communications Executive	Communications Manager	The Bookseller

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