

Cutting Edge: Our weekly analysis of marketing news

27 June 2018

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

Brand context in advertising

For years marketers have worked on optimising the message and the medium to give the maximum brand impact in advertising, but recently they have started to look at the context. There has been a recent focus on brands being placed alongside undesirable content or ending up on fringe sites. At the other end of the spectrum, brands can boost the impact of their communication by being placed in optimum contexts for people to receive their messages. This article looks at the contexts that should be considered and which work best. Factors to consider are: timing, programme, venue and screen, partner, brand culture and news contexts.

Admap, June 2018, pp22-24 (Blades)

Best strategy for services advertising

The authors conduct research that looks at the effectiveness of advertising strategies in services communication. They conduct a study of magazine ads in the tourism and banking/insurance industry. The results suggest that, for both sectors, the most effective advertising strategy is one that showcases the service customer. This is found to be more effective than ads which focus on: competitive advantage; contact staff; a physical representation of the service; or the brand image of the company.

Journal of Marketing Communications, Vol 24(5) August 2018, pp518-534 (Décaudin and Lacoste)

Advertising is moving on from the big vision

David Droga (founder of Droga5 agency) opened the latest the Cannes Lions advertising festival with one of his highly visual ads depicting a Leonardo da Vinci painting. His ads are the type that win awards at Cannes but this year the festival centred on debates

about technology, such as video ad formats, behavioural targeting and artificial intelligence. The debate between art and commerce in advertising is intensifying but most advertisers simply want to find the best way to persuade people to buy things. The focus in Cannes was not on the ads themselves but about new ways of reaching consumers. Less money is being invested in big, emotional advertising...

Financial Times, 21 June 2018, p11

Agencies

From 20th-century model to flexible future

The co-founders of The Fawnbrake Collective explain how they came to realise that they could not create a 21st-century system out of a 20th-century business and hence decided to build a new agency model. The Fawnbroke Collective was launched in October last year with a beta "proof of concept" phase and a full rollout in January 2018. Here the founders share seven principles for a flexible future based on their learnings.

Campaign, June 2018, pp92-94 (Torode and Miller)

WPP starts to simplify

WPP is in the process of breaking up its vast empire of agencies. It is on the verge of selling AppNexus, a large digital ad exchange, to AT&T, the US telecoms giant. WPP currently holds 18% of the company which operates a virtual marketplace allowing advertisers to buy space on thousands of websites. WPP had previously sold its stake in Globant, a marketing software developer. Robert Quarta, WPP's executive chairman, has pledged to simplify the company's structure.

The Sunday Times (Business & Money), 24 June 2018, p3

Brands and branding

Global brands – home truths

McCann Worldgroup's second global survey, *Truth*



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About Global Brands 2, combines a quantitative and qualitative study of consumers to discover how they think brands can engage with them in a relevant way. It found that truth is the most-valued aspect of brands: 72% of consumers said that it was more important to put prioritise truth (up from 61% in 2015). This year 81% (compared with 82% in 2015) said they believed that global brands have the power to make the world a better place. The survey also covered intolerance: 36% said that increasing levels of intolerance are a downside of globalisation, up from 28% who said so in 2015. Although the world is becoming more global, consumers increasingly prefer local brands: this year 56% of consumers said they mainly trust local brands compared with 43% in 2015. Suzanne Power of McCann, says it is "paramount" that the focus should be on "how your brand will be additive to a local culture" to achieve "brand love and relevancy with local consumers".

Campaign, June 2018, pp64-67

AI will become part of the brand

We are reaching an era when every company will have a smart assistant. Smart speaker adoption is growing at a faster rate than smartphones. As customers become accustomed to performing their digital tasks through voice interactions, brands will have an opportunity to become "trustworthy companions". Accenture predicts that within five years over half of a company's customers will choose services based on its AI, rather than on pre-existing brand loyalty. This means that companies will have to decide what sort of brand persona they will use, according to Ray Eitel-Porter, MD of Accenture Digital. He points out that ownership of the customer relationship could be ambiguous. For example, if you interact with your banking app using Amazon's Alexa, do you have a relationship with Amazon or the bank? Either way, companies should be experimenting now – they shouldn't get left behind because, once people choose an app, they tend to stick with it!

Wired, July-August 2018, p48 (Eitel-Porter)

Conferences and events

Impact of Brexit

The effect of Brexit on recruitment in the UK hospitality and events industry is rising but its impact on the sector's business has declined over the past 12 months, according to the second annual Brexit survey conducted by the HBAA, a trade association. This year 9.6% of respondents said that Brexit had a big impact on recruitment, up from 2.4% last year. Meanwhile 47.7% say that Brexit has had no noticeable effect on business, down from 57.7% 12 months ago. Overall it appears that the more obvious effects of Brexit were experienced two years ago due to fluctuations in sterling after the referendum. However, over the last 12 months this has settled down allowing businesses to adjust. It

will be interesting to see what happen in another 12 months' time!

eventindustrynews.com, 22 June 2018

Consumer behaviour

Human uniqueness vs animal similarities

It is common for advertising to depict similarities between people and other animals. Wrangler Jeans' campaign, We Are Animals, showed images of people mimicking animal behaviour. Yet people have a subconscious desire to differentiate themselves from other animals as a way of defending their "existentially related self-esteem". This research looks at the conditions in which these preferences manifest themselves. It reveals that consumers with a high level of existential anxiety show more favourable attitudes towards brands after being shown ads promoting human uniqueness rather than human-animal similarities. This effect can also result in a better outcome for donations to charities whose mission is to protect an endangered species. The effects are reversed in circumstances of low existential anxiety.

Journal of Marketing Communications, Vol 24(5) August 2018, pp506-517 (Davidson and Laroche)

Goal attainment and comparison with others

Today's consumers have plenty of access to immediate and frequent information about other people's lives through technology and social media. This includes what goals other people are aiming for. Here the author looks at the role of objective social information (about the performance and progress of others) during someone's efforts to attain a goal. They find that, when people have just begun or are about to complete their goal pursuit, they evade negative comparisons by avoiding information about others who are pursuing the same goal; who are in the same stage of goal pursuit; or are superior to themselves. The author charts a U-shaped pattern of information avoidance behaviour.

Journal of Marketing Research, Vol 55(3) June 2018, pp382-395 (Huang)

Direct marketing

ICO fines BT for charity emails

The Information Commissioner's Office has fined BT £77,000 for sending out nearly 5m "nuisance" emails to promote three charity initiatives – My Donate, Giving Tuesday and Stand Up to Cancer – which it supports. The ICO found that BT did not first obtain the consent of its customers to send out the direct marketing. It ruled that all three "mass-sent" emails could be classified as marketing rather than "service" messages.

charitydigitalnews.co.uk, 21 June 2018 (Hayes)

Law

The sweet smell of trademark success

The smell of Play-Doh has recently been granted a trade mark by the US Patent and Trade Mark Office (USPTO). This is not the only occasion when the USPTO has allowed a scent to be trademarked. Another example is the "scent of strawberry" which achieved protection for Lacona toothbrushes. This is a big deal in trademark law because taste and sound marks are deemed to be non-traditional trademarks under US and UK. This article explains why and warns that "there is still a long way to go" before the law catches up with consumer perceptions. Some intellectual property offices are introducing new technology to enable non-traditional trademarks to be accepted on to their registers.

lexology.com, 14 June 2018

Many marketers still require GDPR training

According to data from the DMA, 27% of marketers didn't receive GDPR training before the 25 May deadline while 34% believe that training is still needed and 68% think it should be integral to their business if they are to achieve compliance

marketingweek.com, 25 June 2018

Marketing

Location, location, location

Location data is a powerful marketing tool for gaining insights into consumer behaviour and purchase intent. Marketers also find it useful for planning future initiatives. A recent survey of marketers in North America found that seven out of ten believed that "knowing how customers spend time in the real world is useful in planning marketing campaigns." Roughly the same number felt that location data helped them to understand why consumers want to do business with them. Most marketers said that they aim to increase use of location data in the next two years – a sensible move considering that the majority of mobile users allow devices to track their location.

emarketer.com, 21 June 2018 (King)

Achieving optimal spend allocation

Better allocation of marketing budgets, based on the ROI contribution of each channel, could lead to an extra \$45 billion in profits for brands globally, according to research by Ebiquity. Optimal media allocations would involve a rise in spend on TV, radio and digital and reduced spend on digital display, print and out of home. This reallocation of budget could result in a rise on marketing ROI from \$2.83 to \$2.95 for every \$1 spent, a rise of 4%.

marketingweek.com, 25 June 2018

Public relations

Product recall code of practice

The UK's first official Code of Practice for product safety recalls (PAS7100) has been introduced by the new Office for Product Safety & Standards (OPSS). The Code aims to give producers and distributors clearer guidance on preparing and dealing with product safety issues. It covers non-food consumer products plus actions that should be taken in the event of discovering an unsafe product. It also instructs that every business should create a product safety incident plan (PSIP). This article looks at the ramifications, including having a communications plan: when to communicate, how to communicate and how communication will be delivered to customers.

lexology.com, 20 June 2018 (Elvin et al)

Sponsorship

Why is China sponsoring the World Cup?

China has only ever qualified once for the final of the World Cup – this was in 2002 when they were eliminated at the group stage. Yet, this year seven out of the 19 corporate World Cup sponsors are Chinese, so why is this? The tournament is one of the most-watched television events and companies have traditionally competed aggressively for sponsorship opportunities. This all changed when, in 2015, American prosecutors charged FIFA individuals and entities with corruption. Some corporate sponsors, concerned over the possible damage to their reputations and finances, did not renew their contracts. Although there was only one Chinese sponsor for the 2014 World Cup, Xi Jinping, the Chinese president has demonstrated his desire for China to host, compete in and eventually win the Cup. Sponsors appear to be getting behind the national goal!

economist.com, 20 June 2018

Agriculture, fishing and forestry

Meat inspection – using blockchain

The FSA is trying to improve the transparency of meat inspection using blockchain technology in what it describes as a world first for a regulator. A recent pilot in an abattoir involved data being put into the abattoir's information management system and then uploaded to a blockchain before transferring it to the FSA database. As a result, a "permissioned ledger" will potentially be able to give farmers more access to inspection results in the future. The second stage of the pilot will look at how farmers want to view the information.

The Grocer, 23 June 2018, p42

NFU raises awareness with Farmvention

As part of its education strategy, the National Farmers' Union (NFU) has launched "Farmvention" to help children to learn about food and farming. It consists of a competition aimed at getting primary school children to design and create their own food and farming products: to design a tractor of the future, an environment for a flock of hens and a new snack product using four British foods produced by farms.

farminguk.com, 25 June 2018

Building industry

Skills shortages looming

With a need for builders ever growing, there is one major concern looming – the ageing workforce. More are retiring than are joining the industry – almost half of British nationals in the sector are 45 or over – which means that the British building industry is increasingly reliant on an EU workforce. Low unemployment is also having an effect.

The Daily Telegraph, 20 June 2018, pB3

Modular building comes of age

Whereas many construction tech startups have tried to modernise certain aspects of the business, such as using robots to make prefab parts, Katerra Inc., a Phoenix-based startup, is applying its innovation to everything from design through to the finished building. The company is using a \$1 billion Softbank investment to help cut building costs and reduce the need for labour on its prefabricated housing. Katerra is at pains to demonstrate that its buildings are more stylish than the stereotypical, modular factory-built housing. Europe is further ahead than the US in terms of modular housing, but change is happening fast.

Bloomberg Businessweek, 25 June 2018, pp19-21

Businesses and strategy

Data-driven culture – a knowledge problem

Data is at the centre of everything, from product design through to delivery and customer feedback. They embrace a combination of science, technology, business and societal issues. This article argues that data management is a "knowledge problem" and that knowledge from researchers, organisations and end-users enables best practice in the use of data. A knowledge-based approach to data management, which considers the space, time and scale of the subject, is essential for achieving a successful data-driven culture in business and society.

Social Business, Vol 8(1) Spring 2018, pp87-93 (Garcia-Perez)

New taxonomies – controlling perceptions

Many industries have developed taxonomies (reclassifying themselves by category) to disguise their flaws. For example, Wall Street companies

might lump some of their riskier ventures together with more stable income. This can help to influence the perceptions of investors and other stakeholders. Amazon's stock price recovered after it focused attention on AWS, its cloud-hosting business, which has a high, consistent cashflow. The same tactic is being used by smaller tech firms that want to go public but are loss-making. Reclassification does not always fool investors, as in the case of IBM and GE, but controlling how firms are perceived can often lower the cost of capital and make them more competitive.

The Economist, 23 June 2018, p62

Amazon produces transgender guidelines

Amazon is taking steps to adapt its policies in line with changing social attitudes. It has issued a set of guidelines to support transgender employees in the UK, which includes advice on issues such as access to bathrooms and dress codes. The company launched a similar code in the US last year, following criticism about how its workers were being treated. Businesses in general have been under pressure to raise awareness of transgender issues and to address discrimination in the workplace. A survey by Stonewall suggests that one in eight transgender workers have been physically attacked by colleagues or customers.

FT Weekend, 23-24 June 2018, p17

Charities and NGOs

Putting something back

Following his success at highlighting the plight of the planet due to plastics, Sir David Attenborough has agreed to be ambassador for a new fund – The Lion's Share Fund. Its aim is to raise £75m a year by asking companies who use animals in their adverts to voluntarily give 0.5% of their campaign spend to the fund. The recipients will be United Nations-backed conservation initiatives around the globe.

The Times, 22 June 2018, p18; The Guardian, 22 June 2018, p19

Taking advantage of podcast popularity

Video may be all the rage but it is important not to overlook audio as platform. Some 90% of adults in the UK still listen to live radio, according to Rajar, while millennials are the fastest growing group to be downloading podcasts: 18% of nine to 14-year-olds listen to a podcast every week. The author explains how he has started to produce podcasts for the Haven House Children's Hospice as a way of enhancing storytelling. He suggests that other charities should start producing their own podcasts as an effective way of communicating.

charitycomms.org.uk, 22 June 2018 (Roberst)

Economy

Trade wars

After President Trump announced in March that he would introduce tariffs on steel and aluminium imported into the US, the EU retaliated with tariffs of its own: duties on €2.8 billion-worth of US goods came into force last Friday covering products such as bourbon whiskey, motorcycles and orange juice. European Commission President Jean-Claude Juncker has said that "we will do what we have to do to rebalance and safeguard" the EU. But it appears that the trade wars may have started. In a tweet President Trump threatened to place a 20% tariff on all imported EU cars. India has said that it will raise taxes on 29 products imported from the US. Meanwhile, South Korea, Argentina, Australia and Brazil have agreed to put limits on the volume of metals they can ship to the US instead of having tariffs imposed on them.

bbc.co.uk/news, 22 June 2018

Out of acorns

Arguments about what is dragging down our productivity are rife, but the Enterprise Research Centre is certain it is not micro-businesses, especially those that are embracing technology. A recent survey of micro-companies (defined as fewer than 10 staff) has shown that using cloud-based services can lead to a 13.5% rise in sales per employee and using CRM can lead to an 18.5% boost. It also found that utilising online accounting, computer-aided design and online sales are also part of the productivity picture. The British micro-business arena employs 4.1m, which equates to 18% of the private workforce and generates £552 billion in sales. The full report is available on the Enterprise Research website.

The Times, 20 June 2018, p45;
www.enterpriseresearch.ac.uk

The euro area

The euro area has experienced five years of growth, with GDP expected to rise by 2.2% this year and 2.1% in 2019, according to the OECD. Support for the currency is at an all-time high and labour markets are improving. However, some countries remain seriously in debt, notably Greece, where the economy is 24% smaller than it was in 2007 and Italy, where the economy is 4% smaller.

The Economist, 23 June 2018, p81

Energy and utilities

Are oil shortages on the horizon?

Big oil companies are keen to talk about how they are becoming part of the low-carbon economy. Ben Van Beurden, CEO of Royal Dutch Shell, says that climate change will be "the defining challenge" facing the oil industry in the years to come. He also emphasises that Shell is no longer an oil and gas

group but an "energy transition company". Climate concerns are deterring long-term investment in oil projects amid fears that demand could peak by the 2020s. However, some oil traders are uncertain as to the viability of keeping up with demand through short-term investments.

Financial Times, 20 June 2018, p9

Environment

Circular economy

The authors examine circular economy practices and how they can help businesses to manage their supply chains in more sustainable ways. They challenge the belief that sustainable practices are harmful to financial performance using a case study of a South African flower bouquet exporter whose business has been set up to fully integrate circular economy principles. The study also looks at the drivers for adoption of circular economy strategies and emphasises the need for more research.

Social Business, Vol 8(1) Spring 2018, pp95-102 (Bek and Lim)

Campaign to save wild plants

Campaigners are concerned that the use of wild plants in cosmetics could lead to their extinction. Traffic, the wildlife trade monitoring network, mentions shea butter (used in chocolate and cosmetics) and argon oil (used in cosmetics and cooking) as examples of unsustainable use. The global trade in medicinal plants was estimated to be worth at least £2.3 billion by 2015. Traffic is calling on consumers to look out for the FairWild logo on products.

The Daily Telegraph, 25 June 2018, p10

Morrison introduces paper bags

Morrison's is selling fresh produce in paper bags, which it claims will reduce the number of plastic bags used by 150m a year. There is some disagreement over whether paper is more environmentally-friendly than plastic. Some would argue that the production of paper bags uses more energy and emits more CO₂ than the manufacture of plastic bags. However, forests grown to replace trees to make bags will help to reduce the carbon in the atmosphere while paper quickly decomposes into natural products, unlike plastic. However, environmentalists believe that what is needed is to eliminate single-use bags altogether. (See also under Packaging)

bbc.co.uk/news, 25 June 2018

Fashion

Benetton criticised for refugee ad

Benetton, well-known for its controversial advertising in the past, has been criticised for showing a photo of migrants being rescued in the Mediterranean, in its latest ad campaign. The ad,

which appeared in an Italian newspaper, has been panned by the charity, SOS Méditerranée, which says that the tragedy occurring in the Mediterranean “must never be used for any commercial purposes”. The ad was produced by Oliviero Toscani, a photographer whose previous work for Benetton included ads depicting an Aids patient and a priest kissing a nun.

The Times, 21 June 2018, p31

Financial services

Ant – turning competitors into customers

Ant Financial, the Chinese fintech, has just secured \$14 billion in funding. Ant's rise over the past 15 years has been mainly because it has disrupted the traditional banking model. Now it is increasingly selling computing power, risk-management systems and other technology to these very institutions. Fees from these types of services could account for as much as 65% of its revenue by 2021. However, the bank will need to move fast due to a tougher regulatory environment in China. Its transformation will mean maintaining its competitive edge in financial services while at the same time selling its technology into the same industry.

Bloomberg Businessweek, 25 June 2018, pp25-26

FMCG

Ingredient sourcing in exchange for data

The Almond app allows consumers to scan a code, that appears on packaging to find out about the provenance and ingredients in a product. Consumers will receive a 10p reward for every code scanned, but in exchange will give brands data on their age and gender. The code can only be scanned once the package is opened which gives brands additional info on when the product was consumed. The app was produced by the founder of water-melon drink, What A Melon.

The Grocer, 23 June 2018, p8

Beverages

A CO₂ shortage could affect beer supply

A shortage of CO₂ among big suppliers in north-western Europe could pose a threat to beer sales during the World Cup. It could affect producers of both alcoholic and soft drinks as well as foodstuffs. The British Poultry Council warns that a lack of CO₂ could halt meat production. This in turn will have an impact on the supply chain – retailers, restaurants and storage and logistics companies. A major source of CO₂ in Europe has been ammonia plants but at least five have closed for maintenance during the summer. This has affected major suppliers of CO₂, such as Praxair and Air Liquide. The UK has been the hardest hit, with only one plant in operation.

Financial Times, 20 June 2018, p14; Financial Times, 22 June 2018, p18; The Grocer, 23 June 2018, p4

Mocktail renewal

Seedlip is a non-alcoholic drink that is distilled from hay, rosemary and thyme. It is more expensive than posh gin (and cocktails as expensive) but has created a stir since its launch in 2015. Since 2016 it has been supported by Diageo and is now available in 17 countries and many Michelin starred restaurants. Seedlip is one of many authentic products that has captured the millennial imagination. With their preference for a simpler, more local, natural product, millennials have changed how big companies view their product ranges. Many of the big companies are tracking the challenger brands and buying them to add to their own portfolio. Unilever has purchased 20 brands since 2015, including Pukka Organic Teas and Dollar Shave Club.

Financial Times, 20 June 2018, p15

Cosmetics and toiletries

New health and beauty store concept

Groupe Casino, the French retailer, has teamed up with L'Oréal to open a beauty and wellbeing store in Paris. As well as selling beauty products, the store will offer free WiFi, restrooms, mobile charging, hairdressing and collection points for postal items. If successful, the concept will be rolled out in Paris and abroad. The stores are regarded as a new experience in France, where there are pharmacies and food retail, but nothing in the middle.

Financial Times, 22 June 2018, p16

Food

Government toughens up on junk food

The UK Government proposes to ban sweets and fatty snacks at supermarket checkouts as part of its aim to halve childhood obesity in England by 2030. It also plans to impose greater restrictions on junk food ads on TV and online. Its Childhood Obesity Plan, launched three years ago, had received criticism for not being tough enough. One in three children is now overweight or obese by the age of 11.

bbc.co.uk/news, 24 June 2018

Fresh boxes – more than just fruit and veg

Fresh box delivery is not a new idea – Riverford has been providing a service for almost three decades, while Oddbox, a social enterprise, has enjoyed growth since launching two years ago. The concept is no longer restricted to just vegetables – Muscle Food delivers steak, mince and chicken while Sgaia's Vegan Meats offers bulk boxes of plant-based meats. Despite the competition, Riverford has increased its sale by 7%, suggesting that British consumers are sold on the concept. This article looks at the players, the trends and how the supermarkets are getting involved.

The Grocer, 23 June 2018, pp30-35 (Mason)

Tony's – slavery-free chocolate

A Dutch confectioner, Tony's Chocolonely, was founded with the mission of removing slavery from the chocolate supply chain. Its chocolate bars, which have brightly-coloured wrappers, are distinctive because the bar itself is unevenly divided to reflect the inequality often present in the cocoa supply chain. To ensure it has an ethical supply chain, Tony's pays its cocoa farmers more than Fairtrade. The brand is due to launch in the UK early next year.

The Grocer, 23 June 2018, p39

Household

Healthy cat food

Premium cat and dog food has been rising in popularity over the past year, with sales up by 8% and 7% respectively. In 2017 there were more products claiming to be natural, raw, organic and additive free than ever before on the UK market, according to Euromonitor. Sainsbury's, which has launched a hyper-allergenic range, estimates that the healthy pet food market is worth £430m. Meanwhile Mars spent £3m on marketing its Perfect Fit cat range last year. The trend has also fuelled the growth of small brands, such as Lily's Kitchen, which enjoyed a 36% rise in sales.

Financial Times, 25 June 2018, p2

Tobacco

Canada legalises cannabis – so what next?

Canada has legalised the use of cannabis for recreational use and it is possible that other countries will follow. Shares in cannabis firms, such as Canopy Growth, are rocketing while the Horizons Marijuana Life Sciences Index for North American cannabis, has risen by nearly a third compared with mid-April. So far, none of the cigarette companies has signalled their intention to start selling cannabis although Imperial Brands has appointed a cannabis company chairman. Big Tobacco has the marketing and manufacturing expertise required as well as an extensive distribution network. Consumer goods companies have also taken note: Constellation Brands, the brewer, acquired a 10% stake in Canopy last October. (See also Health and Pharmaceuticals)

Financial Times, 22 June 2018, p12

Government and public sector

Electoral Commission tackles political ads

The UK Electoral Commission wants restrictions placed on digital political advertising following scandals associated with the Brexit referendum. It is calling for "dark advertising" to be banned completely, tougher measures to deal with the misuse of personal data and laws to prevent campaigners from exceeding spending limits. Sir John Holmes, the Commission's chairman, said:

"Urgent action must be taken by the UK government to ensure that the tools used to regulate political campaigning online continue to be fit for purpose in a digital age". The Commission has produced a four-point plan to bring about the changes, including clear labelling of all online political ads.

thedrum.com, 26 June 2018 (Glenday)

Health and pharmaceuticals

Medical use of cannabis is on the horizon

The UK's Home Office has begun a review of how the law treats medical cannabis. This was after Sajid Javid, the home secretary, issued a temporary licence for the use of cannabis by a boy with severe epilepsy. By permitting the use of the drug, Mr Javid has effectively conceded that it has medical benefits and a relaxation of the rules is to be expected. Cannabidiol (CBD), a component of cannabis is already sold as a food supplement, while a cannabis-based drug for epilepsy is being developed. Around the world cannabis is starting to be legalised. This allows patients to obtain pharmaceutical-grade cannabis which is strictly controlled. However, a change in the law could also lead to an increase in its use for recreational purposes which does raise some concerns. (See also Tobacco)

The Economist, 23 June 2018, p25

New system could change IVF market

Since the first successful IVF treatment, which took place in Britain 40 years ago, around 6.5m babies have been born through the process. Yet the costs have risen to the point where IVF is beyond the reach of many working people. Last year a low-cost clinic, ABC IVF, was opened in London by fertility doctor, Geeta Nargund, and her son. It uses a streamlined, simplified system, bringing the cost down to £2,500 (from around the usual £5,000). The Nargunds aim to expand their service throughout Europe, although their approach has not yet been generally accepted in the medical community. Nargund believes that medical insurers will eventually embrace the new system.

Bloomberg Businessweek, 25 June 2018, pp22-23

IT and telecoms

A drop in VR

Sales of virtual reality headsets have taken a sharp tumble, estimated to be over 30%, in the first quarter of the year. Part of the drop is possibly the lack of free giveaways. IDC, however, expect the sales to climb again, to reach 8.1m sets in 2018 and rising rapidly to 39.2m sets in 2022.

The Daily Telegraph, 20 June 2018, pB5

Leisure and tourism

Gambling ads dominate football breaks...

According to BBC research, almost all ITV-screened World Cup commercial breaks on ITV contain gambling ads. Most ad breaks contained at least one, if not two, gambling ads, according to *You and Yours*, a Radio 4 programme. It analysed 11 games on ITV, with each game containing six ad breaks; 62 out of the 66 breaks contained at least one gambling ad. Viewers of the World Cup on ITV have expressed surprise on social media about the number of gambling ads, but ITV claims that there are no more gambling commercials during this tournament than in previous ones. The ASA says that it always experiences a rise in complaints during big sporting events. However, it only has powers to investigate the content of commercials, not the volume of them.

bbc.co.uk/news, 22 June 2018

...amid concerns about scale of online betting

The volume of gambling ads shown on TV during the World Cup is encouraging people to bet record amounts. It is estimated that up to £2.5 billion will be bet on the current tournament, up by almost 50% on the last World Cup. This may lead to calls for restrictions on betting ads in the future. Many of the ads encourage people to bet during matches on their smartphones. Campaigners say this is enticing people to bet who have never done so before. Separately the *FT* considers online gambling as an "emerging epidemic".

The Times, 25 June 2018, p7; *FT Weekend*, 23-24 June 2018, pp8-9

Leisure time statistics

Free time is an odd concept to some but on the back of *The Great Get Together*, inspired by Jo Cox, there have been calculations into how much free time we have. According to the Office for National Statistics, we spend 29% of our leisure time alone (this equates to 100 minutes in their study). Leisure time is defined as "when you are not working, doing housework, caring for family members, studying, commuting or sleeping and eating". More statistics are available on the ONS site, including the fact that men have more alone time than women, as do young adults and older people.

<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/britsspend29oftheirleisuretimealone/2018-06-22>, 22 June 2018

Materials and mining

Diamond disruptor

Eira Thomas, chief executive of Vancouver-based Lucara Diamond, wants to change the way that diamonds are traded, claiming that the industry, which has traditionally been dominated by the likes of De Beers, is "right for disruption". She is talking

to large jewellery manufacturers about selling the stones directly to them through a digital platform supported by blockchain technology, thus eliminating the middlemen. Since taking over Lucara as CEO in February, Ms Thomas has increased the number of women in her leadership team. She believes that the industry needs to attract professional women who can make their own purchases. This would remove the focus on just engagement rings, which has been the main source of demand for diamonds.

Financial Times, 25 June 2018, p16

Graphene product launch

Graphene is a honeycomb sheet of carbon atoms that is very strong, 200 times stronger than steel, and conductive. It is also very stretchy and is only one atom thick so there are endless uses for it. It has now been incorporated into a rubber product to produce a more durable sports shoe by experts at the University of Manchester and inov-8, the British sports science company. They have also incorporated Kevlar on the upper fabric of the G-Series product. The soles survived more than 1,000 miles of testing.

<https://www.v3.co.uk/v3-uk/news/3034534/british-company-inov-8-launches-worlds-first-shoes-made-with-graphene>, 21 June 2018

Media

Film

Why films are priced the same

Movies are quite different from each other in terms of star appeal, production costs, marketing and other factors, which makes it all the more surprising that cinemas charge the same price for them. Multiplexes tend to differentiate only between formats, such as 2D and 3D. However, in Hong Kong this is not the case and daily ticket prices vary both across and within cinema complexes. The authors use data from Hong Kong cinemas to investigate the potential gains from differentiated "movie-specific" pricing as well as two-tier 2D-3D pricing compared with a policy of charging the same regardless of movie. They find that differential pricing produces higher profits than two-tier pricing but with a limited improvement. Yet 2D/3D price differentiation can lead to most of the gains produced by differentiated pricing. This explains why many markets use pricing policies based on 2D/3D.

Journal of Marketing Research, Vol 55(3) June 2018, pp414-431 (Ho et al)

Games

Nintendo – game on with new console

Nintendo, a company that is often regarded as being in decline, has revitalised itself yet again. In March 2017 it released the Nintendo Switch, over ten years after its last success, the Wii. Since that time the

world of home entertainment has changed dramatically. Nintendo has announced that it has sold over 15m of its new consoles and more than 63m games. In September it will launch an online service for Switch users plus more games. This article looks at the company's ups and downs, from its first console release in 1983.

Bloomberg Businessweek, 25 June 2018, pp54-59 (Gillette)

Internet

Cookies could increase price of holiday

A *Sunday Times* investigation has found that using a computer that has a record of your searches could increase the cost of a holiday booked through Expedia, Opodo and Virgin Holidays. By contrast, people who appear to be new visitors to a site are offered cheaper deals. Last October the CMA launched an investigation into holiday booking sites due to concerns over information on the site "which could mislead people and stop them finding the best deal". It has now asked *Sunday Times Money* to provide evidence of its findings. The issue of "personalised pricing" was also investigated by the Office of Fair Trading back in 2013 but the report was inconclusive.

The Sunday Times (Business & Money), 24 June 2018, p11

Magazines

Facebook grows into print publishing

Facebook has launched a quarterly print magazine in Britain, which is a bit of an about turn for an organisation that has hitherto focused on digital growth. *Grow*, which targets wealthy executives, will be distributed in first class and business-class airport lounges using the slogan "Grow Your Business. Grow Your Network. Grow Your Mind". Facebook describes *Grow* as "a business marketing programme which shares thought leadership content directly with our clients through an annual event as well as print and online marketing channels". Ironically *Grow* is also the name of a cannabis horticulture magazine published in the US which also has a Facebook page!

The Times, 22 June 2018, p14

Newspapers

Bloomberg – why it isn't advertising-first

When explaining why Bloomberg Media would be putting up a paywall, John Micklethwait, global editor-in-chief, claimed that "No news provider has maintained much of a profit out of advertising". However, Bloomberg is not an "advertising-first" business – its subscriptions provide around \$9 billion in annual revenues and only the consumer side of the business (website, Bloomberg TV, radio, magazines etc) relies heavily on advertising. Although Justin Smith, head of Bloomberg Media, insists that the company is committed to advertising,

he realises that media must embrace multiple revenue streams. He says the trick is to "differentiate" advertising so that it targets the right people with the right content. Micklethwait claims that reducing dependence on advertising is good for mainstream news organisations and that it is better to create "clever, premium content" than rely on "chasing clicks".

Campaign, June 2018, pp68-69 (Spanier)

US newspapers – still alive and well

For years the US's local newspapers have been suffering from declining circulation and ad revenues; in fact the country has lost a fifth of its papers since 2004. Yet research suggests that small-town newspapers that have ceased publication are more likely to come from bigger counties than smaller ones. Small newspapers have survived firstly, because they are useful to businesses who advertise because they recognise that local readers are also potential customers. Secondly, small communities are loyal to their local papers: the rate of loyalty is twice that of people who read national or regional newspapers. One local newspaper, which asked people to subscribe up to \$55 a year, or as much as they could afford, has returned to financial health. Small newspapers are also experimenting with digital advertising, events, sponsored content and magazines. However, there are threats, such as a decline in local government advertising and owners who are selling out to big media companies.

The Economist, 23 June 2018, p39

Social media

Social media for brand building

Marketers have generally focused on evaluating the short-term effect of ad campaigns on social media, but it is also important to understand the impact of using social to build a brand for the longer term. A new study by Saïd Business School, based on Kantar Millward Brown and Facebook data, shows how important social can be in the brand-building process and in using longer-term brand measures, such as affinity and awareness. Marketing effectiveness is not all about getting a consumer to make a purchase. It is also about building relationships between consumers and brands. This article also gives advice on optimising social media advertising.

Admap, June 2018, pp18-19 (Stephen)

Video

Instagram targets long-form video

Instagram, which now has one billion monthly users, has plans to introduce long-form videos which suggests that it could be looking to challenge YouTube. The new IGTV app will offer people video of up to an hour in length, including video from Instagram creators and celebrities. This forms part

of a wider trend among internet companies to broaden their offerings.

The Daily Telegraph (Business), 21 June 2018, p4

Packaging

Sustainable packaging

There is a growing momentum behind the move to abolish single-use plastic packaging and retailers are beginning to act. For example, Morrisons says it is to trial "plastic-free" fruit and veg sections while 42 businesses have signed a pledge to reduce plastic packaging. Justin Kempson, sales and innovation director at Charpak, argues that plastic nanoparticles are produced every time someone washes their clothes which means that the whole of society is responsible. However, most people in the packaging industry regard sustainability as an opportunity rather than an obstacle. The industry appears to agree that a collective approach to finding sustainable solutions is needed. This will involve collaboration between manufacturers, industry bodies and organisations. (See also under Environment)

The Grocer Guide to Packaging, 23 June 2018, pp2-7

Retailing

Tesco tops Oxfam labour report

Tesco is the most accountable and transparent UK supermarket when it comes to protecting workers in its global supply chain, according to an Oxfam labour report. Although Tesco has emerged well ahead of its competitors, the report warns that all supermarkets need to do more to improve their practices. Tesco scored 29% for transparency and accountability, 42% for treatment of workers, 15% for farmers and 55% for women, giving it an overall score of 23% based on 90 criteria. Sainsbury's came second with a score of 18%.

The Grocer, 23 June 2018, p8

Overhaul of M&S

M&S has teamed up with Microsoft for a game changing technological overhaul. Although M&S is giving nothing away at the moment, the initiative is likely to involve a development of Amazon's automated shop. The aim is to radically improve the shopping experience and to 'restore the basics'.

The Daily Telegraph, 22 June 2018, pB5

Poundworld – failed to adopt new strategies

Poundworld, which filed for administration this month, is still looking for a buyer. Although its low prices and appeal to impulse shoppers had protected it from an economic downturn and competition from internet retailers, it is now suffering from the same malaise as the rest of the UK retail sector. The problem for Poundworld has been its very small margins, which require large volumes to be sold, while its single price point has limited its ability to

raise prices. Pound shops have been particularly vulnerable to rising wages, increasing business rates and declining footfall. Poundworld rivals, B&M and Poundland, have succeeded by using pricing flexibility and multiple price points. They have also found other strategies for attracting shoppers.

Sunday Times, 25 June 2018, p19

Services

Yacht-sharing

Few boat owners make much use of their yachts, motor cruisers or other type of craft. In the US, where there are 12m recreational boats, the average annual use is just two weeks. Now a sea-going version of Airbnb or BlaBlaCar, is trying to solve the problem. Click&Boat, a French firm, manages bookings for a fleet of 22,000 private boats – last year it took bookings worth €15m. The US leader in this field is Boatsetter, which has over 26,000 rentals. Regulation in some countries makes it harder to operate such a business but both companies are expanding through acquisition. Boatsetter has even partnered with Airbnb.

The Economist, 23 June 2018, p61

Rinse and repeat no more

The hairdressing market in the UK is estimated to be worth £6.2 billion. Energy and water usage is high and there has been significant research into how to reduce hairdressers' carbon footprints. The research has been carried out by Dr Denise Baden who has launched a sustainable salon certification scheme which includes a virtual training programme. She has also been awarded the Outstanding Impact in Business and Enterprise award from the ESRC. You can find out more about her work, a link to her TED talk and links to her project website here.

https://esrc.ukri.org/news-events-and-publications/impact-case-studies/cutting-carbon-footprints-in-the-service-sector/?utm_medium=email&utm_source=govdelivery,
June 2018

Transport and travel

E-bikes and e-scooters

Electric bikes (e-bikes) are on the rise in China, the Netherlands, Germany and elsewhere. They are not cheap, which is why rental or leasing businesses are springing up. In the US e-scooters are also popular: Bird Rides, which rents them out, has grown so fast that it has achieved unicorn company status faster than any other US start-up on record. The expansion of e-bikes and e-scooters will be speeded up by ride-hailing firms who are keen to offer a full range of services. However, the spread of two-wheeled e-vehicles raises three important questions: how to regulate them; whether the economics of the business will work in the long-term; and what they do with the data they generate

The Economist, 23 June 2018, pp57-59

Alternative to electric cars

Hyundai has entered into an agreement with Audi to develop and patent a new breed of Hydrogen vehicle which produces zero emissions. The move will also safeguard car component manufacturers as a hydrogen engine has as many moving parts as traditional vehicles, unlike electric cars that have far fewer (136 moving parts in a VW Golf compared with 16 for a Chevrolet Bolt, according to UBS.) Hyundai is hoping to safe guard jobs for component manufacturers with this move. Its current model, the ix35, and the new Nexo, will be sold in the UK next year.

Financial Times, 21 June 2018, p14

Written by CIM's Knowledge Services Team

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