

Cutting Edge: Our weekly analysis of marketing news

4 October 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

Online ads attract complaints for inaccuracy

There has been a record number of complaints about online ads, according to the Advertising Standards Authority (ASA). In the first half of the year it received complaints about 3,852 online ads, up from 3,366 last year. It also received 5,127 complaints about 2,272 TV ads. The number of ads changed or banned after being reported to the ASA has risen by 88%. TV ads tend to be reported because they cause offence rather than being misleading, while online ads are ten times more likely to be reported because they are inaccurate rather than offensive. The ads which received the most complaints were: Moneysupermarket.com's *Dance-off*; Match.com's *Lesbian kiss*; and McDonald's *Dead father*. The ASA says that the mass audience for TV ads means that they tend to generate the most complaints.

The Times, 28 September 2017, p25

Southeast Asia – next for digital adspend

Digital ad spending is booming in Southeast Asia (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam) because of heavy investment in mobile. All six countries can expect digital adspend to rise by double digits in 2017 and 2018, with mobile adspend accounting for 69% of digital adspend by 2021. Indonesia, the Philippines and Vietnam are predicted to have the strongest growth in mobile adspend. eMarketer expects these developing economies of Southeast Asia to become Asia's "next top-ranking digital advertising growth markets".

emarketer.com, 28 September 2017

Agencies

WPP questions Cannes Lions attendance

WPP has not only pulled out of this year's Eurobest (a festival of European creativity) but is also reconsidering its participation in the Cannes Lions festival. Its competitor, Publicis Groupe, has already made the decision not to attend. Sir Martin Sorrell has previously said that "the jury is out" in relation to Cannes Lions. Earlier this year Cannes Lions announced the creation of an advisory committee to "help shape the future of the festival".

thedrum.com, 28 September 2017

Brands and branding

Re-branding

A brand needs to be constantly reviewed to ensure its relevance in the global marketplace. Here the author offers some pointers for successfully re-branding a business. He emphasises the need to stay compelling; to be certain of what the brand story is; to remain competitive; and to use the rebranding as a marketing opportunity to connect with old customers, prospects and stakeholders.

Gulf Marketing Review, September 2017, pp44-46 (Ansar)

Creating brand salience

Brand salience, the degree to which the brand is noticed by the customer, is what all brands want to achieve. If a brand fails to be salient or prominent in the consumer's mind at the point of decision-making, then it is unlikely to be purchased. It is getting harder to maintain and build brand salience because there are so many choices that consumers have become more selective about what they remember. Marketers need to find ways of increasing the salience of their brands. The authors explain how brand salience is triggered in the mind and describe the fundamentals of improving



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salience.

Admap, September 2017, pp14-16 (Bayne and Learning)

Children

Age-restricted online advertising

Schoolchildren spend around 15 hours a week looking at digital media and even pre-school children do so for eight hours. This has led to fears of children being exposed to content that is inappropriate for their age. Rules concerning advertising to children are not always clear and have not always appeared to provide the right balance between the advertiser, platform and parental responsibility. This article cites some choice examples. The Committee of Advertising Practice (CAP) has tried to clarify the steps that responsible advertisers should take in its new guidance, entitled *Children and age-restricted ads online*. This article seeks to clarify that guidance.

lexology.com, 2 October 2017 (Smith);

<https://www.asa.org.uk/resource/children-age-restricted-ads-online.html>

Conferences and events

Security and paperless events

There has been a shift towards paperless events, which not only benefits the environment, but is convenient for attendees who can simply download all the information they need to their mobile devices. It also makes data far more secure, particularly in the case of the pharmaceutical, finance and legal sectors where data security is paramount. This article considers the various security options. It also mentions data storage and the forthcoming General Data Protection Regulation.

Conference & Incentive Travel, Autumn 2017, p22 (Williams)

Parliamentary group for events to continue

The UK's Office of the Parliamentary Commissioner for Standards has confirmed the continuation of the All Party Parliamentary Group (APPG) for the UK events industry. The purpose of the cross-party APPG is stated as follows: to represent the UK events industry in Parliament; to highlight the value of the industry; to engage with politicians and industry representatives; and to ensure that the UK benefits from the success of large, internationally prominent events.

meetpie.com, 28 September 2017

Customer relations

Emotional loyalty

Convincing a customer to come back and make another purchase is what drives revenue. This is easy for supermarkets but not so easy for non-food businesses. Emotional loyalty can only be gained by appealing to people's passions and motivations, so how can brands remain relevant to a changing group of customers with different tastes and values?

One answer is the innovative use of data: there is a new form of segmentation which allows you to analyse a customer's past transactions, as well as their motivations and mindsets, to help predict lifestyle choices and spending decisions. The author describes a recent study among women consumers in the luxury environment. She concludes that, by bridging the gap between data and loyalty, it is possible to prove the value of emotional loyalty.

Market Leader, Q4 2017, p16 (Dunn)

Service satisfaction in hybrid offerings

Goods manufacturers and service providers often join up to deliver hybrid offerings. This study asks whether both partners benefit equally from an emphasis on service satisfaction. It examines the effects of this emphasis on relational service (interactions with the service provider's staff) and service environment (service provider's facilities) on the market share of the service and goods elements of hybrid offerings. The study is conducted in the context of the US automobile industry. It finds that emphasising relational service satisfaction boosts service market share but decreases goods market share. Rather surprisingly, it discovers that emphasising service environment satisfaction decreases service market share.

Journal of Marketing, Vol 81(5) 2017, pp86-103 (Becerril-Arreola et al)

Marketing

Women entrepreneurs and BOP marketing

The authors examine bottom-of-the-pyramid (BOP) marketing in the context of rural distribution schemes operated through women. They focus on the Unilever Shakti system in which "women entrepreneurs" distribute Hindustan Unilever's consumer goods. This is widely considered to be a successful BOP scheme. The article begins by expanding on Laclau and Mouffe's political theory in relation to the BOP project. It then goes on to elaborate on women entrepreneurial systems through the Shakti system.

Marketing Theory, Vol 17(3) 2017, pp305-321 (Hopkinson and Aman)

Moving away from traditional marketing

The author questions the function of the marketing department and asks what capabilities are needed in the era of Big Data when the "old marketing systems ('The Marketing Ways') are no longer fit for purpose". He argues that, far from being a threat to marketing, data can be an opportunity and a source of competitive advantage. This article sets out some approaches for achieving this and proposes six ways in which the CMO can make data the solution rather than the problem.

Market Leader, Q4 2017, pp26-29 (Sherrington)

Market research

Ad surveys

Lastminute.com recently launched a new travel Insights tool which enabled brands to place market research surveys within display ads on both its own and third party sites. The ad survey can be targeted at particular segments, which makes them a useful tool. However, the author questions whether ad surveys on popular sites can really produce the accuracy and reach needed for genuine insight. He examines the issues.

research-live.com, 25 September 2017 (Beale)

Insights on small budgets

How can marketers reduce their budgets without reducing the quality of their market research? Start-ups have demonstrated that it is possible to achieve results without big budgets. Companies are learning that not all research has to cost the earth. This article looks at six ways in which marketers can make their money stretch further when conducting market research. Jane Frost, CEO of the Market Research Society, also shares her top tips for research frugality.

marketingweek.com, 29 September 2017 (Cuddeford-Jones)

Public relations

PR in the Middle East

The PR industry in the Middle East has shifted its focus from the quantity of coverage in the media to the measurement and meaningful engagement with targeted stakeholders. The prevalence of social media, and the risks posed by it, has led to significant changes for PR professionals in the region. Lucy O'Brien, a Partner and General Manager at FleishmanHillard UAE, recounts her experiences in the region and identifies some key issues. For example, she points to the "friction" between clients and agencies that can occur because of a lack of coverage in the media.

Gulf Marketing Review, September 2017, 12-14 (O'Brien)

Piers Pottinger resigns from Asian operation

Piers Pottinger, chairman of Bell Pottinger's Asian division, has resigned after it formally separated from its disgraced British parent. Pottinger founded the firm with Tim Bell in the late 1980s. The Asian division, which has been the subject of a management buyout led by two former Bell Pottinger executives, has been rebranded as Klareco Communications, meaning "clarity" in Esperanto. The Asian business is reported to be still profitable and "trading well".

The Times, 28 September 2017, p42

Ryanair – do bad reputations sell?

Four years ago, Ryanair was ranked the worst for customer service among Britain's 100 largest brands. Michael O'Leary, chief executive, famously said that "Short of committing murder, bad publicity sells more seats". Nevertheless Ryanair went on to improve its image with its "Always Getting Better" campaign. This article considers whether Ryanair's latest problems – the cancellation of thousands of flights – will really damage its reputation. After all, it didn't have a particularly good reputation in the first place. Ryanair's sheer size compared with its competitors may carry it through...

The Daily Telegraph (Business), 29 September 2017, p5

Sponsorship

Deal characteristics – consumer perceptions

Sponsorships allow brands to link with sports, the arts and events through partnerships that benefit both parties. The authors investigate how sponsorship agreement characteristics affect consumer attitudes and behaviour towards the sponsor and sport. They develop a framework that links sponsorship deal characteristics (such as contract length and regional proximity of the sponsor) to consumer perceptions. The results indicate that sponsorships with regional proximity, and long-term partnerships, are beneficial because consumers have positive perceptions about partnership fit and sponsor motives. However, consumers associate high sponsorship fees, international sponsors and naming rights as negative factors.

Journal of Marketing, Vol 81(5) 2017, pp121-141 (Woisetschläger et al)

Negotiating social media into the deal

Brands are getting smarter in the way that they use technology and data in their sponsorship activities. Social media is often considered to be a separate rights category which is paid for as an additional service. For example, tweets by an athlete are often regarded as an "add on" rather than part of the main deal. Negotiating sponsorship, which includes social media, can be a complicated undertaking. This article sets out some of the issues that brands can expect to encounter.

lexology.com, 26 September 2017 (Swain)

Agriculture, fishing and forestry

Rejected fruit leads to tonnes of waste

A study from the Department for Environment, Food and Rural Affairs says that a fifth of lettuces and a tenth of strawberries are wasted on farms every year because of supermarkets' concerns about the appearance of the fruit. Around 10,000 tonnes of strawberries and 38,000 tonnes of lettuces were wasted in 2015, according to Wrap, the waste

reduction charity. Wrap claims that some strawberry retailers are setting even higher standards than those imposed by the EU.

The Times, 28 September 2017, p17

UK to experience a sugar rush?

On 1 October the EU's system of quotas and minimum pricing for sugar was abolished. The change should allow the UK's 3,500 growers of sugar beet to increase production by 50% a year. British Sugar, the UK's only sugar refiner, plans to increase production to 1.4m tonnes next year, up from 900,000 tonnes this year. The UK consumes around 2m tonnes of sugar a year, with 60% of this coming from domestic sources. The changes could have repercussions: for example, growers may face more competition from EU rivals as well as lower prices and labour shortages due to the loss of EU migrant workers. (See also under Health)

The Guardian, 29 September 2017, p33

Building industry

Construction starts down

According to Glenigan, a provider of construction intelligence, the number of construction starts for June to July 2017 fell by 10% compared with the same period in 2016. It attributes the sharp decline to the delay in public sector projects following the general election. Some private sector areas, such as office and retail, have also become weaker. Private residential starts also fell by 14% during the summer while social housing starts rose by 9%. New data from the ONS has shown that construction orders fell by 7.8% in Q2 compared with Q1, representing their fastest quarterly decline for three years.

Construction News, 29 September 2017, p12

Acciona achieves carbon neutrality

Acciona, a Spanish company, claims to be the world's first global, carbon-neutral construction company. It has been working for five years to reduce emissions and achieve neutrality, which is no mean feat for a company that operates in 40 countries. As Juan Ramón, head of sustainability at Acciona explains, innovation has been at the centre of the company's success.

Construction News, 29 September 2017, pp26-28 (Kemp)

Carillion – low bids, high losses

Carillion, the UK building and services firm, has reported first-half losses of £1.15 billion, its share price has fallen by 18% and it has also downgraded its revenue forecast. The company, which is involved in the building of the forthcoming HS2 high-speed railway, says it is in talks to sell its UK healthcare operation and its Canadian business. Carillion attributes its poor performance to its construction business where it has been winning major contracts

by making bids that have been too low.

bbc.co.uk/news, 29 September 2017

Businesses and strategy

Online experiments

When building websites and applications, companies often make decisions based on subjective opinions rather than on hard data. Instead they should conduct online controlled experiments to evaluate ideas. Improvements should be carefully tested because even tiny changes can have big payoffs as Bing found when an employee suggested changing the way the search engine displayed ad headlines. The authors describe how to design and implement A/B and other controlled tests. If a company does this correctly it will be able to evaluate ideas, not just for improving websites but also for business models, products and marketing campaigns.

Harvard Business Review, Vol 95(5), September-October 2017, pp74-82 (Kohavi and Thomke)

Millennials – suited to SMEs

Millennials, born between the early-80s and mid-90s will make up 35% of the global workforce by 2020, according to ManpowerGroup. Its research reveals that this age group does not change jobs as often as is commonly believed: 63% said they would stay in their current job for the next few years while 93% said that skills development was vital for their career. SMEs are attractive to Millennials, according to Dimple Agarwal, a global talent leader at Deloitte, because it is easier to progress in small firms; they are also attracted by innovative working environments which are often offered by start-ups. Firms that want to attract such workers should encourage new thinking and flexibility in the workplace.

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

Digital disruption

Disruption results in traditional firms being upended by digital enterprises. This has not happened to the extent predicted and many industries that expected to be hit by technological change seem to be surviving. This is because some incumbent industries have high barriers to entry; for example, banking and healthcare are fettered by a mass of regulation. Meanwhile, many big firms have embraced digital technology or e-commerce. However, it is possible that tech breakthroughs or deregulation could change the balance of power in the future.

The Economist, 30 September 2017, p67

P&G focuses on inclusivity

Procter & Gamble (P&G) has been changing its advertising to make it more accessible to blind people as part of its "ongoing journey" to place diversity at the centre of its business. The

introduction of audio descriptions to P&G's ads follows the appointment of Sam Latif, an inclusivity consultant, who is herself registered blind. Latif says that most of P&G's ads are now suitable for blind people.

marketingweek.com, 28 September 2017 (Roderick)

Charities and NGOs

Payroll giving

Payroll giving, introduced by the Conservatives in 1987, has resulted in more than £2 billion being donated to charity. Yet last year the charity sector's total income was £73.1 billion. Despite it being an easy way for the UK taxpayer to make regular donations, this mode of giving has never reached its full potential. Andrew O'Brien, head of policy and engagement at the Charity Finance Group, claims that the poor uptake is not just due to branding but to the need for a better communications message. Ewan Imrey, COO at the Charities Trust, believes that charities prefer to have a more direct relationship with their donors.

Third Sector, September-October 2017, pp38-39 (Cooney)

Charities become more professional

Charity shops are beginning to adopt the attractive layouts and professional customer services of mainstream retailers. Many non-profits are becoming more business-like, especially in rich countries where the sector forms a larger part of the economy. The impetus to professionalise has come through an increase in funding from government contracts and other schemes rather than the old system of grants. As charities become more professional, young people are acquiring qualifications tailored to the sector. A "fourth sector" is developing which consists of organisations that are positioned between business and charity: "social enterprises". More than 2,000 B-corps for-profit businesses that meet "do-gooding" standards have been launched in over 50 countries.

The Economist, 30 September 2017, pp59-60

Durable goods

Cobots – robotic colleagues

Industrial robots are hard-working but they are also expensive and difficult to program. In response, roboticists are using cobots, which are collaborative robots intended to work alongside people and which may eventually be used in the home. Munich-based Franka Emika's robots are lightweight and can safely work in the same building as humans. They are capable of painting, packaging, playing a board game or even making food. However, the robots are not designed to take over humans' work. Franka refers to them as "human-centred robots".

Wired, October 2017, p30

Economy

High-net worth

Capgemini's *2017 World Wealth Report* reveals that the number of high-net-worth individuals (HNWIs) rose by 7.5% to reach 16.5m last year. To be a HNWI you need to have at least \$1m in investable assets excluding your main home, its contents and collectable items. The highest proportion of HNWIs is in the Asia-Pacific region although the expansion of wealth here has slowed due to the lacklustre performance of stock markets in China and Japan.

The Economist, 30 September 2017, p85

UK at its most competitive in a decade

The World Economic Forum (WEF) says that Britain is at its most competitive since 2007: with a score of 5.50 out of 7 it comes eighth out of 137 countries. Switzerland is in pole position for the ninth consecutive year with a score of 5.86, ahead of the US and Singapore. The WEF says that Britain's vote to leave the EU has not had a negative impact so far.

The Times, 27 September 2017, p44

India's small business suffer economic shocks

India's small businesses are suffering from two economic shocks: demonetisation and a new goods and services tax (GST). For a small, cash-based business, this is disastrous. For years India encouraged the fragmentation of production among small suppliers which meant that they were exempt from the laws and reporting rules that were imposed on larger companies. The GST is expected to increase India's efficiency in the long run but the Government may have underestimated the impact on small business. Around a third of the 30m people who work in manufacturing are in family businesses.

Financial Times, 29 September 2017, p9

US warns about tax tech companies

The American Chamber of Commerce to the European Union has warned that the EU's plans to increase the tax of tech companies such as Google and Facebook could make Europe less attractive to investors and damage economic growth. Europe is looking at ways of extracting more tax from big tech companies that use their lack of a physical presence in a country to record their profits in low-tax states. For example, Amazon's corporation tax bill in the UK is 11 times smaller than that of British bookstores. The European Commission wants to introduce a common corporate tax base for companies with a common set of rules.

The Guardian, 27 September 2017, p29

UK economy – doom, gloom and interest rates

Since the Brexit vote took place a year ago, Britain has fallen to the bottom of the G7 economies. This is coupled with the news that the pound has fallen against the euro in the face of weaker GDP figures; that London's house prices have fallen for the first time in nine years; and that there are higher levels of consumer debt. Despite this, Mark Carney, governor of the Bank of England, has hinted that interest rates will rise in November.

Financial Times, 30 September-1 October 2017, p1

Energy and utilities

Rise in share for smaller electricity suppliers

The latest energy trends report from the Department for Energy and Industrial Strategy reveals that smaller energy suppliers make up nearly 15% of the UK's electricity market. Their market share rose from 2.7% in 2010 to 14.2% last year. In contrast, the share of the nine largest energy suppliers has fallen from 96% to 85.8%.

utilityweek.co.uk, 29 September 2017

Dong goes green with rebrand

In an effort to demonstrate its "profound strategy transformation from black to green energy", the Danish energy giant, Don Energy, is rebranding. Its new name, Ørsted, which draws inspiration from the Danish physicist, Hans Christian Ørsted, marks the company's focus on wind and biomass. Henrik Pulsen, chief executive, says that 2017 will be remembered as the year in which offshore wind became cheaper than black (fossil fuel) energy.

cleanenergynews.co.uk, 2 October 2017

Environment

Plastic carries species around the world

Plastic waste in the oceans is acting as a raft to transport coastal species around the world. Scientists say that between 2012 and 2017 almost 300 species of marine creatures have arrived in North America from Japan, having been transported on plastic objects following the Japanese tsunami of 2011. Natural disasters have combined with so-called "ocean rafts" of marine plastic to transport species on a scale that has not been seen previously.

The Daily Telegraph, 29 September 2017, p9

Deposit return scheme is on the cards

Speaking at the Conservative party conference, Michael Gove, the environment secretary, has emphasised the need to protect oceans and marine life from plastic waste, which he says will mean "tackling the rise in plastic bottles entering our waters by making it simpler and easier to recycle and dispose of them". He has hinted that a deposit return scheme could be implemented in England.

packagingnews, 2 October 2017

Fashion

H&M to challenge Zara with new brand

Next year H&M will launch its ninth fashion brand. According to Karl-Johan Persson: "creating and launching new brand remains an important part" of the company's growth strategy. H&M, which was overtaken by Inditex (parent of Zara) several years ago as the world's largest fashion retailer, now appears to be going head-to-head with its rival. H&M will also open some standalone H&M Home stores, which reflects Inditex's decision to open a chain of Zara Home stores.

fashionunited.com, 28 September 2017

Fashion and data collection

Fashion and luxury brands have become increasingly sophisticated in their methods of collecting and processing customer data, whether online or in-store. The use of technologies and tracking tools enables the collection of more customer data than ever before but this has implications for security and data protection compliance. This article examines the GDPR in the context of the fashion industry. It covers direct marketing and advertising practices in the fashion and luxury sectors.

lexology.com, 2 October 2017 (Behlow)

Getty bans images of body shape changes

Getty images, whose images are used by media around the world, is to ban doctored images as a way of helping to prevent women in the modelling industry from pressure to become too thin. The initiative coincides with a new French law requiring images of models that have been photoshopped, to change their size, to be clearly labelled as such. This year the Advertising Standards Authority has received 150 complaints regarding the "depiction of weight" in 64 ads.

The Observer, 1 October 2017, p7

Financial services

Compare the Market being investigated

Are price comparison sites responsible for increasing the price of insurance? The Competition and Markets Authority (CMA) is investigating whether Compare the Market, well-known for its meerkat advertising, is preventing other price comparison sites from offering better deals. The CMA's year-long investigation into price comparison sites concluded that in general they do promote competition but is focusing its intentions on Compare the Market because its contracts, notably its "most favoured nation" clauses, may result in higher home insurance prices. Separately *The Sunday Times* compares the comparers.

The Times, 27 September 2017, p20; The Guardian, 27 September 2017, p27; The Sunday Times (Business & Money), 1 October 2017, p13

The PSD2 – new EU regulation

The EU's Revised Payment Services Directive (PSD2) will be implemented next year. It is heralded as a way of redressing banking "ills" by shifting the balance of power to the consumer. This article looks at aspects of the Directive that will affect people's lives. This includes: aggregated service, which allows people to view all their financial affairs in one place; personalised selling, which is a consequence of open banking; and innovation, which brings new products and ways of managing money.

The Times (Raconteur: Future of Fintech), 27 September 2017, pp6-7

Businesses losing out by not accepting cards

One in six British shoppers only uses cards to pay for things, according to research by Square, a payment company. Yet an estimated 3m small businesses in Britain do not accept card payments and could be missing out on millions of pounds worth of business. Six out of ten shoppers said they would spend more if they were able to pay with a card while a quarter have decided against buying something because the company didn't accept a card. This July card payments overtook cash for the first time in the UK.

The Daily Telegraph (Business), 2 October 2017, p6

FMCG

Beverages

Bottled water

Nestlé is the biggest bottled water company in the world, followed by Coca-Cola, Danone and PepsiCo. Last year bottled water sales in the US overtook soda sales for the first time as drinkers, concerned about the quality of tap water, turned to healthier options. Nestlé's water business is highly controversial because it often goes into poor areas where it extracts the local spring water, while paying little for it. In some parts of the world poor infrastructure has led to an almost total reliance on bottled water but there are suspicions that Nestlé has used marketing to make tap water appear "uncool and dangerous". Environmentalists argue that multinationals shouldn't oversee the protection of water.

Bloomberg Businessweek, 25 September 2017, pp56-61

Dairy alternatives low on iodine

Research by the University of Surrey has warned that consumers who drink dairy alternatives may be at risk of iodine deficiency. The researchers analysed the iodine content of 47 dairy alternatives, such as soya, almond, rice and hazelnut, to find that the majority do not have sufficient levels of iodine. The average levels were found to be around 2% those of cows' milk.

The Grocer, 30 September 2017, p49

Cosmetics and toiletries

Skin cream ad banned

A TV ad for the Proactiv+ skincare range has been banned because it implies that children with acne are more likely to be bullied at school. The ASA has banned the ad from television that children are likely to watch. It said that Jorgie Porter, the actress in the ad, had implied that children who did not use the cream would be "ridiculed" and "bullied" because of their spots. Proactive Skincare Ltd claimed that the actress had used her own words and was not given a script.

telegraph.co.uk, 27 September 2017

Food

Chinese caviar

China has been tainted by various food scandals, such as meat soaked in bleach. Kaluga Queen, a Chinese company that produces caviar, is aware of the lack of trust when it comes to China's food, according to Lily Liu, the company's marketing manager. Yet the company's caviar has become popular at 21 out of the 26 Michelin-starred restaurants in Paris. However, Kaluga Queen's Chinese origins are rarely mentioned for fear that consumers will react negatively. Russia and Iran have traditionally dominated the caviar market, but overfishing of the Caspian Sea has placed the Beluga sturgeon on the endangered list. Other nations are moving in to fill the gap.

Bloomberg Businessweek, 25 September 2017, p73

More shrinkflation

Jaffa Cakes have fallen foul of the shrinkflation trend, with boxes now containing ten rather than 12 of the cakes. McVitie's says that there is no change to the size, shape or weight of the cakes, and that it has reduced the recommended retail price from £1.15 to 99p. The fall in the value of sterling following the Brexit vote has been blamed for the trend for reducing product sizes.

packagingnews.co.uk, 27 September 2017

Nestlé UK – sales fall

Nestlé's UK operation has reported a 3.2% fall in sales for the year to 31 December 2016, resulting in a 3.9% decrease in operating profits. Traditional UK brands, such as Nescafé and KitKat, are described as "under pressure" while others, notably Nespresso and Nestlé Waters, are growing. Nestlé Group, which is the world's largest food producer, is under pressure to improve returns to shareholders and to boost bottom-line growth.

The Grocer, 30 September 2017, p12

Big chocolate brands see sales decline

Twelve of the UK's big chocolate brands have lost a combined £80m in value sales. This is attributed to changing shopping habits and increased awareness

of health. Cadbury Dairy Milk, the brand leader, has lost 4.2% (£19.9m) of its value. Concerns over sugar content have impacted chocolate sales and Public Health England is urging suppliers to reduce sugar levels in products that are popular among children. Other factors are the rise in the number of new products available to consumers and economic uncertainty, which has led to less disposable income.

The Grocer, 30 September 2017, p44

Government and public sector

Facebook aims for election integrity

Facebook plans to make its advertising more transparent, following the discovery that Russian groups had placed political messages on its site during the US presidential election. It wants buyers of ads linked to US federal elections to provide identity documents confirming the business or organisation they represent. Mark Zuckerberg promises to "double the team working on election integrity". This is in addition to hiring 3,000 more content moderators to tackle unacceptable posts such as fake news and terrorist propaganda.

Financial Times, 3 October 2017, p4

Police PR

In this interview Ed Stearns, head of media for the Metropolitan Police, and colleagues talk about running the Met's 24/7 press bureau, creating content and how they expect the service to evolve over the coming years. They also discuss which channels are most effective for communicating the Met's messages and the importance of its digital presence.

PR Week, September-October 2017, pp56-57 (Griggs)

Health and pharmaceuticals

End of EU sugar quota – bad for health?

The end of EU sugar quotas on 1 October could threaten efforts to tackle obesity and sugar consumption as sugar prices are likely to fall. The production quota on sugar, which was first introduced in 1968, guaranteed producers a higher price than the world market price. The abolition of the quota aims to promote competition and allow producers to respond faster to markets. Tam Fry, chairman of the National Obesity Forum points out that there has been no risk analysis regarding public health and is calling for a healthy post-Brexit sugar policy that will "balance agriculture and health goals". (See also under Agriculture, Fishing and Forestry)

The Grocer, 30 September 2017, p18

Natural remedies growing fast

Evgen Pharma, a British drugs developer, is designing drugs using sulforaphane, a substance found in broccoli. It has been shown to kill cancer cells and help stroke patients. Studies have previously suggested that some "superfoods" can help tackle cancer, but now drug companies are developing concentrated doses extracted from oceans, garden plants and even "mind-altering" weeds such as cannabis. The plant-derived drugs trade is expected to reach \$5 trillion by 2050. There are huge opportunities: only 5% to 15% of known plants have been tested for their potential in medicine.

The Sunday Times (Business & Money), 1 October 2017, p10

IT and telecoms

Wi-Fi in the home

Mobile operators are targeting the home as the next big battleground where mobile activity will be focused. As more smart devices are introduced into the home, they will require a fast, reliable network. However, the reluctance of consumers to take on mobile data charges at home, coupled with poor coverage indoors, means that Wi-Fi will not be replaced by cellular networks anytime soon. John Delaney, an IDC analyst, says the best opportunity for operators is to "make Wi-Fi work well". However, as the number of smart gadgets in the home increases, the quality of service may deteriorate. This article looks at the opportunities for operators.

Mobile Europe, Q3 2017, pp22-23

BlackBerry relies on software for turnaround

BlackBerry, the loss-making smartphone company, is undergoing a turnaround thanks to its software business. Sales at its software unit have reached a record high and the company's shares have risen by 50% this year. The company has just announced a deal with Delphi Automotive, a car parts supplier, for a software operating system in self-driving cars. BlackBerry has already become a leading supplier of in-car information and entertainment software.

The Guardian, 29 September 2017, p31; Financial Times, 29 September 2017, p20

Apple face recognition won't work on children

Apple has warned that its new iPhone facial recognition system will not work with children under the age of 13 because their faces are too similar for the phone to distinguish between them. The new phone, which goes on sale this month, uses a range of sensors to scan the user's face and compare it with the image stored on the phone. The company claims that the chances of the phone being tricked by an imposter are one in a million.

The Daily Telegraph, 28 September 2017, p1

Ofcom – new consumer protection rules

Ofcom, the UK telecoms regulator, has launched a review of its General Conditions of Entitlement which are the regulatory rules that UK communications providers (CPs) must adhere to. The revised conditions, which took effect on 1 October, aim to make things “simpler and clearer” for the telecoms industry. They fit into three broad categories: strengthening the rules on complaints handling; requiring CPs to consider the needs of vulnerable customers; and extending rules on billing and debt collection to broadband providers. It also makes changes aimed at tackling nuisance calls.

lexology.com, 29 September 2017 (Keepfer);
<http://www.ofcom.org.uk>

Leisure and tourism

Cruising – but you must be under 45!

Cruises are usually associated with older couples but the first river cruise ships targeting Millennials have just launched on the River Seine in France. Travelling from Paris to Rouen, the U by Uniworld cruise will only allow 21- to 45-year-olds on board. They will be equipped with desk-top lounges and offer activities such as craft cocktail courses, rock climbing and rafting expeditions. In addition, all the cabins will be painted in vibrant colours. The Virtuoso travel conference held in Las Vegas this summer identified millennial cruises as the big travel trend for 2018.

The Times, 2 October 2017, p5

E-sports – prospects for the UK

A recent YouGov poll revealed that 35% of respondents were aware of e-sports and that 20% (around 7% of the UK population) of these had watched them. Some 57% of those who had watched e-sports said they would do so again. Nevertheless, e-sports in the UK is behind other markets such as China, where 45% of adults watch it, and the US, where 12% do. E-sports tend to be popular among Millennials (18 to 24-year-olds) in the UK: 64% said they were aware of e-sports and 34% had watched it. (See also under Games)

emarketer.com, 29 September 2017

Holograms coming to a theatre near you

Alki David, the billionaire, wants to introduce 3D technology into theatres to create holograms of variety shows featuring stars both alive and dead. Hologram USA aims for deals with 150 venues in the US as well as introducing the concept to Europe. The company has already put on “resurrection” shows featuring the likes of Buddy Holly, Michael Jackson and Dean Martin. Julian Assange has even been beamed from the Ecuadorian embassy to speak at a conference in Massachusetts.

The Times, 3 September 2017, p11

Materials and mining

Newsworthy diamonds

The number of record-breaking diamonds has been rising over recent years. Over the last nine years 66 “newsworthy” diamonds have been found, 61 of these in the past five years. These have been so special that the companies discovering them have felt compelled to issue a press release. In September ALROSA, a Russian diamond miner, discovered a 28-carat fancy-pink diamond, the largest of its kind ever found in Russia. This article looks at some newsworthy diamonds and their implications.

mining.com, 2 October 2017

Media

Books

Mills & Boon to relaunch

Mills & Boon plans a “huge” relaunch in January, its first for ten years. It will involve changes to the logo, book covers and point-of-sale material. It will also launch an enhanced book club which will provide upselling opportunities through promotions and direct mail. Mills & Boon is also engaging with the blogging community for the first time ever: some 150 bloggers are engaged as “brand advocates” who aim to “reach and connect with romance readers and reading communities”. The brand hopes that all this promotional activity will help it to be stocked in places where it hasn’t previously been, such as Waterstones.

The Bookseller, 29 September 2017, p16 (Wood)

Audiobook rights

Ahead of the Frankfurt Book Fair 2017, *The Bookseller* looks at the UK book market and, in particular, audiobook rights. The value of the UK audiobook market rose by 28% to £16m last year. In 2015 it represented just 3% of the total book market but audiobook rights are becoming more fiercely contested among publishers. There are concerns that US publishers may target European audiobook rights following Brexit but experts believe that there are “sound commercial arguments” for the UK to retain European rights.

The Bookseller, 29 September 2017, p6

Games

E-sport held back in Japan

China and South Korea are building stadiums dedicated to video gaming tournaments. It is predicted that by 2020 revenue from e-sports will reach \$5 billion a year, almost as much as the world’s largest soccer league. However, Japan, which was responsible for some of the first ever televised video games in the 1980s, is unable to take advantage of the trend. This is because laws

aimed at tackling organised crime and gambling also prevent paid gaming competitions. Japan's big software makers, who have been slow to recognise the transformation of gaming into a spectator sport, are making tentative moves in the right direction but regulations will have to change. (See also under Leisure)

Bloomberg Businessweek, 25 September 2017, pp23-24

Disabled gaming

It is estimated that around 33m video gamers in America have some sort of disability. Some developers are taking this into account. One of them is Long Eaton Powered Mobility Integration Service, a British company which makes hardware for disabled gamers. Its designs are aimed at people with physical disabilities. Other developers have been targeting those whose senses are impaired. Rockstar Games, the New York publisher of *Grand Theft Auto*, caters for people with visual impairments such as colour blindness. Other companies help blind and deaf people.

The Economist, 30 September 2017, pp77-78

Internet

Google to give rivals equal treatment

Following a €2.4 billion fine from EU antitrust regulators in June for abuse of its position in the search engine market, Google said it would give comparison shopping services the same chance to show shopping ads on its search results pages as it gives to Google Shopping. The competition commissioner decision required that Google should give rivals "equal treatment". This means that competing price comparison sites should become visible from now on in Google search results.

The Times, 28 September 2017, p48; Financial Times, 29 September 2017, p18

Yandex aims to be digital hub in Russia

Yandex, Russia's biggest tech company, is a search engine as well as providing taxis, shopping, payments, music and education services. The company has over half the country's search market and 61% of online advertising. Yandex's vision is to be the "hub" of the Russian digital economy although it has suffered competition from Google which has dominated the mobile market on Android devices. The company is also at loggerheads with the politicians – President Putin once declared the internet to be a "CIA project" – but Yandex is busy making overtures...

The Economist, 30 September 2017, pp63-64

Newspapers

Google axes first click rule

Under Google's "first click free" policy, news websites had to give readers access to three free articles a day so that they could appear high in Google's listings. Publishers complained that they

were being forced to give away too much free content and last year the *Wall Street Journal* pulled out of the scheme. Now Google is to replace it with a system of "flexible sampling", allowing publishers to make the decision about how many free articles they give away. This is part of a package aimed at boosting news subscriptions and creating sustainable digital models.

The Times, 3 October 2017, p47; Financial Times, 3 October 2017, p18

Social media

A Crisp way to identify terror material

Crisp, a Leeds-based company, has developed software that can detect terrorist material on social media within minutes and can help to remove thousands of posts every day. Rather than searching through thousands of posts, it starts by monitoring platforms such as forums on the "dark web" or channels for sharing terrorist material on messaging apps. The software, which launched on two social platforms three months ago, has identified an average of 175 new pieces of terror material every day.

The Times, 27 September 2017, p22

Double length tweet trial

Twitter is extending the length of its tweets by trialling 280 characters instead of the 140 which has been its defining characteristic since it was founded 11 years ago. Last year it exempted photos, polls and quoted tweets from the 140-limit. This may be a controversial move since the limited nature of tweets has proved popular with users. At present only a small percentage of users will be able to post longer tweets.

The Daily Telegraph (Business), 28 September 2017, p3

Television

A pig following in China

Peppa Pig has made significant inroads into China after reaching 34 billion views since its launch there two years ago. Entertainment One, the TV and film group which owns Peppa, has made higher than expected sales of Peppa branded toys, clothing and home furnishings in China.

The Daily Telegraph (Business), 28 September 2017, p3

Packaging

Wetherspoon to ban plastic straws

Wetherspoon, the pub chain, is to stop using plastic straws in its 900 British and Irish pubs in a bid to help reduce the 70m single-use straws that are thrown away every year. The straws will be replaced with biodegradable paper versions from 2018. Around 100m plastic straws are used in the UK every day and are amongst the top ten items that are found on beaches. Martin Kersh, executive director of the Foodservice Packaging Association,

questions Wetherspoon's decision.
packagingnews.co.uk, 27 September 2017

Morrison to trial 5p-bag removal...

Morrisons is to remove 5p carrier bags from six of its stores as part of a trial although it will continue to supply 10p reusable bags for life. The retailer claims to have reduced the number of carrier bags it hands out by 83% since 2015, when the charge was introduced. Tesco and Sainsbury's have already done away with single-use bags.

The Grocer, 30 September 2017, p6

...but bags for life carry risk

The Food Standards Agency (FSA) has warned that supermarket bags for life pose a risk of food poisoning through cross-contamination. It is advising shoppers separate the bags used for raw, ready to eat and non-food items to avoid bacteria spreading. The agency has updated its website to reflect the new advice.

The Daily Telegraph, 2 October 2017, p7

Retailing

Hotel Chocolat – profits up 100%

Hotel Chocolat doubled its profits last year, thanks to its policy of combining shops and cafes (where people can buy chocolate and drink hot chocolate drinks) as well as expanding online. Its pre-tax profit rose by 100% to £11.2m in the year to 2 July. Angus Thirlwell, co-founder and chief executive, attributes the results to the strength of the brand and the high cocoa content of its products.

The Times, 28 September 2017, p47

Services

Retailers go into service

Ikea has become the latest example of a retailer offering services in addition to selling products. It has just acquired TaskRabbit, the San Francisco-based odd-jobs firm. The latter operates in 40 cities in the US and Britain by linking customers, through a website and app, to home-maintenance people. John Lewis launched its Home Solutions service this month after signing up 150 independent tradespeople.

The Guardian, 29 September 2017, p31

Over-capacity in the dining sector

A combination of inflation and poor wage growth, together with the sheer volume of restaurants across Britain, has led to big chains resorting to discounts to attract customers. Pizza Express, Bella Italia and Café Rouge are among those offering deals. Even with a higher volume of diners, it is doubtful whether this is enough to offset the costs of running a restaurant. Food delivery, which rose by 22% in the first six months of the year, also

poses a threat. Analysts believe that there is too much capacity in the dining sector but there has been little investment. Many chains are reviewing their new openings "until the consumer picture becomes clearer".

The Daily Telegraph (Business), 27 September 2017, p8

Right to repair but who owns the product?

In America the increasing difficulty of repairing machines and devices has led to the "right to repair" movement. The European Parliament has called for regulation to force manufacturers to make their goods easier to repair. Manufacturers make repairs difficult through a lack of technical information or warranties warning against tinkering with the product. The Repair Association wants the US to pass "right to repair" laws but is facing stiff opposition from manufacturers. The debate over owners' repair rights has led to a wider question about the nature of ownership and how much the manufacturer can dictate what you can or cannot do with its products!

The Economist, 30 September 2017, pp61-62

Transport and travel

Self-driving – charting the road ahead

Luminar Technologies has built a Light Detecting and Ranging (LiDAR) system for autonomous cars. LiDAR, which measures the distance to objects using a laser light, gives the car 7 seconds to react to an obstacle when travelling at "standards speeds". In contrast, 64 different lasers and receivers are needed on cars that don't use Luminar technology. Luminar's system needs just one laser to create an almost-3D map. Although some companies, including Ford and Uber, say there will be autonomous cars on the road by 2021, Austin Russell, Luminar's founder, claims that they will need his technology, in order to be truly autonomous.

Wired, October 2017, pp26-27

Aston Martin – made to size

The Aston Martin Valkyrie, a hypercar, is due to launch in 2019. At \$2.6m, it is only available to loyal fans of the brand and those who have had their financial position vetted. Once someone has been accepted into this exclusive club of just 150, they are given a 1:18 scale model of the car to approve because almost every aspect of it is open to customisation. This requires making a precise measurement of the driver to ensure that the car will fit its owner. Serena Williams, the tennis player and Aston brand ambassador, was able to fit into the car while six months pregnant!

Bloomberg Businessweek, 25 September 2017, pp70-71

Dyson to build a different type of EV

Sir James Dyson says he will build a "radically different" electric car that will be on the road by

2020. The £2 billion-project will create 4,000 jobs while the Government has provided a £16m grant to Dyson for battery development. Dyson says he has been trying to find diesel alternatives for two decades while the industry has continued to make "dirty vehicles". It is likely that the new car, for which no prototype has yet been built, will be made in the Far East since this region has reacted more quickly to EVs than the UK or Europe.

The Times, 27 September 2017, p7; The Guardian, 27 September 2017, p6; FT Weekend, 20 September-1 October 2017, p19

China to rival global car brands for quality

A survey by JD Power suggests that Chinese domestic car brands will reach a quality that is likely to equal or even exceed that of international brands. In 2000, when JD Power first started its quality surveys, there was a huge gap between foreign and Chinese domestic brands. China is currently the world's largest car maker, producing 30% of passenger cars and commercial vehicles. Yet foreign brands produce around 60% of China's 24m passenger vehicles. Things are likely to change due to improvements in quality.

Financial Times, 29 September 2017, p20

Easyjet sets sights on electric planes

Easyjet aims to have some electric planes in the air within a decade. It has just reached an agreement with Wright Electric, a US company, to develop battery-powered planes. It also aims for all short-haul flights to be zero-emission within 20 years. Aircraft produce 2% of global emissions but electric plane development has been slow because of the amount of power needed for passenger jets.

The Times, 28 September 2017, p22

Buzz phrases

Sologamy

In Britain, Italy, Japan and some US states, women and a few men have decided that sologamy is the way forward. This means that they have decided to get married to themselves and to be true and faithful to themselves. The marriage industry has taken note of this trend for self-marriage and responded with various offerings: a travel agency in Japan offers to arrange self-marriage ceremonies; while in California, a business called I Married Me, offers a Self-Wedding In-A-Box kit.

The Times, 30 September 2017, p5

Written by CIM's Knowledge Services Team

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On the Move

Name	From	To	New title	Source
Isabel Coburn	Cornerstone	HarperCollins	Head of Sales	The Bookseller
Paddy Earnshaw	Doddle	House of Fraser	Chief Marketing Officer	campaignlive.co.uk
Laurie Field	Freelance	Oyuna	Acting Marketing Director	fashioninsight.co.uk
Annette King	Ogilvy	Publicis Groupe	Chief Executive of Publicis Groupe UK	campaignlive.co.uk
Patrick Tchernon	Warehouse Fashions	Burberry	UK Director of Communications & Marketing	fashioninsight.co.uk

Promotions

Name	Company	Previous title	New title	Source
John Long	Nielsen Sport	Head of Nielsen Sport, Middle East	MD, UK and Ireland	research-live.com
Thomas King	JD Power	VP, PIN OEM Operations, Digital Marketing Analytics and Auto Finance	Senior VP of Data and Analytics	research-live.com

Sources

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www.emarketer.com

www.fashionunited.com

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

The Grocer

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Gulf Marketing Review

Harvard Business Review**

Journal of Marketing**

www.lexology.com

Marketing Theory

www.marketingweek.com

Market Leader**

www.meetpie.com

www.mining.com

Mobile Europe

www.packagingnews.co.uk

PR Week

www.research-live.com

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

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www.utilityweek.co.uk

[Wired](http://Wired.com) (selected articles available)

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