



Cutting Edge

1 July 2009

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Advertising

Advertising – the outlook

A GroupM (parent to WPP media agencies) study, *This Year, Next Year*, forecasts that global advertising spend will drop by 5.5% in 2009. Ad expenditure in the US will fall by 4.3%, while ad spend growth in the UK, Canada, France, Germany, Italy and Japan is expected to fall behind that of Brazil, Russia, India and China. Brazil and Indonesia will be among the top growth contributors. Worldwide GroupM predicts a small recovery in 2010, with the overall decline slowing to 1.4%.

emarketer.com, 29 June 2009

Big four raise ad spend

The big four supermarkets spent £13m more on advertising in the first five months of the year than they did last year, according to consultancy Billetts. This represents an increase of 14% at a time when advertising prices have fallen. The explanation given by Billetts is that shoppers are becoming less loyal and are looking for bargains, so the supermarkets have upped the advertising to compensate.

The Grocer, 27 June 2009, p5

Jackson an ad icon

Prior to the later, more bizarre episodes in his life, Michael Jackson was one of the most desirable advertising icons of his generation. Michael Jackson stickers were helping to sell children's cereal before he was 12. By 1984 he was appearing in a TV ad to promote Pepsi. Michael Jackson and the then Pepsi ad agency, BBDO, worked together to rewrite the lyrics of *Billie Jean* and *Bad* in order to sell fizzy drinks. This led the way to big companies signing up celebrities as brand ambassadors.

Marketingmagazine.co.uk, 26 June 2009

Agencies

Agency billing

Thanks to the recession, digital technology and greater transparency all round, media agencies are being forced to change their remuneration systems. This article examines how agencies traditionally make their money – through commission, fees, bonuses, interest on money received from clients, unbilled media and group volume deals – and how this is changing. The bottom line is that their business models will have to change if they are not to end up like the record industry of the late 1990s, which saw the effect of digital downloads, but didn't act upon it. The top 15 UK media agencies are listed and their 2007 and 2008 billings are compared.

Media Week, 23 June 2009, pp22-24

Forrester targets MSPs

Forrester Research has carried out its first review of database marketing service providers (MSPs) in the UK, *The Forrester Wave*. The report hopes to plug the gap for global companies looking for local suppliers, UK companies wanting some authoritative information and US-based MSPs looking for acquisition targets. The results show that there is no clear leader in the field and that the market is very fragmented. There are three global leaders – Acxiom, Experian Integrated Marketing and Rapp – and a number of independents. Some information is presented graphically in the article.

Data Strategy, June 2009, p8

Brands and Branding

Consumers doing the work...

Some of the largest brands have invited consumers to help them come up with new product ideas, such as Reckitt Benckiser, Simple, Hush Puppy and Walkers, to name but a few. But are these initiatives simply 'headline-grabbing stunts'? It is a growing trend for

consumers to be involved in product design, but the danger is that the products won't sell. However if a big manufacturer can create the illusion of introducing a new product that is jointly owned by the consumer and the brand, then the communication gap between the two parties may narrow.

Marketing, 24 June 2009, p14

Bob Dylan campaign a hit

As the Co-op plans the next stage of its brand awareness campaign to promote its food, pharmacy, bank and travel businesses, it has revealed the results of its Bob Dylan '*Blowin' in the Wind*' TV ad. More than 80% of people said that the ad communicated the Co-op's support of community projects and good causes, while 71% believed that the ad conveyed the Co-op as being 'more than just a convenience store'. Director of marketing Patrick Allen said these figures were "staggeringly successful" for a brand campaign.

Marketing Week, 25 June 2009, p5

Place branding

There is agreement amongst marketing experts that places can be branded in the same way as consumer goods and services. However place brands will have some unique concepts which differentiate them from products and services. This research shows that local people are important for a 'destination brand-building' process. Consumers will use this factor to evaluate destinations and to aid their decisions about tourism. A great deal of a place's image is likely to rest upon the stereotyping of the 'typical' local people.

Journal of Brand Management, Vol 16 (7) pp420-438

The Jamie brand

This article discusses celebrity chef Jamie Oliver who has become a brand in his own right. But the problem with brands is that they attract criticism. To date Jamie has published books, produced TV series based on his food campaigns and opened restaurants. The *Jamie* magazine is about to double its print run and he has also launched a 'Tupperware-style' party plan and computer games business. But has he spread himself too thinly and is he beginning to resemble a lifestyle brand?

The Times, 29 June 2009, p44

Best-loved brand

Research, which celebrates the Marketing Society's 50th anniversary, has revealed that Cadbury is Britain's best-loved brand. It scored

the highest in the 'performance', 'image' and 'basics' categories compared with its nine competitors.

The Daily Telegraph, 26 June 2009, pB3

Originally British

The Top 50 Brands of British Origin, commissioned by the Marketing Society, is headed by HSBC, followed by Vodafone and Orange. Tesco and Shell are ranked fourth and fifth. Several of the brands included in the table were originally British, but are now foreign-owned, such as Reebok and, somewhat surprisingly, Marlboro. There are four telecoms brands in the table, which collectively account for 21% of the total value, whereas the nine banking brands account for 19%. The British are clearly good at inventing and building global brands, says Brand Finance CE David Haigh.

Marketing Week, 25 June 2009, p6, pp18-22

Building – of the brand

Sharon Henderson, MD of construction marketing agency Quest, says that a brand is "much more than a logo, it is how you are perceived in the marketplace". She cites Rok, which started life as a local contractor in the South-West and has since grown rapidly through brand building. Branding is about building equity which can deliver sufficient customer loyalty to support the brand even through a recession.

Construction News, 25 June 2009, p50

Luxury sector resilient in parts

Although the luxury sector appears to be suffering from the recession, and indeed is predicted to shrink by 10% this year, some parts of the sector are thriving. Handbag-maker Hermès, whose Birkin bag retails at £4,000 upwards - Victoria Beckham reportedly owns 100 of them - is selling well, as is upmarket shoe supplier Kurt Geiger and yacht-maker Oyster Marine. These are the "strong, strong brands", that succeed because they are reassuring for the consumer to buy; after all "a Louis Vuitton bag is forever", says Claudia D'Arpizio of Bain consultancy. On the other hand brands such as Dolce & Gabbana, Dior and Chanel are finding things much tougher.

The Guardian, 24 June 2009, p23

Customer Relations

The customer-managed approach

This paper outlines the results of research commissioned by SAP on customer relationship management (CRM), focusing on the financial

services industry. It asks how far companies are considering strategies that will allow customers to provide input about their requirements. The article uses terms from Web 2.0; this is the technology that allows independent users to determine how the web is used via social media etc. The research reveals that aggregators are leading the way in CRM 2.0 and Customer 2.0, followed by banks and some insurers. Some companies are making progress in 'real-time' customer management.

Database Marketing & Customer Management Strategy, Vol 16 (2), pp101-131

The BtoB customer experience

This paper states that customer experience is more important within a BtoB context. As a whole range of industry sectors consolidate, so customers represent higher value and become more sophisticated and demanding. Customers are using new business models, some of which require a high level of customer management, and customer experience is a key differentiator. This paper looks at the whole BtoB experience (B2BE) and how it differs from the BtoC experience. It also identifies key areas that enhance the B2BE, culminating in the 'bonded experience'.

Database Marketing & Customer Management Strategy, Vol 16 (2), pp132-158

Direct Marketing

Personalise your email

People are spending more time in front of their computer screens, and email marketing can have a greater reach than ever before. Many brands are using it for their direct marketing campaigns, but may not be getting the best from their customer relationships. They need to build a direct relationship with loyal and potential customers and emails need to be accompanied by good personalisation and behavioural targeting.

Marketing Week, 25 June 2009, p27, 29

Use of incentives

This article discusses the use of incentives in direct marketing. An incentive might be a useful tool for building a relationship between the brand and consumer, but they can be pricy. The key point is that an incentive should be brand-enhancing. For example Which? used to offer a prize draw as a response incentive but this was not relevant to the brand. Since 2007 the company has been offering free guides as an incentive, with the result that those taking up the offer often take out a subscription. Mike

Colling says: "look beyond the pen and prizes to find core brand truths".

Sales Promotion, June 2009, p20, 21

Internet

Ever-optimistic Phorm

Phorm, the controversial behavioural ad targeting company, made losses of \$49.8m last year compared with \$32.8m the previous year. However the company claims that it is making progress in markets such as South Korea and plans to focus on growth in international markets. The company has admitted that its technology has "taken longer to deploy in the UK than originally anticipated".

Campaign, 26 June 2009, p6

Media Week, 23 June 2009, p10

Saving time online

Tesco is to relaunch its grocery website in the autumn and is reportedly introducing some interesting new features. The site is expected to include a live web chat service so that customers can interact with online advisors. In addition there may be a recipe search capability, which will enable all the ingredients of a recipe to be placed in the online shopping basket at the same time, thus saving the shopper time.

Marketing, 24 June 2009, p10

Energy saving to boost website

The Energy Saving Trust, the not-for-profit organisation, is to change its online strategy as it tries to convince consumers that they can implement energy-saving measures cost-effectively. The site needs to become more attractive and useful to people who want to save energy cheaply, and aims to increase traffic from 1.5 to 1.7 million by next March. It will also integrate social networking feeds into the website.

Marketing Week, 25 June 2009, p8

Game for advertising

The UK Internet Advertising Bureau has created a Game Advertising Council to educate marketers and promote advertising in and around games. One of its first moves will be to establish in-game measurement standards, recently published by the IAB Game Council in the US, and to ensure their suitability for the UK marketplace. This should encourage advertisers to make use of games as an advertising medium.

New Media Age, 25 June 2009, p9

Law

Click fraud

Microsoft is suing a family of three Canadians for 'click fraud'. The family makes money out of web ads and is associated with certain advertisers. They click repeatedly on competitor advertisers' links in order to increase the amount the advertisers have to pay. Microsoft believes they have been clicking on ads on Microsoft websites for financial gain. The lawsuit could act as a deterrent to this practice that may account for more than 10% of all clicks on paid links.

Business Week, 29 June 2009, p9

Loyalty Programmes

Unicef targets the young

Children's charity Unicef has launched an online loyalty scheme to target younger people. Members of the scheme can collect points when buying products from online retailers such as JJB, Curry's and John Lewis and these can be exchanged for charitable gifts. So your 3,975 points can be used to buy 100 Polio vaccines or 5,450 points will buy blankets for seven babies.

New Media Age, 25 June 2009, p9

Magazines

Next an in-store magazine

Next is to launch an in-store magazine this year, as it aims to relate more directly to its customers. The title will be launched accompanied by digital activity and customer emails, which represents a similar strategy to that of the highly successful online retailer ASOS.

Marketing, 24 June 2009, p6

BBC cracks Brazil

BBC Magazines is extending the Lonely Planet brand by licensing it in Brazil. It has also signed a contract for *BBC Knowledge*, its science magazine, to be produced in Brazil

Media Week, 23 June 2009, p11

Market Research

Sky panel

Sky News has relaunched its Sky News Panel online research group, with enhanced features and a new feedback area for members. An online and TV recruitment campaign aims to attract new members. The panel is a platform for viewers to express their opinions, allowing Sky to use the input to contribute to reporting across the news channels. In June 2,878

panellists completed a survey relating to whether labour MPs should challenge Gordon Brown's leadership.

Marketing Week, 25 June 2009, p6

When less is more

Is too much choice necessarily a good thing? Persuasion researchers believe that it can backfire and damage business. A series of supermarket experiments were conducted in which shoppers were offered samples of jams. The more flavours were offered the smaller the percentage of consumers that made a purchase, while the fewer flavours the larger the percentage. Research shows that if people are presented with too many choices the problem of differentiating between them can lead to disengagement. Brands that have reduced their range have experienced increased sales.

Business Life, July 2009, p12

Marketing

BtoB demonstrating value

Business-to-business marketing budgets are under threat and some companies have stopped spending altogether, while others focus on cheaper alternatives such as database and direct marketing. A typical response in a recession is to move away from new customer acquisition in favour of strategies for retaining clients. Some companies have undertaken cost-cutting at the expense of client relationships. BtoB marketers play a key role in gaining insights into what customers want. This article provides 10 pointers as to how BtoB marketers can demonstrate their usefulness and derive the most effective value from their budgets.

Marketing, 24 June 2009, pp30-31

Curry's takes up comedy

Curry's is to adopt a more humorous approach to its marketing campaigns. It started sponsoring the *Simpsons* on Sky1 last weekend to coincide with the 20th series of the show. The ads focus on the retailer's customer service and show everyday problems associated with electrical goods in a more comical light. The main activity associated with Curry's repositioning will take place later in the summer.

Marketing, 24 June 2009, p3

Newspapers

MGN kicks off new venture...

Mirror Group Newspapers (MGN) is looking at a new batch of voluntary redundancies, following the announcement in May that ad revenues across Trinity Mirror's national newspapers had dropped by almost 17%. However, MGN is launching an online football enterprise, *Mirrorfootball.com* in August. Users can search through MGN's 100-year archive of footballing images and match reports. Opportunities should present themselves in terms of ads and sponsorship and the site may link up with football clubs.

Media Week, 23 June 2009, p8

...mirrored by British Library

The British Library is launching an online public archive of 19th century British newspapers, which will cover more than 2 million pages from 49 national and regional newspapers.

New Media Age, 25 June 2009, p13

Pink in the red

Pink Paper, the gay community's free national newspaper, is the latest to suffer from the downturn. It will abandon its print edition in favour of becoming an online only brand. The decision was made because of the advertising recession. Editor Tris Reid-Smith said that the paper probably hadn't diversified its advertising base sufficiently, even though the gay community is considered to be a prime target for advertisers.

The Financial Times, 25 June 2009, p4

Public Relations

Labour PR

A group of Labour 'bloggers' has set up a new digital PR consultancy called GameChanger. The new media director Alex Hilton, who was co-founder of the LabourHome website, says the agency will "co-ordinate mainstream media, new media and public affairs". The first two clients are the left-wing *Tribune* magazine and one of the UK's biggest trade unions, Usdaw.

PR Week, 26 June 2009, p1

Measuring effectiveness

An international survey of 520 PR professionals, the *Global Survey of Communications Measurement*, carried out by Benchmark, for the Association for the Measurement and Evaluation of Communication (AMEC) and the Institute for Public Relations, has found that increasing numbers of PR practitioners are measuring the

effectiveness of their communications programmes. The survey was presented at the 1st European Summit on Measurement, held in Berlin in June. The results suggest that there are two sets of opinion: the 'output measurers' and the 'outcome measurers'.

AMEC Press Release, 18 June 2009

PR Week, 26 June 2009, p12

Radio

Heart spices up

The Heart network is supporting the rebranding of its final nine local radio stations via a campaign fronted by former Spice Girl Emma Bunton. The strapline will be 'Give it some heart'. Bunton presents a Saturday afternoon show on Heart and a Friday drive-time show on London's Heart 106.2

Marketing, 24 June 2009, p6

Campaign, 26 June 2009, p5

Social Media

Social mis-use

Furniture retailer Habitat has been criticised for misusing *Twitter* by sending out marketing messages about its special offers using keywords such as 'Apple' and 'iPhone', which have no relevance to the topics under discussion, from its *Twitter* feed, Habitat UK. A Habitat spokesman described their use as a "mistake".

Campaign, 26 June 2009, p5

The role of social media recognised...

Six panellists from banking, technology and social media backgrounds met recently to discuss the future of social media in banking. They concluded that social media can help banks build trust and communities of customers, as well as support customer service. They believe *Twitter*, *Facebook* and the like are not designed for corporate use, but "there will be a bonus for banks that experiment early". Financial services are still in the educational phase with social media, unlike some other sectors.

Computer Weekly, 23-29 June 2009, p7

Bebo is game

Bebo has launched a trivia game-show application, Trivia Star. Social networkers can play games for free or use their phone or PayPal to play for money, if they are over 18. *Bebo* is hoping to make the games ad-funded to keep it free.

New Media Age, 25 June 2009, p13

New Media Effectiveness Awards

The majority of winners in The New Media Effectiveness Awards have used social media as a key part of their marketing strategies. Mobile flirting network Flirtomatic won the Grand Prix. Other social media successes were the 'Compare the Meerkat' campaign and Penguin Books. The conclusion is that social media is being successfully adapted by brands in most sectors.

New Media Age, 25 June 2009, pp1-2

Sponsorship

Anyone for tennis?

The tennis season is upon us and the Women's Tennis Association (WTA) is seeking to boost business prospects through a rebranding of the women's game. It aims to maximise the sport's appeal to both fans and sponsors. A 'fan friendly' website was launched in time for Wimbledon and the brand has been repositioned as 'the leading global sport for women'. The \$88m title sponsorship agreement between the WTA and Sony Ericsson is hailed as the largest financial deal in the history of women's sport, its 'Looking for a Hero' campaign having been launched in 75 countries and including 40 different players.

Marketing Week, 25 June 2009, p10

Television

Cowell takes on Green stance

Arcadia boss Sir Philip Green is launching an international entertainment company with Simon Cowell, focusing on TV production, talent management and merchandising. Green will take care of finance and strategy and Cowell will produce the shows.

Retail Week, 26 June 2009, p3

An ad-friendly TiVo?

TiVo, whose set-top boxes allowed viewers to record TV shows on a hard drive and then fast-forward through the ads, has been struggling

against bigger competitors and subscriber numbers have fallen. TiVo was previously unpopular amongst advertisers, but is now forming partnerships with them. For example it has developed a way of making pop-up ads appear on the screen when viewers pause a programme or fast-forward through the ad breaks. Viewers can click an on-screen button that will lead them to more information about the ad. In addition TiVo sells ratings and ad-skipping data to TV companies and advertisers.
Business Week, 29 June 2009, p49

Written by The Chartered Institute of Marketing's Research and Information Team

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On the Move

Name	From	To	New Title	Source
Richard Brett	The Samsonite Group	Shine Communications	Director of Planning & Strategy	PR Week
Kelly Brough	Allegran Online Dating	Lonely Planet	Global Online Director	New Media Age
Peter Elvin	Thespiritof	Young's Seafood	Marketing Controller	The Grocer
Tom Fern	Cohn & Wolfe	The Combined Heat & Power Association	Communications Manager	PR Week
Michael Holt	Radio Advertising Bureau	Discovery Networks UK	Director of Brand Solutions	Media Week
Margaret Jobling	Sara Lee	Cadbury	Marketing Director, Dairy Milk	Marketingmagazine.co.uk
Greg Nugent	Formerly Eurostar	London 2012	Interim Marketing Director	Marketing
Robert Sullivan	Hanover Communications	The Football Association	Head of Public Affairs	PR Week

Promotions

Name	Company	Previous Title	New Title	Source
Sarah Epstein	Unicef UK	Senior Media Officer	Head of Media	Third Sector
Tracey Marshall	Waitrose	Assistant Foodservice Advisor	Product Manager for Local & Regional Produce	The Grocer
Giles Pearman	Global Radio	Enterprises Director	Director of Marketing	Marketing

Sources

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The Financial Times
The Grocer
The Guardian
The Journal of Brand Management
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