



# Cutting Edge

25<sup>th</sup> March 2009

Welcome to CAM's weekly analysis of the most useful marcomms news.

Quick [links](#) to Sections.

## Advertising

### Traditional ad spend falls...

*The Quarterly Survey of Advertising Expenditure* by the World Advertising Research Center (WARC) has shown a fall in total UK advertising spend of 3.9% during 2008; newspapers were the sector to experience the largest fall, at 12%. TV fell by 4.9%, while cinema saw the lowest drop, of 0.9%. Radio declined by 8.5% and outdoor by 3.8% while direct mail saw a 6% drop in spend. The only sector to grow was internet, which rose by 17.3% last year. These figures are in line with the sharp fall in consumer spending during 2008.

**Marketing Week, 19 March 2009, p5**

### ...while online ad spend is on the rise

Justin Pearse says the rise in online ad spend is nothing to be smug about, since search advertising is due to plateau. Moreover brand advertising, which is still relatively new online, is unstable, as advertisers wait for a 'more measurable direct response'. This is why behavioural targeting and ad exchanges are at the forefront in the media at the moment. Return on investment is paramount but this might be at the expense of innovation. Nevertheless online advertising spend is predicted to overtake TV this year. For more analysis and figures *New Media Age* has a second article on the topic.

**New Media Age, 19 March 2009, p2, 8**

### Churchill dogged

Insurance company Churchill's latest TV ad to promote its motor insurance features – yes you guessed it – the Churchill dog. This time he is singing karaoke. Can't wait!

**Marketing, 18 March 2009, p5**

## Agencies

### Loewy

Loewy, the marcomms group, is to merge its PR businesses – BMA Communications, Custard, Lighthouse, Mantra and Rainier - into a single agency called Speed Communications. The new business will be divided between the consumer, tech, business and corporate sectors.

**PR Week, 20 March 2009, p2**

### JCDecaux

JCDecaux has created a new division, JCDecaux London, which will sell its outdoor portfolio across London, including digital billboards, phone boxes, 48- and 96-sheets and the 'iconic' sites at the entrance to Heathrow and Gatwick airports. JCDecaux's revenues rose by 2.9% in 2008 to Euros 2.2bn, although its worldwide operating margin fell by 1%.

**Media Week 17 March 2009, p7, 8**

## Brands and Branding

### Brand trust

Lord Gould, ex-New Labour pollster and now co-chair of Freud Communications, says that consumers have lost trust in some of the older public institutions; he believes that brands will become more important to people as part of the 'architecture of their lives'. Rather surprisingly supermarkets are increasingly at the top of people's lists of most trusted organisations and consumers will expect brands to help them through the recession.

**Marketing Week, 19 March 2009, p3**

### Relating to brands

This academic paper looks at the two types of relationships that consumers have with brands. The first is the direct consumer-brand relationship, where consumers can develop

emotions towards brands. The second is the link that a consumer has with other consumers in relation to that brand, which can include brand communities, brand tribes and brand sub-cultures.

**Marketing Theory, Vol 9 (1), pp127-129**

### **But which brand do you trust?**

Reader's Digest annual survey, the benchmark measure of brand trust, will reveal Lloyds TSB as Britain's most-trusted banking brand. However the survey is based on 2008 findings. More credible is Millward Brown's recent research revealing Nationwide as the brand with the highest associations of trust in the UK. Nationwide's latest print campaign is described as 'gloriously boring', but that is exactly what the company seeks to portray - 'solid, stable and reliable'.

**Marketing, 18 March 2009, p20**

### **Retail brands**

Retailers manage their stores as brands in addition to controlling the brands that appear on the shelves, thus co-ordinating the manufacturer's brand with the private label. This paper proposes that manufacturers' brands still play an important part in retailer profitability and the image of the store, and examines the value of manufacturers' brands within the marketing channel relationships.

**Marketing Theory, Vol 9 (1), pp137-140**

## **Children and Youth**

### **FSA caps it all**

The Food and Drink Federation (FDF) has attacked the Food Standards Agency (FSA) for refusing to change part of its nutrient profiling model that says which products can be advertised during children's TV programmes. Next week the FSA Board will recommend that a 'protein cap' is kept; this means that food containing high levels of fat, salt or sugar cannot be classed as 'healthier' just because they contain protein. If the cap were to be lifted some extra products, such as breakfast cereals and crisps, would be permitted to be advertised on television to children.

**Marketingmagazine.co.uk, 20 March 2009**

**[accessed 23 March 2009]**

## **Consumer Behaviour**

### **Money can buy happiness**

This article explores the hold that money has on people. Researchers have found that people with more money tend to be happier, but that

the impact on happiness has diminishing returns after one has enough money for food and shelter. Experiential purchases, such as trips to the theatre, evidently bring more happiness than material purchases, such as clothes. A good experience brings more pleasure!

**New Scientist, 21 March 2009, pp27-30**

## **Customer Relations**

### **Customer retention**

In this economic climate customer retention strategies for B2B brands are taking priority over acquisition strategies. Brands need to make themselves more attractive or 'sticky' so that it is more 'awkward' to defect. Richard Perry of Gyro International says that B2B brands should be looking at spending up to 50% of their marketing budget on the retention and growth of existing customers: "whatever your advertising budget is, put the same into your CRM". Over the last couple of years CRM has made a big comeback as customer retention programmes have been perceived as business rather than marketing initiatives.

**B2B Marketing, March 2009, pp34-36**

## **Direct Marketing**

### **Email effectiveness**

The third annual *Email Census* by Econsultancy and Adestra Marketers has revealed that marketers are more concerned that the effectiveness of their company's email marketing is hampered by a lack of strategy. This problem was mentioned by 44% of marketers compared with the 32% who cited it a year ago. Moreover 69% of email marketing agency respondents said this was a major barrier for their clients, compared with 53% last year. However the attraction of email marketing has improved since last year, with 78% of company respondents rating the channel's return on investment as 'excellent' or 'good'.

**Brandrepublic.com, 20 March 2009**

**[accessed 23 March 2009]**

## **Internet**

### **Behavioural advertising**

Google has launched its trials for 'interest-based advertising', which is behavioural targeted display advertising allowing advertisers to target people with ads on the websites they visit, by storing a cookie on the user's browser. The trial is based on the Google content website and YouTube. Google stresses that

people can opt-out or select the categories of ads they are interested in. Opinion has it that advertisers would probably only pay more for this service if they get higher returns.

**Marketing, 18 March 2009, p1**

**New Media Age, 19 March 2009, p9**

### **Big brand is watching you**

In a longer article *Campaign* draws comparisons between the rise of behavioural-targeted advertising and George Orwell's *1984* Thought Police. Early uses of this type of targeting have shown positive results and it is estimated that targeting is about three times as effective as untargeted ads. Some concern is raised regarding the immense wealth of data now in Google's possession and the fear that it could put prices up as a result.

**Campaign, 20 March 2009, p9**

### **Personalisation to retain users**

Online portals, such as Virgin Media, Yahoo and Sky are using personalisation tools to retain users to the site and boost ad revenues. Virgin, for example, is offering its 13 million monthly users the opportunity to tailor their home page to their interests, by adding, editing, dragging and dropping content sections. Yahoo is to launch its own personalised portal, while Sky has launched a service whereby users are reminded via email that TV shows or films they want to see have been added to the broadcast list.

**New Media Age, 19 March 2009, p4**

### **Online shifts to families**

According to Nielsen Online UK internet users are visiting more home and family websites. The top ten fastest growing categories include 'family resources', 'food and cooking' and 'family and lifestyle'. This suggests a shift in the online audience from the young geek early-adopter type to the more mainstream user. The fastest-growing category are 'coupons and rewards' as people looked for ways to improve their lifestyle and find good deals.

**New Media Age, 19 March 2009, p6**

### **Not enough advertising to go round**

This article reflects on the history of the dotcom boom and bust cycle. It concludes that we are now into a new era of free services such as those provided by *MySpace*, *YouTube*, *Facebook* and *Twitter*, all aimed at attracting huge audiences, and large amounts of advertising revenue. But the number of companies which can be supported by revenues from internet advertising is much

smaller than anticipated and internet companies are once more creating redundancies or shutting down. It is unlikely that advertising will provide enough income for all and ultimately every business needs revenues.

**The Economist, 21-27 March 2009, p18**

## **Law**

### **Internet returns policy**

The European Court of Justice (ECJ) has stressed that the EU Distance Selling Directive entitles online buyers to return used goods 'without charge or penalty' regardless of the length of time since purchase. It is now likely to be illegal for sellers to reclaim any costs from the customer, including charges for use of the product concerned, apart from the direct cost of returning the goods. In the UK, the consumer has a maximum of seven days in which to return the goods if all the necessary information has been provided by the seller; otherwise the buyer has three months and seven days. The new ruling could be tough for retailers, particularly SMEs.

**Customer-strategy.co.uk 20 March 2009**

**[accessed 23 March 2009]**

### **NHS database**

The NHS database, which would provide online records for up to 50 million patients at a cost of £7bn, will be available by 2010. However GPs have expressed concern about the confidentiality of patients' medical details. Dr Gillian Braunold, the clinical director responsible for the database, claims that focus groups have shown that the majority of patients are happy for their information to be made available to medical practitioners when needed. The database will be opt-out rather than opt-in and there will be an awareness campaign to enable people to decide.

**News.bbc.co.uk/today 20 March 2009**

### **Charities need TPS exemption**

The Government is looking at ways to help charities during the downturn and is considering requests from fundraising experts to make charities exempt from the Telephone Preference Service, the system via which the public can register to stop sales and marketing organisations making unsolicited calls. But did you know that the TPS doesn't apply to political parties?

**Third Sector, 17 March 2009, p9**

## Loyalty Programmes

### Customer loyalty a priority

Customer loyalty is to 'themselves, not their suppliers' says this article. DunHumby, responsible for Tesco's Clubcard loyalty scheme, reports 'significant' evidence of consumers trading down in relation to the brands they buy. This has kicked off a great deal of promotional activity amongst brands trying to retain customers or attract new ones. Organic chocolate brand Green & Black claims to have retained its most loyal customers, but works hard to maintain its organic credentials. This is the first real recession since loyalty cards were introduced; the message seems to be to react quickly to changing customer demands.

**Marketing Week, 19 March 2009, pp29-30**

### Loyalty schemes have FD buy-in

Research conducted in February by GI Insight has concluded that 80% of UK finance directors believe that companies with a customer loyalty scheme will emerge from the recession with a 'significant competitive advantage' compared with those who do not have one. In particular it is the large firms, of over 1,000 employees, who see loyalty schemes as critical to their success. Sectors most favourable to loyalty schemes are: hospitality & catering, travel & transport, banking & finance and retail. It seems that marketing is being viewed rather positively by the finance fraternity - see also under 'Economy' for other survey findings.

**Sales Promotion, March 2009, p8**

### Homebase courts loyalty

Homebase has ditched its 'Spend and Save' programme and is to become the first DIY chain to join the Nectar loyalty programme. Marketing and Strategy Director Ajay Kavan says Homebase is trying to find marketing channels that give the best returns. With Nectar the company will have scope for "significant direct marketing" since it will have access to 50% of UK households and a "source of customer insight".

**Retail Week, 20 March 2009, p 5**

## Magazines

### Abbey publishes mag

Abbey is publishing its first customer magazine for its Home Insurance brand, in an attempt to make the whole finance subject more light-hearted. The publication, entitled *Life & Stuff*, will include features on the value of your

wardrobe, and is intended to increase customer loyalty during this 'crisis of trust' among consumers.

**Marketing, 18 March 2009, p3**

### NatMags goes for download

The National Magazine Company (NatMag), publisher of *Cosmo*, *Men's Health*, *Good Housekeeping* and *Harper's Bazaar*, amongst others, has joined other magazine companies, in making its titles available for download. To raise awareness of this move, it is launching a promotion with *The Daily Telegraph* online, offering readers three free downloads from sixteen Natmag titles.

**Marketing, 18 March 2009, p6**

## Market Research

### No more data monkeys

This article discusses how market research is no longer for the 'data monkeys'. There is now a need for researchers to get out of their comfort zones and give informed opinion that will empower a business. Creative work should be based on strategic consumer insight as marketers need detailed justification for their budgets. Market researchers can provide an 'end-to-end' solution: looking at the key issues, providing the market context, compiling results and then making 'sense of the outcomes'.

**Marketing, 18 March 2009, p31-32, 34**

### Research gets technical

Market research is now using the latest technology to achieve its results, particularly in the mobile space. One example is that of Cobra Beer, which wanted to measure the effectiveness of its TV sponsorship of the channel, *Dave*. The study involved 300 respondents who used their phones to give their views. More innovative research methods include bioshopping: biometric fingertip technology used to assess buyer emotions and neuro-marketing: the use of sonic technology to scan brains and uncover factors behind the purchasing decisions.

**Marketing, 18 March 2009, p36**

## Marketing

### Marketers migrate to public sector

This article suggests that as the recession has led to fewer job opportunities, marketers are taking up roles in the public sector. It points out that salaries can be less than a third of that received in the private sector and there is stiff competition for a job in government, but at least

the communications budgets are secure – for now at any rate. The Conservatives have promised to cut Whitehall spend by 50%. In a separate article Lucy Barrett comments on top marketers who have ‘trickled’ into the public sector over the last few years.

**Marketing, 18 March 2009, p16, 25**

### **Water supports swimming**

Coca-Cola is running a campaign for the launch of its Schweppes Abbey Well mineral water. It aims to encourage people to start swimming as the 2012 Olympics approaches. The ‘Get Britain Swimming’ bottle caps can be used for a free swim at 350 pools around the country and the water brand will donate £1 to ‘related projects’.

**Marketing Week, 19 March 2009, p4**

### **Morrisons growth owed to marketing**

Michael Bates, marketing director at Morrisons, says that econometric analysis proves that more than 40% of the supermarket’s growth is directly due to marketing. Marketing has also ‘repositioned’ the business to the 10 million customers who use the stores every week.

**Media Week, 17 March 2009, p13**

### **The cost of COI campaigns**

The Conservatives have criticised the Government for its £1bn expenditure through the COI since 2005. The Department for Transport received £15.34m for advertising, army recruitment £13.7m and an anti-smoking campaign cost £11.7m.

**Campaign, 20 March 2009, p5**

### **Word-of-mouth helps growth**

TJ Morris, the Liverpool based discount retailer known as Home Bargains, is one of the fastest-growing retailers in the country despite having never advertised. Operations Director Joe Morris says it is all done by word-of-mouth, good products, low prices, “honesty and transparency”. It has acquired fourteen former Woolworths stores to which it will apply its format of ‘top brands at bottom prices’. This is evocative of the original Woolies ethos, and is also reflected in customer loyalty, which Morris hopes will spread across the country.

**The Financial Times, 18 March 2009, p14**

## **Newspapers**

### **Contentious issue**

Free London newspaper Metro has launched a campaign to encourage people to recycle their copies. The campaign depicts a copy of a Metro

left on a train seat with headlines such as ‘Horror – woman abandons Metro on train’. Waste created by free newspapers is a recognised problem. In October Metro and London Underground undertook a six-month trial, placing bins in six Tube stations.

**Marketing Week, 19 March 2009, p9**

### **NRS plans online measurement**

The National Readership Survey (NRS) is the auditing body which currently publishes newspaper and magazine readership figures for print editions. Now it has plans to provide online audience measurement and demographic user profile data, giving the online reach of newspapers and magazines. The new service is due to be up and running by next year.

**Media Week, 17 March 2009, p4**

## **Public Relations**

### **B2B PR in the City**

Danny Rogers comments on the performance of City PR firms. Since the new Millennium, City agencies have been doing well out of global M&A activity and an ‘over-inflated’ banking sector. But M&A levels have fallen and there is likely to be a further fall this year. Revenues from ‘recession PR’ have been lower than expected and some agencies are shedding staff. The problem is that being a PR advisor for big corporate deals is far more lucrative than the equivalent consumer work. If shares continue to recover, and financial news is looking more promising, then maybe big City PR will recover.

**PR Week, 20 March 2009, pp18-19**

## **Social Media**

### **Messy media**

Cadbury Creme Egg marketing campaigns have always stressed the ‘messy’ aspect of eating the egg. Now there are Creme Egg pages on *Facebook*, *Bebo* and *YouTube*, where users can upload videos and watch themselves eating their eggs. The drawings made by fans on Bebo will be awarded prizes and users can also vote for their favourite ads, the winner gaining a special slot on TV.

**Marketing, 18 March 2009, p10**

### **Twitter Twendz**

PR firm Waggener Edstrom has produced an application for *Twitter* called Twendz. It is thought to be the first of its kind, as it alerts

people to conversation topics and trends via a traffic-light coding system.

**PR Week, 20 March 2009, p9**

### **Bebo looks abroad**

*Bebo* has continued its international expansion by launching in France, Germany, the Netherlands, Italy and Spain. It is also adding entertainment content from brands such as AlloCine, Clipfish and Filmtrailer to its Open Media platform. A 'Share on Bebo' button will give publisher sites improved viral opportunities for media owners and publishers.

**Campaign, 20 March 2009, p5**

**New Media Age, 19 March 2009, p11**

## **Sponsorship**

### **BG sponsorship going swimmingly**

British Gas, a tier-one sponsor of the 2012 Olympics, has signed a deal to sponsor British Swimming to the tune of 'a record' £15m. This will be used at both grass-roots and elite athlete development levels.

**Marketing, 18 March 2009, p4**

### **A sweet monopoly for Cadbury**

Cadbury has extended its sponsorship of the 2012 Olympics to its Trident chewing-gum. This effectively gives it a monopoly on all confectionery sold at official Olympic outlets.

Cadbury can also use the London 2012 branding on products and has marketing rights to TeamGB and ParalympicsGB.

**Campaign, 20 March 2009, p5**

### **Skandia plays golf**

Skandia, the savings and investment company, is to become the exclusive sponsor of golf coverage on Sky Sport. Sky has golf scheduled during every week, with 3,000 hours of programming and live coverage of 34 events.

**Media Week 17 March 2009, p6**

## **Television**

### **Is the Blue Peter brand losing its appeal?**

*Blue Peter* is still considered to be the 'bread and butter' of children's TV and remains the target for anyone wanting to reach an audience of six to twelve year-olds. However its viewing slot was moved last year to make way for *The Weakest Link* and this has resulted in falling viewer figures, from 335,000 to 100,000. The BBC is confident of the resilience of the Blue Peter brand. But have audiences simply gone elsewhere?

**PR Week, 20 March 2009, p12**

## On the Move

<b>Name</b>	<b>From</b>	<b>To</b>	<b>New Title</b>	<b>Source</b>
Richard Ayers	Magic Lantern	Trinity Mirror	Web Publishing Director	New Media Age
Rosie Bardales	Mother	Bartle Bogle Hegarty	Creative Director	Campaign
James Clark	BearingPoint	Oxfordshire County Council	Director of Comms, Marketing & Public Affairs	PR Week
Joe Clift	Visa Europe	Lloyds Banking Group	Head of Brand & Customer Marketing for Specialist Brands	Marketing
Nancy Cruickshank	National Magazine Company	Telegraph Media Group	Executive Director of Digital Development	Marketing
Jeremy Dale	Motorola	Microsoft	EMEA Regional VP of Retail Sales & Marketing for Entertainment & Devices	New Media Age
Tim Lefroy	Radical Communications	The Advertising Association	Chief Executive	Marketing Week
Mike Moore	Telegraph Media Group	Phorm	Global Commercial Director	Media Week
Katie Vanneck	The Times & The Sunday Times	News International	Managing Director, Custom Direct	Marketing

## Promotions

<b>Name</b>	<b>Company</b>	<b>Previous Title</b>	<b>New Title</b>	<b>Source</b>
Alison Ashworth	Euro RSCG	Senior Planner	Head of Planning	Campaign
Matt Brittin	Google	Head of UK Direct Sales	Director of UK Operations	Campaign
Jean-Christophe Gray	The Treasury	Head of EU finances team	Head of Press & Chancellor's principal spokesperson	PR Week
Catherine Kehoe	Lloyds Banking Group	Brand Communications Director	Head of Brand and Customer Marketing, Lloyds TSB	Marketing

## Sources

To receive full copies of many of the articles mentioned, please contact the Information and Library team:

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B2B Marketing

Brandrepublic.com

Campaign

Customer Strategy e-newsletter (visit [customer-strategy.co.uk](http://customer-strategy.co.uk))

The Economist \*\*

The Financial Times

Marketing\*\*

Marketing Theory

[Marketingmagazine.co.uk](http://Marketingmagazine.co.uk)

Marketing Week \*\*

Media Week

[News.bbc.co.uk](http://News.bbc.co.uk)

New Media Age\*\*

New Scientist

PR Week

Retail Week

Sales Promotion

Third Sector

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## Contents

To fast forward click on the following links:

[Advertising](#)

[Agencies](#)

[Brands and Branding](#)

[Children and Youth](#)

[Cinema](#)

[Conferences and Events](#)

[Consumer Behaviour](#)

[Customer Relations](#)

[Direct Marketing](#)

[Internet](#)

[Law](#)

[Loyalty Programmes](#)

[Magazines](#)

[Market Research](#)

[Marketing](#)

[Newspapers](#)

[Public Relations](#)

[Social Media](#)

[Sponsorship](#)

[Television](#)

[On the Move](#)

[Sources](#)

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