
Cutting Edge: Our weekly analysis of marketing news

10 July 2019

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

Quick links to sections

Marketing trends and issues

Advertising

Ad spending patterns

In most sectors, marketers don't advertise all the time but instead switch their advertising on and off, a practice known as "pulsing". This paper looks at two aspects of advertising patterns: incidence and magnitude. The research, which was conducted among CPG brands in 71 product categories, indicated that: pulsing advertising is the dominant form of ad scheduling; that TV and print ads shape the overall patterns; that the incidence and magnitude of advertising relates to competitors' actions; and that investing in "top-of-mind" awareness helps brands to compete against rivals and enhances sales.

International Journal of Research in Marketing, Vol 36(2) June 2019, pp232-250 (Gijssenberg And Nijs)

Agencies

Agencies should go narrow

There is a growing trend for brands to move advertising and marketing functions in-house. As brands change to "experience-led" thinking, they are bringing in creative experts of their own. Agencies can respond either by expanding their offering or continuing as they are, but both risk damage to reputations and relationships. Another option is to "go narrow": Identify in what area the agency excels and ensure that it is best in class in that area. Brands are looking for genuine expertise rather than a "one stop shop mentality" and don't trust agencies that claim to be able to do everything. Agencies should therefore adapt to the new landscape and "narrow" should become the "new normal". Here is some advice on how to adopt this new model.

marketingland.com, 1 July 2019 (Carter)



Chartered CPD Programme

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www.cim.co.uk/membership/cpd/

Brands and branding

The price is the brand

The author recounts how an entrepreneur who had an electronics product with a premium niche could charge nearly 400 times more than his competitors could for their products. However, when the entrepreneur wanted to launch a line of lower-priced products, he was at risk of devaluing the brand. Imagine Nike, for example, charging just \$19 for a pair of trainers rather than \$200. In a situation where you have a unique product that people aspire to, "lowering your price for any reason is a failure". Conversely, if Walmart were to start selling a Rolex watch, it would be incongruent for both brands. The advice is that brands should "stay in their lanes" but don't disregard the four Ps of marketing (price, product, placement and promotion) because these define and support the brand.

businessgrow.com, 1 July 2019 (Schaefer)

Children

Children exposed to gambling ads

New research claims that gambling companies are being irresponsible by not doing enough to stop children seeing gambling ads online. The study by Ipsos MORI reveals that 41,000 children under 16 follow gambling-related accounts. The researchers said there was no evidence that the companies had taken significant action to screen out children and gambling addicts. The study follows the revelation that that there has been a rise in child problem gamblers. Gambling companies increased their adspend by 24% from 2015 to 2018.

The Guardian, 9 July 2019, p5

Conferences and events

Using speakers for marketing

Speakers are used in a wide range of events; as well

as introducing the audience to ideas and demonstrations, they can also be useful in the marketing of the event. They provide a way of delivering content to people, increasing revenue and promoting a message. This brief article looks at the role of live video, emails and social media in enabling speakers to spread their messages.

eventindustrynews.co.uk, 9 July 2019 (Hookings)

Consumer behaviour

Attracting the green consumer

Most consumers have positive attitudes towards environmentally-friendly products and services but they often seem reluctant to pay for them. Recent research suggests that some categories of products with sustainability claims show twice the growth of comparable, non-sustainable offerings. The authors, who have been studying sustainable consumption, have devised five approaches that companies can employ: use social influence; shape good habits; use the domino effect; decide whether to talk to the heart or the brain; and prioritise experiences over ownership. They conclude that people like to conform to the behaviour of others, and this will influence whether they decide to consume sustainable goods. On a positive note, sustainable choices often lead to additional positive behaviour.

[Harvard Business Review](https://hbr.org), Vol 97(4) July-August 2019, pp124-133 (White et al)

Customer relations

Customer engagement monitoring

It has become increasingly possible for customer engagement behaviours (CEBs) using marketing content or contacts, such as white papers or events, to be recorded for individual customers. Here the authors develop a five-step process for monitoring CEBs. It involves understanding which CEBs relate to relevant outcomes and knowing which engagement levels are "aberrant". The study is based on four years of data from 784 key accounts of a professional service provider that uses content and contact marketing. Process control can enable marketers to be more agile in an environment where they are moving away from a yearly marketing plan towards operating in a digital, real-time situation.

[Journal of Marketing Analytics](https://jma.sagepub.com), Vol 7(2) June 2019, pp54-63 (Malthouse et al)

Emotional loyalty is the long-term sort

According to Gartner's third annual *L2 Intelligence Report*, 78% of loyalty programmes offer experiential rewards, up from 61% last year. Benefits might include birthday perks, access to early product sales or invitations to events. These are the type of things that earn emotional loyalty which is the long-lasting type of loyalty, according to Gartner. It analysed 187 loyalty programmes across six sectors. This article focuses on the retail sector.

marketingdive.com, 1 July 2019 (Rowan)

Law

Cannabis – the UK regulatory environment

It is estimated that the global cannabis market was worth \$12 billion last year with some predicting that it could rise to \$166 billion by 2025. This is because some countries have liberalised their cannabis laws. In November the UK joined the list of countries that has legalised medicinal cannabis. This has generated interest and investment from other consumer products sectors including tobacco and food. This article looks at the regulatory regime in the UK and the opportunities and risk for UK investors who are looking to invest overseas.

lexology.com, 25 June 2019 (Townsend et al)

Trade marks – a moving landscape

Companies have been allowed to trade mark 2D logos, words, colours and even smells. This year the UK's Intellectual Property Office has started to accept moving multimedia designs, holograms and sounds as trademarks and companies have started to lodge so-called "motion marks". Toshiba, the Japanese multinational, was the first to register a moving logo while Google was the first to register a hologram (the letter "G"). Chief executive of the IPO Tim Moss says that "Trademarks are likely to become increasingly innovative" as businesses find ways of "reflecting their distinctive brand personalities".

telegraph.co.uk, 29 June 2019

Updated guidance on cookies

On 3 July the Information Commissioner's Office (ICO) updated its guidance on the use of *Cookies and similar technologies*. Some companies have struggled to strike a balance between regulator expectations and getting their own operations to function effectively. This new guidance may help them to fulfil their obligations. This article summarises some key points from the guidance. They include the fact that first- and third-party advertising cookies are not "strictly necessary" and fall outside the cookie consent rules.

[lexology.com](https://ico.org.uk), 3 July 2019 (McMullan);
<https://ico.org.uk/for-organisations/guide-to-peccr/cookies-and-similar-technologies/>

Is GDPR harming business and innovation?

The author, a senior analyst for the Centre for Data Innovation, claims that GDPR is having a harmful effect on business, consumers and innovation. While the EU would like to make GDPR a global standard for privacy and data use, it is hard for businesses that use personal data in artificial intelligence to explain their decision-making, resulting in some avoiding AI altogether. A recent survey by Bitkom, a German trade association, found that 74% of respondents regarded data protection as the main barrier to developing new technologies. Surveys also suggest that consumer confidence is no higher as a

result of GDPR. EU policy makers should perhaps make “targeted” reforms to GDPR while ensuring that national authorities can offer better guidance and resources.

Financial Times, 1 July 2019, p21 (Chivot)

Marketing

B2B skills in the era of automation

The use of marketing automation is on the rise but is this changing the nature of B2B marketing. Will marketers be mainly technologists and data scientists in the future? These days marketers need to be more data literate instead of focusing solely on creativity, but it is hard for them to master every skill. As marketing leaders look at recruiting the right mix of skills, professional marketers must “audit their own skills gap”, according to Gemma Butler, marketing director at CIM. She advises that “skills must be continually updated and companies need to adopt a culture of learning to foster this”.

The Times (Raconteur: Future of B2B Marketing), 8 July 2019, p15

AI in marketing

Marketers have already begun to recognise the value of AI, which has enabled them to expand their abilities, especially when it comes to communicating with customers. AI has been used in areas such as machine learning algorithms, predictive analytics and speech recognition. The author offers six uses of AI in marketing, citing successful companies such as Lyft, Amazon and Samsung who have all taken creative approaches to AI.

dmnews.com, 3 July 2019 (Matthews)

Success with personalisation – three shifts

In another paper on personalisation (see also Cutting Edge 12 June), McKinsey says that personalisation at scale is not far in the future, although a recent survey has found that only 15% of CMOs consider their company to be on the right road to personalisation. Personalisation leaders have found ways to boost revenues by 5% to 15% and to improve marketing-spend efficiency by 10% to 30%. To position a business to win, an understanding of the three major shifts in personalisation is required alongside the skills and capabilities to respond to them. The three shifts are: the digitisation of physical spaces; the scaling of empathy; and brands using ecosystems to personalise the journey from end to end.

mckinsey.com, June 2019 (Boudet et al)

Market research

Respondents don't read survey questions

Eye tracking of respondents while they complete a survey has revealed that: they do not read instructions, survey questions or answer options carefully enough; their attention declines during the course of the survey; and their self-reporting of the

survey does not coincide with their actual survey completion behaviour. It is estimated that up to 15% of survey data could be adversely affected by the inattention of the respondent. The authors offer practical recommendations for improving the pre-testing of surveys and for reducing the incidence of respondents ignoring instructions, etc.

International Journal of Market Research, Vol 61(4) July 2019, pp366-379 (Brosnan)

Public relations

Tackling misconduct

All large organisations face misconduct at some point but much of it isn't internally reported. Such lapses can be bad for the reputation of the company as well as having regulatory and legal implications. To avoid being taken by surprise, leaders should set up early warning systems. One approach is to ask employees to complete a three-question survey asking them whether they've observed inappropriate behaviour; whether they have reported it; and if not, why not. This should help companies identify areas in which ethical problems are likely to arise; identify causes of misbehaviour; and put together strategies to head off trouble.

Harvard Business Review, Vol 97(4) July-August 2019, pp51-54 (Soltes)

Sponsorship

Sponsor asset selection

Brand awareness, often the main objective for companies using sponsorship, is frequently used as a metric for sponsorship effectiveness. Sport sponsorship has shifted to include assets and intangible rights as well as on-site activation. Yet little is known about whether this mix of assets and rights, along with investment in activation, affects sponsors' ability to generate greater sponsorship effectiveness in the form of brand awareness. The results of this study suggest that the choice of videoboard and LED in-stadium advertising, together with on-site activation, leads to greater brand awareness for sponsors. In addition, category exclusivity and official status designation seem to be significant predictors of brand recognition. Exclusivity also doubles the likelihood that a sponsor will be recognised by consumers.

Sport Marketing Quarterly, Vol 28(2) June 2019, pp91-101 (Dees et al)

Wimbledon – watch this space

Most leading players at Wimbledon have sponsorship deals with watchmakers who want to see their products on the wrists of the winners as they hold the trophy. Rafael Nadal wears the priciest timepiece at £712,000 for a Richard Mille RM 27-03. Novak Djokovic has a more modest offering at £1,495 for a Seiko Astron GPS Solar Dual Time. Nadal is one of the few who wears a watch while playing. The others tend to put them on at the end

of the match. Daniel Macaulay of sport consultancy Brandwave, says that watch brands aim to appeal to Gen Z which is generally sceptical of brand claims. By putting watches on sport stars, they have something tangible to look at. Roger Federer reportedly receives £5m a year to wear Rolex!

The Times, 6 July 2019, p9

Agriculture, fishing and forestry

British beef hits three-year low

British beef markets have reached a "three-year low", according to the NFU. It wants processors, retailers and Defra to work with farmers to find a solution. This would include better presentation of meat in stores with packaging and labelling that can compete with "funky-looking" meat alternatives, says John Royle, NFU chief livestock advisor.

The Grocer, 6 July 2019, p42

Fish food – insect farming

Persuading people to eat insects on any scale may require some marketing. Currently various entrepreneurs are breeding insects as food for animals, especially fish. This means they are once removed from people's dining tables rather than being served up directly. Two of the most promising areas are flour beetles and black soldier flies, particularly the larval stages. Ynsect and AgriProtein are among the companies breeding such insects but the amount they produce is negligible compared with the total fish food market. This leaves plenty of room for growth.

The Economist, 6 July 2019, pp71-72

Building industry

Construction output – worst fall since 2009

The construction sector has seen its sharpest fall in output since April 2009, according to the latest IHS Markit/CIPS PMI index. Construction achieved a score of just 43.1, which is well below the 50 mark that separates contraction from expansion. May's figure was 48.6. All areas of the industry suffered, but commercial work, the worst affected, declined for a sixth consecutive month. IHS Markit attributes the trend to delays to new projects due to political and economic uncertainty which is causing firms to hold back on major spending.

Construction News, 5 July 2019, pp2-3

Skanska/Ikea homes to be built in Worthing?

Construction News has previously reported that Skanska UK, in a joint venture with Ikea, is planning to bring its BoKlok homes to the UK. Worthing Borough Council is in talks with Skanska about becoming one of the first to use the company's modular homes. The Council has identified a site where the company could build its homes, which

would "significantly increase the number of affordable homes and low-cost units".

Construction News, 5 July 2019, p14

Businesses and strategy

Remote working

Companies are increasingly abandoning offices in favour of remote working. Automatic is a large multi-national company where all 930 employees work remotely. The company has no fixed office premises at all. It has staff in 70 countries and uses the money it doesn't spend on offices to pay for staff meet-ups during the year. It is just one of many businesses that benefit from faster internet connections, messaging, video apps and collaborative software. Businesses can hire staff to work from home or in shared working spaces. According to the ONS, over 1.54m people work from home, up from 884,000 ten years ago. The trend is cost-effective, especially for start-ups but there is the danger of feeling isolated, an effect that is felt less when all workers are based remotely.

bbc.co.uk/news, 5 July 2019

Sole traders – a low success rate

One out of five businesses that set up as sole traders fail within a year and six in ten by their fifth year, according to the Institute of Fiscal Studies (IFS). There has been a trend for self-employment in Britain, but many struggle and median sole trader profits are 7% below pre-recession levels. Helen Miller, deputy director of the IFS, suggests that the Government might need to rethink its policy of encouraging start-ups. The IFS found that a high proportion of sole traders worked in construction; that many partnerships were represented in agriculture and a high proportion of owner-managers worked in business services.

The Times, 9 July 2019, p36

Relationships and experiences

The term "human experience" is prevalent in business sectors such as advertising, marketing and consulting. Yet, confining the three sets of stakeholders (customers, workers and partners) to silos simply for marketing, engagement and measurement purposes, is no longer an option and the boundaries are blurring. Customers in B2B and B2C, with their greater power, are the inspiration for new product ideas and innovation. They have become both collaborators and buyers. This article looks at putting in place a holistic human measurement strategy as a starting point for creating a good human experience.

deloitte.com, 20 June 2019 (Mazor et al)

China's relationship with the rest of the world

China and the world: Inside the dynamics of a changing relationship is a new report by McKinsey

which highlights how the relationship between China and the rest of the world is changing. The report examines the state of China's integration with the world on eight dimensions and concludes that China may have achieved scale, but this has not always been translated into global integration. The research offers evidence of a shift in the mutual exposure of China to the rest of the world, and vice versa, and estimates the value that could be at stake from having more or less engagement. It also looks at how businesses could respond to this new era of uncertainty.

mckinsey.com, July 2019

Writing a business plan

How to Write a Business Plan by Brian Finch aims to be a one-stop guide to producing "professional and convincing" business plans. This new, sixth edition includes advice on digital developments including crowdfunding, online retailing and digital marketing. To purchase your copy of the book go to: <https://www.johnsmith.co.uk/cim-shop/product/9780749486433/how-to-write-a-business-plan-win-backing-and>

koganpage.com, 3 July 2019

Charities and NGOs

National Trust to stop fossil fuel investment

The National Trust is to cease all investments in fossil fuel companies which currently make up 4% of its portfolio. The initiative, which will take place over the next three years, forms part of the Trust's plans to reduce its carbon footprint. Instead it will look for investments in green start-up businesses. Peter Vermeulen, CFO, says that some fossil fuel companies "have made insufficient progress" in investing in green alternatives, hence the decision.

charityupdate.co.uk, 4 July 2019 (Rudgewick)

Human rights in the supply chain

For the second consecutive year Oxfam has ranked the six major supermarkets according to their human rights in the supply chain. It gives them scores for transparency, worker conditions, treatment of small farmers and discrimination against women. The top three places (Tesco, Sainsbury's and Asda) remain unchanged but they have all shown improvement. Meanwhile, Aldi has risen to fourth place while Lidl has fallen to sixth. Aldi became the subject of an Oxfam campaign last year and has since committed to the UN Guiding Principles on Human Rights.

The Grocer, 6 July 2019, p4

Economy

Economy shrinks in Q2

The UK economy contracted during the second quarter of 2019 for the first time since 2012.

Growth in the services sector stagnated while manufacturing and construction went into reverse. The IHS PMI fell to 50.2 in June, just above the 50 mark which denotes no growth. The last time that GDP fell for two or more consecutive quarters (a sign of recession) was in 2008-2009, during the financial downturn.

marketingweek.com, 4 July 2019

British manufacturing activity down

British manufacturing activity fell at its fastest rate in June since the eurozone crisis of 2011-2013. Most areas of the industry are in trouble, including cars, pharma, capital goods, chemicals and plastics. The only growth has been in the consumer goods industry where there is modest improvement thanks to high employment and rising wages which have increased consumer spending power, according to IHS Markit. Overall, British manufacturing has joined a global manufacturing recession (most of the major economies have the same problem), according to Christian Schultz, an economist at Citi. Investment in new equipment will be important for the future and this should open up new avenues of employment, productivity and economic growth but companies will have to be prepared invest...

The Daily Telegraph (Business), 3 July 2019, p8

UK Productivity

The latest UK productivity data from Q1 2019 reinforces the so-called "productivity puzzle", with labour productivity declining by 0.2% in Q1 compared with the same quarter last year. Services labour productivity growth was 0.2% year-on-year, while manufacturing recorded a decline of 0.9%. The full data are available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/bulletins/labourproductivity/januarytomarch2019>

ons.gov.uk, 5 July 2019

New free trade bloc for Africa

The African Continental Free Trade Area is the world's largest free trade area. It has been created following an agreement between 54 African states with combined economies of \$2.5 trillion. Supporters say that the bloc will create larger, more competitive markets for goods and services which will help to speed up Africa's industrialisation. Currently the continent's GDP is only about the same as the UK's.

The Times, 8 July 2019, p30

Education

Lecture recordings – beneficial or not?

A study by the University of Leeds has found that recording lectures, so that students can watch them later, encourages them not to attend lectures. The study, based on data from a large, campus-based university, shows that students make extensive use of lecture recordings, finding them useful for note-

taking, in-depth understanding and preparation of assessments. Lecturers, however, are concerned about the value of lecture recordings, including its impact on their teaching style, as well as student learning and attendance. The study reveals that 80% of students attended recorded lectures but that there was significantly higher attendance for lectures that weren't recorded. This issue will no doubt be debated as universities move towards "blended" learning.

The Times, 5 July 2019, p18; Computers & Education, Vol 140 October 2019, pp1-23 (Morris et al)

Environment

Matching aspirations with behaviour

We have seen a rise in the amount of campaigning on climate change yet there is a "mismatch between hopes and reality" when controlling energy demand, according to Spencer Dale, group chief economist at BP. Last year global energy consumption rose at its fastest rate since 2010 and much of this demand was met by fossil fuels, especially gas. Therefore, despite societal awareness of climate change, countries are struggling to meet their targets. Some countries, such as the UK, have set ambitious climate change goals yet it is still going ahead with plans to expand Heathrow Airport. Norway has shown how positive incentives can help people to change the way they behave. It already has the largest share of electric vehicles as a proportion of new car sales (46%).

Financial Times (Special Report: Rethinking Energy), 8 July 2019, p3

Green opportunities in Africa

The World Economic Forum recently published a series of briefs as part of its "Shaping the Future of Environment and Natural Resource Security System Initiative". These documents touch on the role of the fourth industrial revolution in supporting the UN's Sustainable Development Agenda. There are good reasons for combining the fourth industrial revolution with new green technologies and infrastructures to help tackle some of the challenges in the developing world. This article looks at how Africa can use green technologies to help boost growth and jobs in African cities. Some African countries, such as Rwanda and Ethiopia, are already positioning themselves to take advantage of green opportunities.

International Trade Forum, Issue 1 2019, pp20-21 (Peter)

Toilet paper uses less recycled paper

New research by *Ethical Consumer* magazine has found that toilet paper brands are using less recycled paper than they were back in 2011 and only five out of the major supermarkets are offering an own-brand recycled paper. The use of virgin paper has led to the worsening of deforestation. The report identifies Kimberly-Clark as one of the

biggest suppliers of toilet tissue but the proportion of recycled wood pulp it uses has fallen over the years. It recommends brands such as Ecoleaf, Traidcraft and Who Gives A Crap. It also claims that the average British consumer uses 127 rolls a year!

The Guardian, 6 July 2019, p25

Fashion

Denim goes green

London-based "craft jeans maker" Blackhorse Lane Ateliers is fully embracing transparency in the industry by having an open-door policy. Anyone can wander into its factory to demonstrate that it is clean, the employers are happy and the jeans worth keeping. There is even a pop-up restaurant at weekends so visitors can get something to eat. The denim is sourced from areas that founder, Han Ates, has visited personally. The procedure used in making denim can take its toll on the environment in terms of waste, water and energy. The question is whether consumers will be prepared to pay the higher price attached to ethically-made products. Blackhorse Lane Ateliers most expensive jeans are £260.

bbc.co.uk/news, 4 July 2019

Financial services

FCA clamps down on bitcoin speculation

The Financial Conduct Authority (FCA) is planning to prohibit the sale, marketing and distribution to retail consumers of financial instruments that allow them to speculate on bitcoin and other digital currencies. This could help consumers to avoid losses of from £75m to £234.3m a year, it is estimated. The FCA says that cryptocurrencies have "no reliable basis for valuation".

The Times, 4 July 2019, p38

First Direct – a study in awareness

First Direct was the first virtual bank in Britain. The project was initially so secretive that not even the newly-hired marketing director, Jan Smith, knew what she had signed up to. First Direct's target audience was young, tech-savvy people so it was in no danger of taking customers away from its then parent company, Midland Bank. This article describes how the new brand was developed and how the campaign was so successful that within eight weeks of launching, First Direct had the highest awareness of any UK bank.

marketingweek.com, 4 July 2019 (Tesseras)

Mobile wallet enables in-vehicle ordering

Fiat Chrysler's new mobile wallet will enable Chrysler, Dodge, Jeep and Ram owners in the US to pay for a range of services from their vehicles. The vehicles, which must be equipped with connected services and touchscreens, allow owners to use the

Uconnect Market Commerce Platform to order and pay for food and drink, reserve a table or locate pump-and-pay fuel locations. Launch partners include Shell, Dominos, ParkWhiz and Yelp Reservations.

nfcworld.com, 27 June 2019 (Clark)

Challengers find it hard to turn a profit

Monzo and other challenger banks, such as Revolut and N26, are still not making a profit yet are more highly valued than other challenger banks that launched in the UK in 2008. The challenge for them is to turn their popularity into a sustainable business. Many earlier challengers, such as Metro, had business models that were not so very different from the old high street banks. Digital banks have differentiated themselves through an absence of branches and they also look for different ways of generating revenues such as offering premium services. Some challengers are also getting better at convincing customers to regard them as their main bank.

Financial Times, 8 July 2019, p11

FMCG

Keeping the product portfolio up to date

Consumer behaviour is changing so rapidly that brands are finding it hard to keep up. Some FMCG companies are beginning to re-examine their product portfolios leading to changes in the sector. For example, in April Kellogg's sold its biscuit business to Ferrero so that it could focus on snacks and cereals. April also saw the sale of Danone's organic salad brand, Earthbound Farm, to Taylor Farms of the US so that it could refocus its product portfolio. Some divestments have not gone well as in the case of Kraft Heinz's sale of Maxwell House coffee brand. Kraft Heinz is in the process of selling off brands that consumers don't want to pay a premium for. Other brands mentioned in this article are: Avon Care, Constellation Brands, Diageo, Pernod Ricard, Hovis and Birds Eye.

Marketing Week, June 2019, pp32-35 (Rogers)

Cosmetics and toiletries

Male skincare and grooming

Sales of male skincare in grocers have been slowing according to data from Kantar: in the 52 weeks to 24 February 6.3m fewer packs were sold while value sales were down by £5.3m. This follows booming sales in 2018 but the trend is also indicative of a downward trend in male grooming in general. The lower sales in grocers reflects the trend for shoppers to buy online or in specialist outlets. A separate article reports on the rising cost of male grooming and how male personal care brands are fighting to establish their green credentials to meet shopper demands for sustainability.

The Grocer, 6 July 2019, pp6,45-49

Food

Pea in demand for plant-based food

The popularity of plant-based ingredients has focused attention on the pea. Companies who produce plant-based food are using protein from the yellow pea as a base for various foods and pea protein volumes have nearly doubled since 2015 to 275,000 tonnes. Consumer demand for proteins that are "clean label" (non-GM), has also boosted demand for the yellow pea and some companies are building up stockpiles. New processing plants for pea protein are planned. Meanwhile, the pea is expected to remain "the protein of choice" over the next decade, according to Pascal Leroy, VP of pea and new protein operations at Roquette.

Financial Times, 4 July 2019, p25

Sainsbury's promotes incubators brands

Sainsbury's has just launched Taste of the Future as part of its Future Brands programme. The idea is to give shoppers access to new, small brands and to identify disruptor brands. The Taste of the Future incubator bays have been launched in 69 Sainsbury's stores. It is one way in which Sainsbury's hopes to achieve stand-out among its competitors. This article examines the initiative.

The Grocer, 6 July 2019, p14

Tobacco

Smoking at lowest ever level

The number of smokers in England has fallen to its lowest level ever. There are now 5.9m smokers, down by 1.8m compared with 2011, according to Public Health England (PHE) and the ONS. Duncan Selbie, chief exec of PHE, says that "a smoke-free generation [is] now in sight". However, although smoking rates are down, the use of e-cigarettes is rising: 6.3% of adults say they use them compared with 3.7% in 2014.

The Times, 3 July 2019, p4

Smoking trends

Last year 14.7% of UK adults (18 and above) smoked cigarettes, a decline of 5% compared with 2011. More men than women smoked (16.5% vs 13%); the greatest proportion of smokers was in Scotland (16.3%); and the 25 to 34 age group had the greatest proportion of smokers (19.2%). Some 58.4% of those aged 16 and above said they wanted to quit while 6.3% said they used ecigarettes. These are just some of the statistics available in the latest ONS release. The ONS has also produced an interactive map showing adult smoking habits in the UK in 2017.

<https://www.ons.gov.uk/visualisations/dvc503/multipage/index.html>

<https://www.ons.gov.uk/releases/adultsmokinghabitsintheuk2018>, 2 July 2019

Health and pharmaceuticals

ASA tells Sanofi to remove influencer ad

The ASA has rapped Sanofi for paying a micro-influencer ("HotMamaLife") to endorse its sleeping pill brand, Phenergan Night Time. Advertising rules dictate that medicines cannot be endorsed by health professionals or celebrities. The question was whether "HotMamaLife", with her 37,700 followers, could be regarded as a celebrity. Although the ASA accepted Sanofi's argument that she had significantly fewer followers than recognised celebrities, it felt that she had the attention of a lot of people and concluded that the ad breached the existing rule and should not be shown again.

thedrum.com, 3 July 2019 (Watson)

IT and telecoms

China's supercomputers hit by US ban

Last month the US blacklisted another five Chinese supercomputing "entities" because it said they posed a threat to national security. The export ban prevents American companies from selling chips and "interconnects" (which allow chips to talk to each other) to China. The latest ban prohibits Advanced Micro Devices (AMD) from dealing with Hygon (a JV between Sugon, a Chinese entity, and AMD). Meanwhile, Intel and Micron (another chipmaker) are reportedly circumventing the Huawei ban in ways which they claim are legal.

[The Economist](http://TheEconomist.com), 29 June 2019, p65

British designer to leave Apple

Sir Jonathan Ive, the British designer who heads up Apple's design team, has announced that he is leaving the company. His team will instead report to Jeff Williams, the company's COO, who has been at the centre of Apple's initiatives to reduce its environmental impact. Lisa Jackson, his colleague and head of environment for Apple, has pledged to shift towards a closed loop supply chain in which it uses no new materials in its devices. Apple has been at the centre of environmental concerns because of the high turnover of its devices. Meanwhile, Sir Jonathan is forming his own start-up, LoveFrom, which will have Apple as one of its clients.

[FT Weekend](http://FTWeekend.com), 29-30 June 2019, p9

Fingerprinting is common practice

As people take steps to prevent companies stalking them on the internet, tech companies are starting to use more subtle techniques. "Fingerprinting" is where companies can use the characteristics left behind by browsing (the make and model of smartphone, operating system, language, time zones, etc) which can be "even more detailed and specific to a person's profile" than traditional advertising cookies, according to Jake Moore, a cyber security expert. It is not certain how common

fingerprint tracking for advertising is, but it is certain that many websites are collecting unnecessary information about a person's computer. One study from Royal Holloway and Manchester Metropolitan University suggests that 69% of the top 10,000 websites are collecting data through third-party ads or on their own website.

[The Daily Telegraph](http://TheDailyTelegraph.com) (Business), 5 July 2019, p5

Leisure and tourism

Vacation videos

Travel companies TUI Belgium and TUI Netherlands wanted to reach more prospects for their summer travel vacations through Facebook and Instagram. They planned to use video content but recognised that their existing content had not been designed for social media so set about testing whether it would be effective on such channels. The results showed that ten-second videos performed better than shorter ones and that opening video scenes showing destinations were better than those focusing on personas; this is quite the opposite of their expected findings. Using a modular approach allowed the companies to test and change the ad campaign as it went along. Jose Sánchez, at Smartly.io, which partnered with the travel firms for the research, said the way forward for marketing is "letting audiences decide what is their preferred way of communication with them".

dmnews.com, 2 July 2019 (Brown)

Wimbledon refreshes brand

Wimbledon is one of the most prestigious sports tournaments but has been experiencing a brand refresh over the past year. It wants to shake off perceptions that the event is only for the well-off and privileged. The All England Lawn Tennis Club's (AELTC) creative director, Ikem Ononiuwai says that: "It's good to review your brand guidelines and identity every two to three years but we'd probably left it about seven to eight years so things had started to date quickly and were looking out of place". To align with the refresh, Wimbledon unveiled a new marketing campaign for the 2019 championships called "The Story Continues".

marketingweek.com, 1 July 2019 (Lyons)

Materials and mining

Coal gets go-ahead in Australia

Last month the Government of Queensland in Australia gave the go-ahead for the construction of a coal mine in the Galilee Basin, one of the largest unexploited reserves of thermal coal in the world. It has come as a shock to environmental campaigners. The miner is Adani, an Indian company, and many Australians worry about exporting "dirty fuel" to developing countries. They are also concerned about the Great Barrier Reef which employs over 60,000 people through tourism. Last year coal overtook iron

ore as Australia's biggest export but the market for thermal coal is in decline and Australia's three largest power producers have cancelled plans for new coal-fired plants.

The Economist, 29 June 2019, pp54-55

Media

Film

Global cinema sales down

Global cinema ticket sales were down by 6% in the first half of 2019, with analysts suggesting that filmgoers have grown tired of the sheer number of franchise releases, such as *Men in Black*, *Godzilla* and *How to Train Your Dragon* which have failed to achieve expected sales. The greatest decline was seen in the US where ticket revenues fell by 9.4% to \$5.6 billion, while British ticket sales were down by 6%. The cinema industry is finding it hard to match last year's record box office sales and is also facing competition from streaming services, such as Netflix. There are hopes that in the second half of the year cinemas will fare better.

The Guardian, 6 July 2019, p11

Internet

Staying creative online

Online channels are often perceived as being metric-driven without the need for the "flair and emotion" of above-the-line advertising. However, there are still opportunities for brands to be creative. Some 80% of Pizza Hut's business is online. Sales and marketing director Beverley D'Cruz says that consumers should be engaged and entertained by what they find in the digital space. She uses attribution studies to understand how the different channels perform and how many sales can be attributed to a piece of work compared with other creative work. Fernando Machado, Burger King global CMO, also gives his opinion on brand storytelling in digital.

Marketing Week, June 2019, pp28-30 (Rogers)

Inquiry into harm caused by digital market

The Competition and Markets Authority (CMA) is investigating the online advertising dominance of platforms such as Google and Facebook and how consumer data is being used. This could have implications, not just for the duopoly, but for adtech companies. The CMA says it is investigating, "three broad potential sources of harm to consumers in connection with the market for digital advertising". The inquiry is part of the Government's wider digital markets strategy after chancellor Philip Hammond called for greater regulation.

thedrum.com, 3 July 2019 (Stewart)

Using low search volume keywords

The secret of SEO success is to find a word with a high number of searches but low competition. Low volume keywords – with fewer than 260 searches a month – are often overlooked. This guide to the high value of low search volume terms and how to incorporate them into an SEO strategy, includes eight tips for low-volume keywords. The author cites the example of research she undertook for a niche business in the form of an elopement planner and photographer!

searchengineland.com, 2 July 2019 (Foster)

Web design for sustainability

The internet's annual carbon footprint is 830m tons a year which makes it comparable with the aviation industry. Digital marketers and web designers can lessen their business's impact and enhance customer relations by creating energy-efficient user experiences. Here Tom Frick, founder of Chicago-based Mightybytes and author of the book, *Designing for Sustainability*, offers insight into why brands should have an eco-friendly online presence and how they might achieve it.

ama.org, 26 June 2019 (Powers)

Magazines

Mad mag ceases publications

Mad magazine, a US publication famous for its mascot, Alfred E. Neuman, is to cease its monthly publication. Owner, DC Comics, says that it will instead be sold as an end of year special or with "best-of" content. The magazine was founded in 1952 as a comic but became a magazine in 1955 that was notable for its satire and humour. Circulation peaked at 2m in 1974 but now it is a largely unknown title among younger Americans.

The Guardian, 5 July 2019, p31

Music

Spotify drops indie music to appease labels

Last year Spotify launched a tool to allow indie artists to release music without a record label or distributor but has now abandoned the idea. At the time the initiative upset Spotify's relationship with the major record labels; now it is in the middle of licensing talks with them which could affect its profit margins. Spotify has been focusing on its shift to podcasts which is another way of owning unique content. It plans to spend \$500m in this area in a move aimed at appeasing investors.

Financial Times, 4 July 2019, p15

Podcast

Adspend up

Some 75% of advertisers will increase their adspend on podcasts this year, according to DAX, a digital audio ad platform owned by Global. *The Rise of Digital Audio Advertising* study also found that 85%

of respondents said they would increase spend in digital audio this year. The report reveals that 86% of ad agencies and 66% of brand advertisers now regard digital audio as a "key part" of their integrated marketing strategies. Some 75% of digital audio is still consumed on PCs and smartphones, but 17% is consumed on smart speakers which offers a new creative opportunity for advertisers.

thedrum.com, 4 July 2019 (McCarthy)

Radio

New digital radio stations to launch in 2020

New proposals from Ofcom could result in hundreds of new radio stations being present in the UK from next year. Over 40% of the radio listening in the UK now occurs on Digital Audio Broadcasting (DAB). The latest proposals would expand local DAB coverage by offering a wider choice of digital radio stations. Small-scale DAB offers local commercial, community and specialist music stations a low-cost way into broadcasting. Ofcom's consultation sets out the proposed spectrum and licensing process; its approach to developing a coverage area plan; and how it will advertise licences and assess applications. The consultation is open until Friday 4 October and licences will be advertised next year.

ofcom.org.uk, 5 July 2019

Social media

Social media and its role in social marketing

Social media is becoming increasingly popular for communicating sustainability information. This study aims to help social marketers with the application of social media in the dissemination and promotion of new sustainability knowledge to targeted audiences. Using an online survey, the authors investigate audience attitudes towards, and motivations for, engaging in LinkedIn and Twitter sites that communicate sustainability knowledge. Results suggest that using an infographics format is the most effective in terms of engagement and response rates. Twitter tended to be used for general sustainability knowledge while LinkedIn was used for obtaining specific advice on the implementation of community sustainability plans.

Journal of Marketing Analytics, Vol 7(2) June 2019, pp64-75 (Huang et al)

Social ad growth slows

Social media companies' ad revenue growth has fallen by about a half in the first quarter of the year (year-on-year), according to WARC. Ad revenues for the likes of Facebook, Pinterest, Snapchat, Twitter, Tencent and Weibo rose by 26.2% but growth has slowed down. Tech platforms are under pressure to improve their platforms in the wake of concerns over harmful material, fake news and misuse of data.

marketingweek.com, 3 July 2019

Anti-influencer ice cream truck goes viral

A Los Angeles ice cream vendor became so tired of Instagram influencers who tried to get free ice creams from him in exchange for posting his photo, that he decided to retaliate. Joe Nicchi, owner of an ice cream truck, went viral after posting a sign that said: "INFLUENCERS PAY DOUBLE". The image, tagged as #InfluencersAreGross, has spread worldwide and his business is booming. His fans include like-minded people who despise influencers.

theguardian.com, 4 July 2019

Television

Netflix targets Arab region

With just 1.8m paying subscribers, according to IHS Markit, streaming is still a relatively small business in the Arab world, but it grew by 45% last year. Netflix has started to invest in original programming for the region with a view to attracting Arab binge-watchers and to boost its market share. But it is having to catch up with rivals because it has been slow to make deals with broadband and mobile providers. STARZ Play Arabia is the regional leader and is part-owned by Lionsgate, a US entertainment company. A combination of poor digital infrastructure, low incomes and censorship are making it hard for Netflix to make progress in some areas.

The Economist, 29 June 2019, p64

TV licence sales down for first time

Sales of TV licences have fallen for the first time as younger people turn to streaming services. In 2018-2019 almost 26m licences were purchased, down by 37,000 on the previous year. Lord Hall, the BBC's director-general, says that the trend is due to changing viewing habits. Netflix, Amazon Prime Video and Sky Now TV have been signing up more subscribers. Meanwhile, the BBC has seen an operating deficit of £52m compared with a £244m surplus in 2017-2018. It could receive a further blow when free licences for the over-75s are withdrawn, especially if people decide not to pay for licences.

The Times, 3 July 2019, p1

Netflix sets up in Shepperton

Netflix is to set up a permanent production operation at Shepperton Studios with plans to spend more of its budget in the UK. Last year Netflix made more than 40 productions in the UK and has been looking for a studio space with a long lease. It will have exclusive access to most of Shepperton's facilities.

The Guardian, 4 July 2019, p15

Ofcom seeks to protect PSBs

Ofcom wants the public service broadcasters (PSBs) – the BBC, ITV, Channel 4 and Channel 5 – to be protected by legislation to help them compete

against the likes of Netflix and YouTube. The law already says that the PSBs must be displayed prominently in the electronic programme guides of cable and satellite TV services. Declining interest in traditional TV has led the PSBs to lobby government to ensure they maintain their prominence on internet-connected TVs which also display streaming services. However, Ofcom has indicated that some PSBs may have to up their game in order to qualify under the new prominence rules.

Financial Times, 5 July 2019, p3

Packaging

Bioplastic that biodegrades like paper

Novamont, a bioplastics and biochemical company, has presented the results of a test which shows that its Master-Bi bioplastic can biodegrade using a mechanism "similar to paper and cellulose". It claims that, although it could take longer to biodegrade, "it won't take hundreds of years like other plastic does". The results could be of use to packaging firms and brands who want to improve their sustainability footprint.

packagingnews.co.uk, 4 July 2019

Paper eco-wrapper for chocolate bars

Nestlé has developed an eco-wrapper consisting of paper that can withstand the high-speed flow-wrap process required for its snack bars. Until now, only plastics and laminates have been suitable for the process which wraps 500 bars a minute. The new 100% recyclable wrapping will be used on Yes, the company's healthier snack bar that launched in September. The packaging will carry the message "carefully wrapped in paper". Nestlé claims that the new packaging is a world-first.

The Grocer, 6 July 2019, p38

Retailing

Don't use CVAs says Iceland's boss

Britain's retail sales volumes have fallen at their fastest rate in a decade in the year to June, according to the CBI. Grocers account for the largest fall, while ice cream sales were down by £15m, beer by £17m and burgers by £6m, according to Kantar. Meanwhile stores have had their steepest slump in footfall in the six years to May, according to the British Retail Consortium. Richard Walker, MD of Iceland, believes that the high street is undergoing a "Darwinian" evolution and that the "culling" of unsuccessful players should not be artificially slowed down by CVAs, which have rescued retailers including Arcadia, Monsoon and New Look. The more successful retailers are focusing on value and the shopping experience which are important to Millennials and Gen Z.

The Times, 1 July 2019, p38

Services

Gambling regulation

There is strict regulation of gambling products in Britain and advertisers should be aware of the rules about when, where and how they advertise their products. This article explains the various laws and advertising codes that gambling advertisers must comply with.

lexology.com, 4 July 2019 (Lamb)

An extreme proposal

Extreme marriage proposals are becoming big business in Russia. Companies, such as Spetsnaz Show, organise a mock arrest often carried out by ex-Russian state security agents. The terrified female of the couple is then proposed to and presented with a ring and a bunch of flowers. Such "creative marriage proposals" cost from 25,000 roubles (or £320). Spetsnaz provides other unusual services, which include a mock abduction of the bride or groom around the time of the wedding. Its website boasts experiences involving "fright to shock, to joy to laughter"!

The Times, 3 July 2019, p33

Business travel booking

TripActions, a business travel booking firm, is one of several start-ups that are changing the way in which companies book their travel. Businesses need corporate travel agents to be as good as consumer apps and this new breed of start-ups, such as TravelPerk and Rockettrip, offer all-round travel agent services. The corporate travel market is highly fragmented, the biggest player in the UK being American Express Global Business Travel, which has about 17% of the market. The global business travel booking market is worth an estimated \$1.3 trillion.

Financial Times, 4 July 2019, p17

William Hill to close 700 shops

William Hill, the bookmaker, is to close 700 betting shops with the potential loss of 4,500 jobs. It attributes the closures to a "significant fall" in gaming revenues. This follows the imposition of limits on fixed-odds betting terminals where the maximum stake size has been reduced from £100 to just £2. GVC, the UK's largest high street bookmaker, is expected to close 1,000 shops and Betfred 500.

Financial Times, 5 July 2019, p1

Transport and travel

Technology, innovation and sustainability

Cost-effective, high-quality transport systems are essential for any economy. In the developing world, where cargo is largely dependent on road transport, poor logistics often holds back economic and social development. The social contribution of the road

transport industry, which is largely made up of micro, small and medium-sized enterprises (MSMEs), is highly relevant in terms of employment and social welfare. The International Road Transport Union (IRU) has been involved in drafting the *Global Mobility Report* which covers efficiency and universal access. Umberto de Pretto of the IRU looks at how technology and innovation is helping to tackle inefficiencies in the transport sector and to help it towards long-term sustainability.

International Trade Forum, Issue 1 2019, pp18-19 (de Pretto)

Hybrid aircraft

Although electric versions of air taxis and small aircraft are feasible, battery technology still isn't nearly advanced enough to power short-haul airliners carrying 150 passengers. Project 804, an initiative from a Pratt & Whitney operation in Montreal, Canada and Collins Aerospace Centre in Illinois (both parts of United Technologies Corp), hopes to fly its hybrid plane as early as 2022. The "parallel" hybrid will use a combustion engine supplemented by a battery-powered electric motor. Other companies, such as Ampaire, an LA firm and Zunum Aero in Seattle, are developing hybrids. Meanwhile Airbus is collaborating with Rolls-Royce and Siemens to electrify a 100-seat regional aircraft, the Bae146. Going hybrid seems to be the future for aircraft.

The Economist, 29 June 2019, p78

Hybrid sales down

Sales of cars using alternative fuels (including electric and hybrid) fell by 11.8% in June compared with June 2018. This is the first recorded annual decline since April 2017, according to the SMMT. In June electric vehicles made up one in every 17 cars sold but their share will have to rise quickly if Britain is to reach its goal of net zero CO₂ emissions by 2050. While battery EV sales rose by 61.7% year-on-year, plug-in hybrid sales fell by a half. The SMMT blames the ending of the £2,500 state subsidy for hybrids in October.

The Guardian, 5 July 2019, p39

Bike-share schemes – mixed fortunes

Over 1,000 bike-share schemes exist around the world. China has some of the largest schemes while Brazil's bike-share scheme is the most heavily used. The success of such schemes is hard to predict and data show that adding more bikes does not necessarily increase usage. The state of the roads and having dedicated bike lanes are key factors. In Australia it is mandatory to wear helmets which could deter casual use. For such schemes to succeed, it seems that providers must do more than simply provide bikes...

FT Weekend, 29-30 June 2019, p24

Written by CIM's Knowledge Services Team

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