

# Cutting Edge: Our weekly analysis of marketing news

7 August 2019

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

**Quick [links](#) to sections**

## Marketing trends and issues

### Advertising

#### UK ad growth slows down

UK adspend rose by 4.2% to £6 billion (down from 5.9% last year) for the first quarter of this year, according to the quarterly expenditure report from the Advertising Association (AA) and Warc. Growth for 2019 is expected to be below that of last year (4.6% compared with 6.2%). This is not altogether surprising given the uncertainty over Brexit but it is clear that many businesses are still investing in their brands. Still, the AA is hoping for a "business-friendly outcome" from new PM Boris Johnson.

**marketingweek.com, 2 August 2019**

#### Digital adspend and a no-deal Brexit

This article looks at the implications for the UK digital advertising industry of a no-deal Brexit. Digital adspend is expected to grow by 11.2% this year to account for two-thirds of media spend. Some industries have been particularly sensitive to Brexit uncertainty when it comes to marketing budgets. Automotive, for example, is expected to account for a declining proportion of digital spend this year and next. Digital adspend for CPG is also under pressure due to the expected high tariffs when Britain leaves the EU. The conclusion is that the digital ad industry will by no means escape the effects of a no-deal Brexit.

**emarketer.com, 1 August 2019 (Fisher)**

#### The non-advertising approach

Some brands have been taking a "non-advertising" approach to promoting their products. These include Brewdog's "Advert" campaign and Oasis' promise to stop advertising if people bought its products. Some of the campaigns choose to make a mockery out of

advertising, such as Skittles' *Skittles Commercial: the Broadway Musical*, which was shown just once on the same night as the Super Bowl. So, what does this trend mean for the advertising industry and is there a crisis of confidence in traditional advertising? Non-advertising could reflect the fact that current levels of creativity are low but making fun of brand virtue is also a way of achieving cut through. It could also appeal to younger audiences who want to experience the unexpected as well as being a way of engaging with audiences in a less traditional way.

**Campaign, July 2019, pp62-64 (Lee)**

#### US digital adspend

Retail remains in first place for US digital adspend with 21.9% share, far ahead of automotive in second place with 12.3%. In the financial services sector, which is in third place, mobile is driving spend as firms target Millennials: 69.4% of all financial services digital spend is on mobile. eMarketer predicts that financial services will overtake the automotive sector next year and that travel (8.4%) will overtake consumer packaged goods (8.6%). This is probably because of consolidation and tighter budgets in CPG vs greater competition and higher spending in travel.

**emarketer.com, 2 August 2019**

### Brands and branding

#### Marketing in Japan

The Rugby World Cup takes place in Japan this year which offers brands an opportunity to gain access to the third-largest economy in the world. For many years Japan has been considered a tricky market due to its unique nature. Western failures include Xbox, Wendy's and Ikea; while successes include Kit-Kat, Disney and Cath Kidston. Western brands entering the market often make assumptions about what is acceptable and commonplace in the country.



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Brands are advised to ask as many questions as possible, to focus on their core message and to use aspects of their identities that will resonate in Japan.

**thedrum.com, 18 July 2019 (Meyer)**

## **Children**

### **Fragmentation makes it harder for brands**

More than \$4.6 billion will be spent on advertising to children every year, according to the new *Kids Digital Media* report from PwC. Digital advertising is likely to make up 37% of this so it is important that ad messages are reaching audiences at the right time. Yet kids' ecosystems are becoming increasingly fragmented as they have access to a greater choice of content. TikTok has grown by 282% since February to become the joint most popular app, together with YouTube, for nine- to 12-year-old girls. Data from Kids Insights also shows that children are spending 20% more time on video games and online than they are watching TV. The amount of time spent watching TV has been declining over the past two years and Netflix is now watched by more children than linear TV. This poses a problem for brands since Netflix does not allow advertising...

**TnP, July 2019, p17**

## **Conferences and events**

### **Future meetings phase III**

Future Meeting Space, research supported by the German Convention Bureau and its partners, is embarking on phase III which will address five key questions: what is the future role and purpose of meetings and events in the communications mix; what are the different purposes and objectives of business events; what are the requirements and expectations of target groups and stakeholders; what is a successful event; and what are the competencies and skills needed? Phase I of the research included the development of six future meeting scenarios while phase II focused on event success factors.

**eventindustrynews.com, 30 July 2019 (Hookings)**

### **Corporate events for the non-drinker**

Corporate events organiser, Julia Phillips, has noticed a shift away from drinks-based events to alcohol-free activities. Requests for non-alcoholic events have risen from around 10% to 50% over the past 18 months. In the past people would feel they needed to give a reason for not drinking but, "Millennials just want to have something where they don't drink". Drinks companies have responded to the "sober drinker" or "mindful drinkers" by producing low- or no-alcohol products. Yet corporate entertainment is still dominated by alcohol, not just among legacy organisations but also in the tech start-up world. In addition, many hotel venues for corporate events make their money from alcohol sales. Fortunately for non-drinkers, there are an

increasing number of options. Fugitive Motel in London, which offers a wide range of non-alcoholic drinks, is receiving a lot of interest from City-based companies.

**Financial Times, 29 July 2019, p16**

## **Consumer behaviour**

### **CPG design – moments of truth**

Here the author examines consumer behaviour in relation to "buying versus shopping" for consumer packaged goods (CPG) through so-called "moments of truth". These are experienced by consumers and designed by retailers and manufacturers to encourage consumers to make a purchase. This paper aims to provide insight and understanding about how to design for consumers in a CPG environment through moments of truth and the shopper journey.

**Journal of Brand Strategy, Vol 8(1) Summer 2019, pp6-9 (Dombrowski)**

## **Customer relations**

### **Digital customer acquisitions costs rising**

Why are so many digitally-native brands moving their marketing offline? Brands with direct-to-consumer (D2C) models rely heavily on online campaigns that help them to build direct relationships with customers. The problem is that digital advertising is something that anyone can indulge in relatively cheaply. Digitally-native vertical brands (DNVBs) own the entire funnel plus the data which allows them to track the customer and work out the costs incurred in acquiring them. However, as more digital companies appear, digital acquisition costs escalate. The rising cost of acquiring customers (CAC) is a sign that saturation is approaching, and many brands may find that digital strategies are not paying off. CAC is beginning to exceed lifetime value. So, how do you reduce acquisitions costs and grow lifetime value? Here are some pointers.

**marketingland.com, 25 July 2019 (Peterson)**

### **Net Promoter Score – good or bad?**

The Net Promoter Score (NPS) is a widely used but controversial marketing metric. NPS involves companies asking customers to rate them on the likelihood that they would recommend the business to others. Some customers are labelled "promoters", others "detractors" and the remainder are "passives". Fred Reichheld, the Bain consultant who introduced NPS back in 2003, claimed that "The only path to profitable growth may lie in a company's ability to get its loyal customers to become, in effect, its marketing department". This article looks at the uses of NPS, why it is so controversial and how it could be useful in the right situations.

**thedrum.com, 5 August 2019 (Scott)**

## Direct marketing

### Targeting mobile users

A US survey reveals that mobile users are concerned about privacy and are uncertain about how their data is being used by marketers. The *Reality Report* from Ogury, found that only 8% of consumers say they have a better understanding of how their mobile data is being used. It also found that 82% of global users prefer to receive communications through mobile ads or email, with phone alerts and texts being the least popular. Meanwhile 79% of US consumers say they are annoyed by targeted ads but will respond more positively if they find them useful. The report's authors suggest that the industry should ask consumers' permission because giving them a "fair choice regarding content access and marketing" will "shift the advertiser-to-consumer relationship dynamic".

**ama.org, 23 February 2019 (Powers)**

## Law

### Latest ICO guidance on cookies

Under European data privacy law, there is a distinction between session cookies that allow a website to work properly, and behavioural advertising cookies that are non-essential to the functioning of the website. Recent guidance from the UK's ICO says that consent is needed before behavioural advertising cookies can be used on a website. "This includes all third-party cookies used in online advertising, including for purposes such as frequency capping, ad affiliation, click fraud detection, market research, product improvement, debugging and any other purpose". A website user must have given clear opt-in consent for third party behavioural advertising cookies to be placed on their browser.

**lexology.com, 29 July 2019 (Auty)**

### Anonymised data inadequate

A new study suggests that people are at risk of being re-identified even after data has been anonymised. Researchers from the University of Louvain and Imperial College London used a machine learning tool to assess the chances of a person being re-identified: they found that 99.98% of Americans could be re-identified in an anonymised dataset using 15 demographic attributes such as age, gender and marital status. The research challenges the data anonymisation standards set by GDPR, the California Consumer Privacy Act and other laws, since the principles of data protection are not applicable when someone is re-identified.

**research-live.com, 26 July 2019 (McQuater)**

### Broadening the remit of the AAC

Ofcom has entered into consultation on extending the remit of the Advertising Advisory Committee

(AAC) to include advice on both broadcasting and non-broadcasting issues. Ofcom and its co-regulatory bodies (the Broadcast Committee of Advertising Practice (BCAP) and the Advertising Standards Authority) have provisionally agreed changes to allow the AAC to advise on advertising more widely. Ofcom agrees that taking all media into account rather than just broadcasting will be in the interests of consumers.

**lexology.com, 29 July 2019 (Dyson)**

## Marketing

### Sales and marketing alignment

Many factors are contributing to the need for a new approach to sales and marketing alignment in a B2B context. For one thing, buyers no longer need to depend on the salesperson for information because they can do the necessary research online. Research suggests that around 70% of the purchase cycle is achieved without the intervention of sales. This means that by the time the buyer is ready to interact with a salesperson, they may already have clear preferences. The sales cycle has become a buying cycle which means that marketing has an important part to play in educating and guiding customers through the buyer journey; this in turn has consequences for sales and marketing alignment. The author makes suggestions as to how companies can benefit from a more integrated sales and marketing approach.

**Journal of Brand Strategy, Vol 8(1) Summer 2019, pp48-57 (Pal)**

### Marketing ROI

It is important to test whether a new marketing campaign is of benefit to a company in financial terms. Measuring return on investment (ROI) is helpful to marketers and small businesses for learning which tactics are worth using. However, deciding on one overall ROI benchmark is difficult because marketing tactics vary considerably. One way of creating a "good ROI" benchmark for each marketing strategy is to examine the return from similar tactics used in the past. The author sets out a simple formula for calculating marketing ROI and lists the factors that should be considered. She discusses some marketing ROI examples for: written content, email marketing, video marketing, sponsored content, PPC campaigns and paid social media promotion.

**blog.hubspot/marketing, 18 July 2019 (Bump)**

### CMOs identify barriers to transformation

CMOs are trying to tackle "short-termism" in which they feel pressured into producing short-term results while suffering from a lack of budget with which to achieve their goals. This is according to Dentsu Aegis Network's annual global CMO survey of 1,000 senior-level marketers across ten markets. Just under half said they plan ahead for two years or

less, while 50% said the lack of long-term investment was one of the top three barriers to performing well. The survey also found that 80% of CMOs believe they must transform because of the shift to digital yet "transformation and innovation" are ranked the least important roles for the marketing function. There are "significant" gaps between the perceived factors for marketing success and current capabilities. A key challenge is seen to be data collection, management and analytics.

**marketingdive.com, 24 July 2019 (Adams);**  
<https://www.dentsuaegisnetwork.com/news-releases/cmo-survey-2019-news-release>

## **Market research**

### **New insights**

The research industry has changed dramatically over the past ten years due to big data analytics, new technology and in-sourcing. This has benefited clients by giving them greater choice, but this hasn't been so good for market researchers who are under pressure to deliver quickly and cost-effectively in an ever more competitive market. Yet the research industry is growing strongly: according to PwC the UK sector was worth £4.8 billion in 2016, up by 62% over four years. Big data analytics has been the main driver but one of the biggest challenges is joining up the two areas of traditional market research and data analytics. The more traditional market research companies are advised to work with new tech firms to identify new opportunities. This supplement looks at research in the context of big data, social data and new technology.

**The Times (Raconteur: Insight Economy), 29 July 2019, pp1-15**

## **Public relations**

### **Philanthropy on a small budget**

It's not hard for big brands to indulge in corporate philanthropy using their strong reputations and big budgets. But companies with smaller budgets face different challenges in philanthropy and it is much harder for them to attract the same media attention as the big brands do. The author sets out three ways in which smaller companies can make a difference and achieve a "meaningful reputational lift" from their philanthropic endeavours.

**PR News, 1 July 2019, p1 (Watts)**

### **Jockeying for position**

The Jockey Club is over 250 years old and owns 15 racecourses in what is Britain's second-largest spectator sport. *PR Week* talks to its comms team about its work including: the balance of proactive vs reactive PR; the role of traditional PR; and the specific reputational challenges associated with horse welfare and other aspects of the sport. Racing contains an element of risk and spends over £30m a year on integrity and governance. Scott Bowers, group director of corporate affairs and comms, emphasises that, "it's not a case of how you handle

it; you have to get your house in order" and "It's about owning your own stories".

**PR Week, July-August 2019, pp48-49 (McKinlay)**

## **Sponsorship**

### **Paddy Power in first shirt sponsorship**

Paddy Power has entered the field of football shirt sponsorship for the first time through an association with Huddersfield Town. This is the largest shirt sponsorship deal for Huddersfield outside the Premier League. It is described as a "surprisingly traditional" promotion for Paddy Power, which is well-known for its controversial stunts such as using Eric Cantona to offer concerned Britons a "Brexit Bunker"!

**thedrum.com, 15 July 2019 (Glenday)**

## **Agriculture, fishing and forestry**

### **Making farming greener after Brexit**

UK farming generates around 9% of national emissions but after Brexit farming subsidies will be based on a new system of "public goods", such as clean water or wildlife habitat. Yet farmers are also facing an uncertain trading future with Europe which makes conditions even more challenging for them. Farmers argue that a reduction in beef cattle could result in the UK importing food from countries that pollute more than Britain does. However, Arla Foods, a dairy co-operative of 11,000 farmers, has succeeded in reducing greenhouse gas emissions by 22% since 2005.

**Financial Times, 23 July 2019, p3**

### **Britain able to cherry pick this year**

Britain's cherry industry was nearly wiped out 20 years ago due to cheap imports and high costs, but this year British growers expect to harvest 6,500 tonnes of cherries, up from 3,168 tonnes last year. Tesco, along with Waitrose, both say they will no longer have to import cherries during the British season.

**The Guardian, 31 July 2019, p16**

### **Morrisons to sell veal**

Morrisons, the supermarket, has claimed an "industry first" by including dairy bull calves in its supply chain. Dairy calves usually go straight to slaughter and are not used for human consumption. Now the meat is to be sold as rose veal and used in some other products. The scheme could help Britain to reduce its beef imports.

**The Grocer, 3 August 2019, p38**

### **Attracting farming successors**

The farming environment has become tougher than ever: agricultural productivity growth in Britain has been lower than that of America, France and

Germany since the 1960s; veganism is becoming more popular; and Brexit without a deal poses a serious threat. So, who would want to take up farming? Only four in ten English farmers has a nominated successor in the family but, since 2013, the number of agriculture students in Britain has increased. As farming increasingly uses technology, data and drones, its appeal has risen among those who may be reluctant to get up early in the morning to milk the cows and work unsociable hours.

**The Economist, 27 July 2019, p23**

## Building industry

### Micro units – shrinkflation?

Bumblebee Spaces, a startup in the Bay Area of San Francisco, is working to make micro apartments more attractive by using moveable furniture. This includes beds, wardrobe and drawers that can be lowered from the ceiling on suspension cords that are controlled from a tablet. Company co-founder, Sankarshan Murthy, came up with the idea when he discovered that Silicon Valley was one of the most expensive places in the world to live. He and his team are busy developing robotic furniture in a garage in San Francisco. Some Bumblebee micro units rent out for as much as \$3,400 a month. Could this be the latest example of shrinkflation – reducing the portion while raising the price?

**1843 (The Economist), August-September 2019, pp27-28 (Bass)**

### Retail landlords shift to residential

Esther McVey, the recently-appointed housing minister, has the task of increasing the number of new homes built to 300,000 a year by the mid-2020s. As the retail sector continues to suffer, many commercial landlords have turned to the residential sector. Intu, a UK shopping centre landlord, has plans to build 1,000 rental homes at its Lakeside mall in Essex. Although turning shopping centres into residential areas is not a new idea, more retail landlords are now looking at it as an alternative. Experts believe that retail landlords are well-placed to enter the market.

**FT Weekend, 27-28 July 2019, p15**

## Businesses and strategy

### Staying agile

Start-ups are agile and disruptive which means that process and structure tends to be neglected in the early days of their existence. This is all right while the company consists of just a handful of employees but as it begins to grow, chief executives can become burdened by management processes and business structures which cause stagnation. How can fast-growth start-ups avoid this problem? The author explores the issues.

**The Times (Raconteur: Growing British Business), 26 July 2019, p10 (Filfian)**

### Functional strategies – a necessity

Every business function has a strategy even if it isn't the result of a strategic planning process. Even if a function does not have a "conscious" strategy, it is likely to fall back on one or two "unconscious" models but these could negatively affect corporate performance rather than being of benefit to it. The need for a corporate strategy in shared services is not well understood. The authors describe the problems involved in unconscious strategies and devise a strategy-making framework to help functions strengthen their capabilities.

**Harvard Business Review, Vol 97(4) July-August 2019, pp104-113 (Martin and Riel)**

### Commuting – the best and the worst

Commuting time for UK workers has risen by 18 hours a year compared with a decade ago, according to the Trades Union Congress. The Department for Transport says that London has the longest commute with an average roundtrip of 92 minutes. A study by Instant Offices, which investigated the best and worst cities for commuting around the world, deemed London to be the worst, with Miami coming a close second; the best city for commuting was found to be Nice in France. Leicester, Bristol and Edinburgh had the easiest commutes in Britain while London, Birmingham and Manchester had the worst. Much research has been done on the negative impact of commuting on employee health, but another key consideration is the loss of productivity.

**London Business Matters, Issue 157 July-August 2019, p21**

## Charities and NGOs

### Campaigns for good

The Campaigns for Good Awards (*PRWeek*, *Campaign* and *Third Sector*) are into their second year. The winners, which are profiled here, provide a snapshot of good cause campaigns over the past year. The awards cover: brand-led campaigns (such as Budweiser's commitment to 100% renewable electricity); collaborative initiatives (such as Cadbury and The Royal British Legion); and charity or NGO campaigns (Greenpeace's Rang-tan film and Tiny Tickers' "Twinkle Twinkle Little Heart").

**Third Sector, July-August 2019, pp46-49 (Harrington)**

### Effective media strategies

A media strategy extends to influencers, blogs and online communities, not just journalists. Charities, which have tight budgets, need to understand which areas of the media will be most effective so that their messages are seen by the right people, at the right time and in the right place. Here are six steps to help an organisation decide where to focus to achieve its objectives.

**charitycomms.org.uk, 6 August 2019 (Matthews)**



## Durable consumer goods

### Top toys this Christmas

Argos has already announced its top 12 toys for this Christmas. The list is headed up by Boppi, "The Botty Shakin' Llama", Blume Doll, Owleez and the LEGO Harry Potter Night Bus. This follows research which found that a quarter of Britons had already begun their Christmas shopping while 10% had finished their gift-buying! The research also found that 32% expect to shell out more on presents this year with parents spending an average of £273 on presents for their kids.

**TnP, July 2019, p19**

### Lego appeals to Chinese tastes

In 2017 Lego became China's leading toy company (excluding video games). It has opened 89 stores in the last two years and has plans for 50 more by the end of 2019. The toy industry is growing by 9% a year in China but Lego is enjoying double-digit growth. Lego is also targeting local tastes by launching sets designed for the country, the first time it has ever done so for a particular country. Mattel, in contrast, has failed to convince the Chinese with its rendition of a localised Barbie doll. Lego remains the world's biggest toymaker, having overtaken Mattel in 2014.

**The Economist, 27 July 2019, p56**

## Economy

### Global growth

The IMF has lowered its global growth forecast to 3.2% for this year, making it the lowest in a decade. Specific concerns centre on the trade and technology dispute between America and China as well as the possibility of Britain leaving the EU without a deal. Nevertheless, British GDP is expected to grow by 1.5% this year in contrast to many emerging economies, such as Brazil, Mexico and South Africa, which have received downgraded growth forecasts.

**The Economist, 27 July 2019, p6**

### Bank of England forecasts 1.3% UK growth

The Bank of England has reduced UK growth forecasts for the coming two years while warning that a no-deal Brexit will harm the economy and further devalue the pound. UK economic growth is expected to be 1.3% this year, down from a previous prediction of 1.5%. This forecast is based on the UK leaving the EU with a deal, but the Bank warns that growth will be much slower without a deal.

**marketingweek.com, 29 July 2019**

### Home sales fall by 16.5%

In June the number of UK homes sold fell by 16.5% year-on-year according to data from HMRC.

Residential property sales fell to 84,490 in June, down from 93,520 in May, a decline of almost 10%. Experts attribute the trend to political and economic uncertainty. However, analysts point to regional differences. For example, while there have been significant falls in demand in pricier regions, such as London and the Southeast, there has been an uplift in the North and West.

**Financial Times, 27 July 2019, p3**

## Energy and utilities

### Digital water

Water companies are increasingly adopting AI, machine-learning and data analytics to enhance the water utility value chain. However, compared with other industries, water and waste water utilities have been slow to adopt AI. A survey by Black & Veatch revealed that a third of water industry leaders believed their data to be siloed and unintegrated, although 55% said theirs was improving but still not fully integrated. Early movers in AI will benefit from operational efficiencies in their value chain. A further survey by Roland Berger among European utilities suggests that 60% prefer to take a follower approach to the technology.

**The Times (Raconteur: Future of Water), 31 July 2019, p4 (Regn)**

## Environment

### Changing the focus of packaging waste

Packaging waste is an inevitable result of consumption. It is not clear why people litter and there is no clearly defined demographic for litterers. No amount of education or fines seems to influence the "hard core of serial offenders". The current focus is on reducing the potential for littering and Government legislation tends to target brand owners, retailers and packaging suppliers. Yet consumers can play an important part in waste management. The recent #LeedsByExample campaign focused on recycling by providing 130 deposit points around the city. It was sponsored by brand owners and plastic waste management organisations. Similar initiatives are planned for other cities. However, Trewin Restorick, founder of environmental charity Hubbub, believes that the focus should be on climate change and "solutions that are less carbon intensive".

**FlexoTech (Going green: Preventing plastic pollution), July-August 2019, pp19-21 (King)**

### Rome – trading in plastic bottles for travel

Rome has launched a scheme whereby people can exchange used plastic bottles for Metro and bus tickets. Empty bottles can be placed into machines at three Metro stations allowing an app to be loaded with credit for travelling on public transport. Each bottle is worth five cents while 30 bottles earns a €1.50 ticket. Mayor Virginia Raggi claims this is the

first scheme of its kind in Europe. Officials hope that it will help to reduce the rubbish problem in Rome.

**The Times, 29 July 2019, p31**

### **Latte levy voted a success in Parliament**

The so-called "latte levy" on coffee cups used in Parliament has reduced the number of single-use cups by nearly three-quarters since the 25p charge was introduced last October. MPs, peers and others have been bringing in their own cups to avoid the charge. Sales of coffee have even risen slightly which should help to allay the fears of coffee shops that bringing in a charge would damage their business. The success of the scheme has led to calls for the charge to be introduced around the country.

**The Times, 1 August 2019, p24**

## **Fashion**

### **Reselling fashion – opportunity and threat**

The UK population is hoarding £30 billion-worth of unworn clothes, according to estimates by Wrap. Niche designers are using recycled textiles while consumers are increasingly plugging in to the resale market for cheaper, greener clothes. Farfetch is the latest business to enter the resale market with its Second Life business that encourages consumers to sell their designer handbags. In the US the resale market has grown 21 times faster than other fashion retail over the past three years. The fashion rental market is also taking off, with revenue growth of 214% from Q3 to Q4 2018. However, the resale market poses serious issues for luxury brands...

**FT Weekend, 27-28 July 2019, p6**

## **Financial services**

### **SMEs needn't bank on traditional funding**

Small and medium-sized businesses still obtain most of their funds from banks, but the number of alternative finance options open to them is increasing. This article examines eight ways for SMEs to raise money without resorting to banks. As well as the usual crowdfunding and peer-to-peer lending, there is pension-led funding, credit unions and grants.

**The Times (Raconteur: Growing British Business), 26 July 2019, pp6-7 (Woolacott)**

### **11% of Londoners would be microchipped**

According to a survey by PaymentSense and YouGov, 11% of Londoners say they would consider having a personal microchip if it would speed up contactless payments. A quarter said they would be happy to use a fingerprint scanner to verify payments while 16% would use a retinal scanner if the opportunity arose.

**nfcworld.com, 31 July 2019 (Clark)**

## **FMCG**

### **Beverages**

#### **Fever-Tree – slowing down?**

Fever-Tree, the tonic maker, has been a major success story but this year's sales growth has slowed to 5% while shares have fallen by a tenth. In 2018 the company benefited from the royal wedding, high temperatures and the FIFA World Cup but demand in its home market may be peaking. It is also possible that Britain's gin craze, with which Fever-Tree is closely associated, could be slowing. There is speculation over whether the company could be a target for takeover, but some sceptics argue that entering the mixer market isn't hard and that "Fever-Tree is little more than flavoured fizzy water and fashionable marketing".

**The Sunday Telegraph (Business & Money), 28 July 2019, p5**

#### **BrewDog to launch first single malt**

BrewDog is to launch its very first single malt whisky, Young Blood, by the end of the year. To date BrewDog Distilling has focused on collaborative whiskies made with partner distilleries. The company has been focusing more heavily on spirits and has already launched some craft gins and vodkas.

**The Grocer, 3 August 2019, p37**

### **Cosmetics and toiletries**

#### **Period skincare**

Women's periods are often associated with bad moods and the outbreak of spots. This accounts for the rise of period skincare products which work on the basis that, as the skin goes through a monthly cycle due to hormonal changes, so should a skincare routine. Many brands, such as US-based Amareta and Veneffect, and London-based Disciple Skincare, are now catering for period skin. The "femtech" market, which includes period trackers, is expected to be worth around \$50 billion by 2025.

**The Guardian, 31 July 2019, pp6-7**

#### **Natural deodorants**

The aluminium-free deodorants market is expected to reach \$1.18 billion this year, according to Future Market Insights. Large CPG companies are responding to the trend: in 2017 P&G acquired Native, a start-up, while Unilever bought Schmidt's, a producer of natural deodorants. *Businessweek* got a panel of men and women to test some of the latest natural deodorants...

**Bloomberg Businessweek, 29 July 2019, p60**

### **Food**

#### **Unilever says unsustainable brands must go**

Alan Jope, chief executive of Unilever, has warned that some of its brands, such as Pot Noodle and Marmite, could be sold if they don't "have a

purpose” and achieve sustainability goals. The company has 28 sustainable brands, including Knorr, Persil and Ben & Jerry’s; they generate half of the company’s sales and rose 75% faster than Unilever’s other brands. Unilever has been focusing on high-growth, sustainable brands, with much of its growth coming from emerging markets (Asia, the Middle East and Africa) where it targets the growing middle classes.

**The Times, 26 July 2019, p39**

### **Ice cream all year round**

The recent high temperatures in Britain have boosted sales of ice cream but sales would have been rising anyway due to the trend for eating ice cream all the year round. In response, ice cream makers have come up with various niche offerings in a market that is worth £1.1 billion a year. Many successes have come from products targeting younger consumers, especially brightly coloured or unusually designed items. Yet the well-known brands remain Britain’s firm favourites and Magnum is still top of the polls, according to a YouGov survey.

**The Guardian, 27 July 2019, p4**

### **Low-sugar Dairy Milk**

Mondelez has announced a new, healthier Cadbury Dairy Milk bar containing 30% less sugar. The sugar has been replaced with soluble maize fibre. It follows Nestlé’s announcement that it has created chocolate made from cocoa fruit with no added sugar.

**The Grocer, 27 July 2019, p34**

### **Household**

#### **Waitrose launches eco-laundry egg**

Waitrose has launched the refillable EcoEgg Laundry Egg to help reduce the number of plastic bottles used for detergent and softeners. Each egg, which contains mineral pellets for 70 washes, can be placed on top of the laundry in the washing machine.

**The Grocer, 3 August 2019, p34**

### **Tobacco**

#### **BAT gains from ecigarettes**

British American Tobacco (BAT) reports that sales of ecigarettes have helped to offset the decline in traditional cigarettes. Sales of alternative products rose by 27% in the first half of the year to £531m. BAT is deriving much of its ecigarette demand from Europe and Canada, while its Glo tobacco-heating product is popular in Japan and Russians are buying nicotine pouches. Analysts warn of a slowdown in vaping products in the US due to the forthcoming ban of flavoured ecigarettes in convenience stores. However, revenues from traditional smoking products continue to generate most of BAT’s

turnover.

**The Times, 2 August 2019, p47**

## **Government and public sector**

### **Prepare for Brexit – bad for advertising?**

PM Boris Johnson plans to spend over £100m on a “Prepare for Brexit” campaign aimed at informing businesses and the public about what to expect when Britain leaves the EU at the end of October. According to *The Times*, it will be one of the biggest Government expenditures on a single campaign since World War Two. This poses a problem for the advertising industry: a 2018 *Marketing Week* poll found that 81% of marketing and creatives had voted to remain and some large agencies chose not to work on the Vote Leave campaign. The new campaign sees Engine working on the creative brief and Manning Gottlieb OMD handling media. The question is whether it is better to be on the inside developing a positive campaign or on the outside looking in...

**marketingweek.com, 1 August 2019 (Vizard)**

## **Health and pharmaceuticals**

### **Supermarket layout promotes unhealthy food**

Unhealthy food is being placed in a more prominent position in supermarkets, according to a study by the Royal Society for Public Health (RSPH) and Slimming World. The *Health On The Shelf* report found that nine out of ten products displayed at eye level were unhealthy. It also found that 36% of shoppers had “impulse-bought” unhealthy snacks on special offer. The report recommends a set of key principles that all supermarkets, regardless of size, should follow. They include allocating more shelf space to healthier products and a healthy rewards scheme.

**The Grocer, 27 July 2019, p5; The Daily Telegraph, 26 July 2019, p13**

### **Healthcare advertising up by 3.6%**

Healthcare advertising is forecast to grow by 3.6% during 2019 and 2020, according to the latest Zenith Advertising Expenditure Forecast. This is significantly below the growth rates for the advertising market as a whole (4.8% and 4.3% for 2019 and 2020). However, regional variations are wider in healthcare and TV still dominates as a medium although OOH and internet are becoming more popular. Personal health tracking has become a fast-growing sector allowing brands to provide a personalised service. Matt James, Zenith global brand president, says the future of healthcare lies in data and technology and the same applies to healthcare marketing comms.

**thedrum.com, 5 August 2019 (Glenday)**



## IT and telecoms

### Facial recognition on the streets

London has an estimated 420,000 CCTV cameras which makes it the second-most monitored city in the world after Beijing. Over the next five years the number of smart cameras in the capital is expected to increase with some being used by the police for facial recognition. Experiments are already taking place yet there is a lack of clear regulation. MPs on the House of Commons Science and Technology Committee have called for a moratorium on all facial recognition trials until regulations have been established.

**Financial Times, 2 August 2019, p9**

### Microsoft reformed and top of the pile

Microsoft has regained its crown as the world's most valuable company with a worth of over \$1 trillion. Following several successful quarters, it has announced revenue of \$33.7 billion for July, up by 12% year-on-year. Having largely ignored social networks and smartphones to its detriment, the company is now focusing on the "cloud" under its boss, Satya Nadella. Once considered a monopolist, Microsoft is now perceived as a "less threatening" technology partner than the likes of Amazon. Now it is working with the regulators rather than trying to beat them.

**The Economist, 27 July 2019, p11**

### Vodafone to float masts business

Vodafone is looking to float its European towers business in the next 18 months. This will create Europe's largest independent masts business with nearly 62,000 masts in ten countries. Towers have become an important trading asset for European telecoms companies: Telefonica, Iliad, Altice, Sunrise and BT have all sold their masts to raise much-needed cash. In some cases, specialist mast businesses have been established, including Spain's Cellinex, which has 45,000 masts.

**FT Weekend, 27-28 July 2019, p15**

## Leisure and tourism

### Easyjet extends image search to Android

Since Easyjet launched its Look&Book image search app on Apple devices last October, some 30,000 photos have been matched to destinations. Now it is extending the service to Android devices. The app uses image recognition technology to allow people to take a photograph of an image they have seen online and enable them to locate the nearest airport and to identify relevant flights.

**marketingweek.com, 29 July 2019**

## Materials and mining

### Rare earth metals – relying on China

As the trade war between the US and China

continues, the supply of metals that are used in wind turbines, cars and smartphones is being threatened. Apple's iPhone, for example, relies heavily on a group of 17 rare-earth elements that are mainly mined and manufactured in China. The prices of these metals have reached multi-year highs. China has threatened to use the metals as a bargaining tool in its dispute with the US. This has led the US to embark on its own production: MP Materials has reopened the Mountain Pass Mine in California which will become the country's only rare-earth metals mine. Meanwhile Apple has said that it would like to reduce its dependence on the "volatile" supplies of rare earth metals.

**The Sunday Telegraph, 28 July 2019, p8**

## Media

### Internet

#### Tackling influencer fraud

Influencer fraud, where influencers have fake followers, is estimated to be costing brands £1 billion a year. An analysis by Takumi, a marketing agency, found that *Love Island* contestants have higher than average fake follower numbers (up to 63% are fake). This compares with influencer marketing in general, where the rate is in region of 15%, according to a Baltimore University study. Instagram has banned fake accounts and has taken steps to detect and remove them.

**The Times, 31 July 2019, p19**

### Magazines

#### A Future for specialist titles

Magazine publishing has been in decline for several years. However, Future Plc, which specialises in technology, hobby and sports titles, has announced better-than-expected full year results. Specialist titles are performing better than general interest magazines, while a series of acquisitions boosted sales at the group's magazine division by 20% last year. Future also makes the most of online versions and ecommerce opportunities. For example, reviews of equipment are linked to Amazon and other sales sites which provide the company with commission.

**Financial Times, 30 July 2019, p12**

### Podcast

#### Podcast tips

Daniel Rowles and Ciaran Rogers share the 11 tactics that they have used to make their *The Digital Marketing* podcast a top ten iTunes business podcast. The advice covers topics such as SEO; ratings and reviews; promotion on social media; content; and influencers.

**koganpage.com, 24 July 2019 (Rowles and Rogers)**

## Radio

### Commercial radio listening rises

Commercial radio achieved a record 36.1m listeners in the second quarter of the year, according to RAJAR data. Its share of hours rose by 2.3% year-on-year while share of listening online and through apps rose by 34.4% year-on-year. The digital share of all radio listening rose to 56%. Some 89% of the UK adult population listened to the radio every week in the second quarter of 2019.

**marketingweek.com, 29 July 2019**

## Social media

### Facebook's new alcohol and tobacco policy

Last month Facebook introduced a new policy restricting the content and sale of alcohol, tobacco and ecigarettes. The restrictions extend to Facebook groups created for selling alcohol and tobacco. Brands posting content related to such products will have to restrict the content to those aged 18 and over. However, influencers who are paid to promote products containing nicotine will still be allowed to post content on tobacco and ecigarette products and these posts will not be age restricted.

**mondaq.com, 24 July 2019 (Afoaku)**

### CGI influencers

CGI influencers, who first appeared in 2016, are becoming increasingly popular. Three high-profile examples – Lil Miquela, Bermuda and Balwko – are the creations of LA-based Brud and have been dominating the CGI influencer space. But now there are a raft of competitor start-ups, including Shudu, the brainchild of a London photographer, which claims to be the “world’s first digital supermodel”. She already has partnerships with Balmain (the fashion house) and Rihanna’s Fenty Beauty. The channel clearly has huge potential for brands. This article looks at the opportunities from the perspective of FMCG.

**The Grocer, 3 August 2019, pp30-33**

## Television

### No more mumbling?

TV viewers have long complained about mumbling actors and loud soundtracks which have made TV dramas incomprehensible. Now the BBC is testing technology that will allow the viewer to tune out background sounds and enhance the actors’ voices. *Casualty*, the medical drama, is the first to use the new feature, which includes a slider button on the BBC website. The technology will also help the 11m people in Britain with hearing impediments.

**The Times, 26 July 2019, pp1-2**

### TV still meets people's needs

*The Age of Television*, a study from MTM, has found that people in the UK watch TV to satisfy eight different needs: unwind, distract, comfort, in touch,

experience, indulge, escape and do. It also suggests that subscription video on demand (SVOD) can’t be as satisfying as live TV, especially when considering the social and communal reasons for watching TV. SVOD can sometimes be used to unwind, but this relies on familiar content, hence Netflix’s \$100m licence payment to show *Friends*. This article summarises the key findings of the research including the role of SVOD and YouTube. It concludes that TV currently accounts for most people’s viewing time and will continue to do so for the foreseeable future.

**Campaign (Thinkbox TV Planning Awards 2019), July 2019, pp14-15**

## Packaging

### So much more than a box

Unpackaging Apple’s iPhone is a multisensory experience. According to Adam Lashinsky’s book, *Inside Apple*, the company has been careful to ensure that the action of opening the box conveys the right amount of pleasure. Packaging is unusual in that it “stands between the consumer and the item to be consumed” yet it can also boost our interest in what it contains. Apple pays nearly as much attention to the design of its boxes as it does to their contents. Could this be something to do with Steve Jobs’s passion for Buddhism? On a more practical note, Apple has reduced the amount of plastic used in its boxes by more than a half since 2014.

**1843 (The Economist), August-September 2019, p34 (Vanderbilt)**

### Plastic bag use continues to decline

Sales of plastic carrier bags in England’s big supermarkets have fallen by 90% since October 2015 when the 5p charge was introduced. The average shopper uses ten bags a year compared with 140 in 2015.

**The Times, 1 August 2019, p24**

## Retailing

### July worst on record

British retail has suffered its worst July sales since records began in 1995. Sales rose by 0.3% compared with 1.6% in July 2018, according to the British Retail Consortium (BRC). Helen Dickinson, chief executive of the BRC, said that low wage growth and concerns over Brexit had affected consumer spending. A separate survey by the CBI found that July was the worst period in eight years for the high street.

**The Guardian, 6 August 2019, p28**

### 'Sainsbury's' launches pop-up in Bath

As part of its 150<sup>th</sup> birthday celebrations, Sainsbury’s launched a pop-up store for deaf people called Signsbyr’s to help raise awareness of the hard-of-

hearing. The Bath store, which included visual guides and smart technology, employed staff who could understand some aspects of British Sign Language. Video screens were designed to teach sign language for words such as “milk” or “bananas”. The store was open for just four days in July.

**thedrum.com, 18 July 2019 (McCarthy)**

### **Revo calls for tax reforms**

Revo, which represents some of the biggest retail landlords, has called on Chancellor Sajid Javid to speed up business rate reforms to help stem the decline of town centres. Ed Cooke, chief executive of Revo, wants the Government to rebalance the tax system by looking at how it taxes online sales and services. The Treasury says it will reduce business rates by over £13 billion over the next five years.

**The Times, 1 August 2019, pp38-39**

## **Services**

### **Food fight – who will acquire Just Eat?**

Takeaway.com, an Amsterdam-based food service, has made a bid for Just Eat; if successful, it would create one of the largest companies in the online food market. However, the sale price of Just Eat has risen, which may make it less digestible. In addition, there is little geographical overlap between the two companies and so savings from the merged company would not be great. Other buyers may emerge because there is intense competition in the market.

**Financial Times, 30 July 2019, p12**

### **Greggs extends to evening meal deals**

Greggs the baker has plans to open some of its shops until 9pm and to offer evening meal deals. It claims to have overtaken Starbucks as the third biggest takeaway coffee seller after Costa and McDonald's. Greggs attributes some of this success to the popularity of the vegan sausage roll, launched in January, which has overtaken some of its other products to become a bestseller. The company is currently developing more vegan products.

**The Guardian, 31 July 2019, p5**

## **Transport and travel**

### **Aston Martin in £79m loss**

Aston Martin Lagonda suffered a £79m loss in the first half of the year which it attributed to declining sales in Britain and Europe as well as “macroeconomic uncertainty”. One analyst described the company as being “on a financial knife-edge”. Chief executive, Andy Palmer, has been trying to turn the company around with plans including the launch of its first SUV next year. However, sales are expected to dip as low as 6,300 cars this year, down from 6,441 last year.

**The Times, 1 August 2019, p38**

### **Women boost motorcycle prospects**

Utah-based Litas, a women-only bike rally, has expanded around the world with hundreds of branches and members of all ages. All over the US women's motor-cycle groups and events are springing up. Manufacturers, such as Harley-Davidson and BMW, whose sales have been stagnating, have struggled to appeal to a younger demographic. Female motorcycle owners, whose numbers have nearly doubled since 2010, offer them a new market especially since there are more female riders among younger women. BMW Motorrad is sponsoring women-only events while Harley-Davidson is expanding its range of clothes to suit women. However, brands must not treat women as a single demographic: one of the oldest female riders is 96!

**Bloomberg Businessweek, 29 July 2019, pp55-57**

Written by CIM's Knowledge Services Team

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