

# Cutting Edge: Our weekly analysis of marketing news

11 September 2019

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

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

## Marketing trends and issues

### Advertising

#### R&D spend soars relative to ad spend

Why has R&D spending raced ahead of ad spending since the 1970s? There are various explanations, such as the fact that digital media has brought the price of advertising down; companies are focusing on acquisitions rather than building their own brands; WOM and online reviews have helped to boost sales; and CEOs are becoming more passionate about innovation than about marketing!

**Harvard Business Review, Vol 97(5) September-October 2019, p32 (one paragraph and graph)**

### Brands and branding

#### Africa's place brands

Africa's place brands have for long been marketed as tourist destinations using images such as Maasai warriors, wild animals and national parks. Such visual cues are used by Kenya's Destination Marketing Organisation, yet Africa's cities rarely feature in marketing literature. Africa tends to be perceived as a homogenous country (an "untamed wilderness") by those outside the continent. African cities have not worked hard enough on their branding or on differentiating themselves as destination brands. They need to start getting creative...

**Marketing Africa, Issue 31 2019, p70 (Muriithi)**

### Thinking gender neutral

Traditional views of gender are changing, especially among younger people as gender identification is becoming less binary. This has influenced the way in which brands communicate with people, with product innovations and marketing campaigns reflecting this more inclusive view. Gender-neutral

marketing helps to challenge stereotypes; it makes people feel included; and it can open up a product offering to more people by raising brand perceptions. However, brands are warned not to just give an illusion of being inclusive because consumers will see through the act. Beauty brands are increasingly gearing their products and marketing towards a diverse set of consumers. Brands mentioned in this article include Birchbox, Gillette, Thinx and Kipling.

**Marketing Week, August 2019, pp32-33 (Hammett)**

### Conferences and events

#### Jack Morton – staying agile

Julian Pullan, vice chairman and president of experiential marketing agency Jack Morton Worldwide, explains how the agency remains agile. While 90% of the company's activities have a live component, live experiences may only be one aspect of the whole communications process. Pullan argues that the scale of his organisation helps it to remain agile. In contrast, a smaller agency might be restricted by the volume of work and could struggle to be agile. The Athens Olympics, where Jack Morton created the opening and closing ceremonies, helped to put it on the global map.

**Conference & Incentive Travel, Autumn 2019, p27 (Williams)**

### Creating a valuable event experience

Marketers are often tasked with putting on events which might be geared towards professional development, reputation, relationships, engagement, leads or revenue-generation. Events also provide a unique customer experience. According to one study, customer experience will overtake price and product as a key brand differentiator next year. The author offers 12



Chartered CPD Programme

Don't forget, reading this publication can count towards your annual CPD record.

[www.cim.co.uk/membership/cpd/](http://www.cim.co.uk/membership/cpd/)

insights for designing events that are authentic, relevant, positive and valuable experiences.

**Marketing News, Vol 53(8) September 2019, pp61-62 (Bonar)**

## **Consumer behaviour**

### **Engaging the homeless consumer**

The author looks at the role of technology in promoting communities for people experiencing homelessness and how online forums can help to build resilience and empowerment among this set of consumers. She suggests that online support groups and blogs are a way of connecting vulnerable people in a free or low-cost way. Using a case study approach, she argues that mentors and advice-givers can help empower vulnerable individuals, giving them confidence to rejoin society as "competent consumers".

**Social Business, Vol 9(1) Spring 2019, pp7-28 (Kaufman-Scarborough)**

### **Psychological triggers – consumer decisions**

To make your marketing message resonate with people, you need to reinforce what they already believe about themselves. This means validating what people want rather than trying to change their mind. It is therefore important to create campaigns that will inspire people to engage and take action. During this month's Content Marketing World 2019, Daniel Codella of Wrike gave her thoughts on seven of the most powerful psychological triggers that can affect marketing decisions and how markets can use them to enhance their messaging.

**dmnews.com, 5 September 2019**

## **Customer relations**

### **Customer anger and compensation levels**

A new study has tested the belief that the angrier people are after a service failure, the greater the compensation offered to them. The researchers found that the effect of anger on service reps varied depending on a trait called "power distance" (PD) which is a person's degree of acceptance of power differences and hierarchy. Four experiments revealed that participants with high PD gave more compensation to "mildly" angry customers than to "intensely" angry ones. Those with low PD did the opposite. Companies are advised to assess their sales reps' PD and to customise their emotional management training to help avoid over- or under-compensation of customers.

**Harvard Business Review, Vol 97(5) September-October 2019, p26**

## **Law**

### **Ad claims must be backed by evidence**

This month the ASA has upheld complaints against advertising from PETA (People for the Ethical Treatment of Animals). The ad, which was displayed on the side of buses in February 2019, carried the

message: "wool is just as cruel as fur". The ASA said this breached the CAP code on two counts: it did not comply with rules that, "Marketing communications must not materially mislead or be likely to do so"; and that, "marketers must hold documentary evidence to prove claims that consumers are likely to regard as objective" before distributing marketing material for publication.

**lexology.com, 4 September 2019 (Simpson)**

## **Marketing**

### **Influencers – content marketing**

Research suggests that communicating content that uses both emotions and data is more effective at engaging people than just data by itself. People will remember information when it is integrated into a narrative 22 times more than facts on their own. People also tend to trust humans rather than brands which could be why influencer-focused content strategies have become so popular. The 2019 *Influence by the Numbers* report (Sharable and Fullscreen) reveals that 37% of people are more likely to trust a brand after an influencer has promoted it. Influencers can be talented storytellers. Steve Oriola of Julius Influencer Marketing sets out four reasons to use an influencer in a marketing strategy. Ultimately though, it is better to use an engaging influencer rather than one who has millions of followers. They can also be cheaper!

**dmnews.com, 4 September 2019 (Lombardo)**

### **Marketing in the new Africa**

In May this year the African Continental Free Trade Area (AfCFTA) came into being with the potential to create the largest free trade area in the world. Market players in Africa have tended to look for new markets in Europe, the Americas and Asia while trade between African countries has been low. Developments in infrastructure – highways, visa-free travel, telecoms and financial services – will help to facilitate trade within Africa. Marketers will have an opportunity to make a difference in developing, not just local, but regional markets. Go-to-market strategies will be important in developing these new markets. Understanding the markets by gaining better consumer and market insight into habits and patterns will also become a key priority.

**Marketing Africa, Issue 30 2019, p10 (Ngatia)**

### **US CMO survey – AI use and hiring are rising**

August's CMO Survey, a twice-yearly internet survey of for-profit US companies, sees marketer optimism in the US economy rise to 59.8 (on a 0-100 scale), up from 57 in February. Marketing budgets have also risen to 12% of overall company budgets, matching an all-time high. Some 57.6% of respondents indicated that they are not replacing employees with new technology; however, this percentage is expected to fall to 37.5% over the

next three years. The type of tech that will replace employees includes AI, with 27% of respondents reporting an increase in the use of AI or machine learning in their marketing toolkits since February 2018. Despite this, there will also be a rise in recruitment, with a 6.2% increase in marketing hires over the next 12 months. Other results of the survey are reported in this article.

**ama.org, 28 August 2019 (Steimer)**

## **Market research**

### **Traditional market research slows**

The value of the market research industry grew from \$76 billion in 2017 to \$80 billion in 2018, according to Esomar's global market research report. This figure represents the total for traditional market research and data analytics. In fact, traditional research has been growing slowly, reaching \$47 billion in 2018, up from \$46 billion in 2017; in contrast, data analytics is growing at a rate of around 10% a year. All regions except Asia-Pacific experienced a decline in traditional market research (China grew by 11.9%). The US remains the biggest market (44%) while just ten big research companies make up 50% of global market research turnover. Nielsen heads the ranking, followed by Gartner and Kantar.

**research-live.com, 9 September 2019 (Bainbridge)**

## **Public relations**

### **Brand age and consumer attitudes post-crisis**

The authors consider brand age as an important factor in consumer brand evaluation following an incident of unethical company behaviour. Two studies examined the effect of brand age on three types of brand evaluations: perceived quality, brand credibility and behavioural intentions, following a brand crisis. They find that disclosing an older brand's age will not only improve consumers' brand evaluations in general but can also provide a buffering effect when the firm is involved in unethical behaviour. They also find that the relationship between brand age and consumers' post-crisis intentions is influenced by perceived brand credibility.

**Journal of Business Ethics, Vol 158(3) September 2019, pp699-711 (Zhang et al)**

## **Sponsorship**

### **Deliveroo sponsors FA Cup and Emirates Cup**

Deliveroo, the food delivery company, has signed up to become an official partner of the FA Cup and a sponsor of the England teams. The company's logo will appear on the training kit of all senior sides in men's and women's football. It will also partner with the Emirates FA Cup for the 2019-2020 season.

**marketingweek.com, 3 September 2019**

## **Agriculture, fishing and forestry**

### **Apprenticeships – the answer to recruitment?**

In addition to a shortage of seasonal labour because of Brexit, farm owners are increasingly concerned about recruiting managers, agronomists and technologists. Many EU agricultural workers have returned to their own countries. One solution to farming's long-term staffing problem could be apprenticeships. Some businesses have found that on-the-job training is a way of attracting and keeping talent. Farming businesses believe that the Government's Apprenticeship Levy needs to evolve to be fit for purpose. However, Management Development Services, a scheme set up to train the next generation of fresh produce managers, could attract people with a wider range of experiences into farming. Meanwhile, some businesses are setting up their own training schemes to attract employees.

**The Grocer, 7 September 2019, pp30-34 (Barker)**

### **Vertical farms taking off**

Intelligent Growth Solutions (IGS) is a vertical farming company based in Dundee. Douglas Elder, who is in charge, can run the operation single-handedly using an app to control temperature, humidity, ventilation and hydroponics. Vertical farming has taken off and investor interest is growing. Softbank, Eric Schmidt (former boss of Google) and Jeff Bezos, have jointly invested over \$200m in Plenty, a San Francisco-based vertical farming company. One downside of vertical farms is their use of electricity, but IGS uses LEDs that generate the colours that plants need at the times they need them, with light tailored to individual crops.

**The Economist, 31 August 2019, pp68-69**

### **Edible insects mainstream in ten years?**

A poll conducted by the Agricultural Biotechnology Council (ABC), suggests that almost 32% of Britons believe insects will become part of mainstream human diets within ten years. The ABC, which supports the use of GM crops, also found that 72% of those polled supported the use of technology such as plant-breeding techniques and gene editing to address crop shortages. The global edible insect market is expected to surpass \$520m by 2023 while the UN's Food Agriculture Organization claims that at least two billion people regularly eat insects. Despite this, they rarely appear in the diets of rich nations.

**The Guardian, 2 September 2019, p13**

## Building industry

### **New orders down in Q2**

New construction orders in Britain fell by 13.3% in the second quarter of the year compared with the rise of 10.4% enjoyed in the first quarter. In July construction output was up slightly (0.5%) but the three months from May to July saw output decline by 0.8%. Gareth Belsham, director of Naismiths, argues that the swings in fortune for the sector “hint at the depth of latent demand” as clients hold off due to the delay in Brexit.

**theconstructionindex.co.uk, 10 September 2019**

### **Windy cities**

In August the City of London Corporation announced new planning guidelines stating that developers should do more analysis on the wind microclimate around new buildings. Nick Wirth, founder of Wirth Research, argues that the new guidelines are not tough enough. Wirth is collaborating with VU.City which produces precise 3D models of cities to enable large-scale simulations. This means it is no longer necessary to create physical models that have to be tested in a wind tunnel. VU.City’s modelling could be extended to other cities beyond London, allowing local authorities and developers to assess the impact of a building on cyclists and pedestrians. Some 13 new skyscrapers are planned in London through to 2026.

**theconstructionindex.co.uk, 9 September 2019**

## Businesses and strategy

### **A strategy for the ecosystem economy**

In some respects, companies are no longer independent strategic entities because their success depends on collaboration with other businesses and in creating an ecosystem across sectors. In such cases traditional strategy frameworks are inadequate. The author argues that companies should be focusing on five questions: “Can you help other firms create value?”; “What role should you play?”; “What should the terms be?”; “Can your organisation adapt?”; and “How many ecosystems should you manage?”

**Harvard Business Review, Vol 97(5) September-October 2019, pp128-137 (Jacobides)**

### **Pricing strategy for SMEs**

Pricing strategy is one of the greatest challenges for today’s SMEs, but is also the main source of revenue in the marketing mix. Before deciding on a price, one should conduct a pricing strategy analysis looking at all the scenarios. The two most critical questions are: how much should you charge to achieve the desired profit; and will customers be willing to pay that price? The author looks at pricing strategies for new and established products and includes advice for small companies and start-ups.

**Marketing Africa, Issue 30, 2019, pp78,80-81 (Sirumba)**

### **The naming business**

Naming businesses in Britain is not straightforward: the company name must be unique; it can’t be offensive; and there are various categories of words that require permission from government departments and other organisations. These include words like “queen” and “Olympic”. Last year Companies House rejected 87 names including Panda Knob and Royal Nuts! Industry bodies and regulators, such as the FCA, must also sign off words such as “bank”. In 2015 the rules were simplified which has made it a bit easier for start-ups.

**The Economist, 31 August 2019, p27**

## Charities and NGOs

### **Oxfam’s first superstore**

Oxfam has just launched its first superstore as it tries to change the outdated image of charity shops. The new store, located in a retail park outside Oxford, is 12 times the size of an average Oxfam shop. Trading director Andrew Horton says he wants the store to be a “destination shopping experience” with a “wow factor”. The shop will house a café offering world foods and will offer free talks and events for schools. A mezzanine floor will display second-hand branded clothing and vintage styles. The store is also promoting Second Hand September. (See also fashion)

**The Guardian, 2 September 2019, p7**

## Durable consumer goods

### **Lego to expand in China and India**

Lego plans to open over 160 stores this year which includes expansion in both China and India. It will also open new sites in the UK, France and the Netherlands. The company’s revenues rose by 5% in the first half of the year making it the world’s largest toymaker ahead of Hasbro and Mattel. This is despite operating profit falling by 16% and net profit by 12% during the period. Niels Christiansen, chief executive, says India’s rising middle classes, the importance of education in the country and a growing economy make it an obvious market for reaching children.

**The Daily Telegraph (Business), 4 September 2019, p4**

## Economy

### **GDP flat, services growing**

The ONS has released its latest figures for UK GDP showing that GDP was flat in the three months to July 2019 after a decline of 0.2% in Q2. The last three months also saw falls in both construction and manufacturing. Although the major part of the economy, the services sector, returned to growth “the underlying picture shows services growth weakening through 2019”, according to head of GDP, Rob Kent-Smith. He also said that the trade

deficit had narrowed because of falling imports, particularly in “unspecified” goods, chemicals and road vehicles in the three months to July.

<https://www.ons.gov.uk/economy/grossdomesticproduct/gdp/bulletins/gdpmonthlyestimateuk/july2019>;  
**ons.gov.uk, 9 September 2019 (Scruton)**

## Education

### **Closing the soft skills gap**

The professional landscape is changing rapidly: the WEF estimates that 65% of children who are in primary school now will end up in jobs that don't exist today. It is transferrable skills that employers will value, especially soft skills, as the workplace becomes increasingly automated. Soft skills, reflected in words such as “communication” and “collaboration”, have become as important as hard skills learnt through formal training. In a recent LinkedIn survey 57% of leaders said that soft skills are more important than technical skills. Various strategies are emerging for teaching soft skills, including the use of AR and VR.

**The Times (Raconteur: Learning & Development), 3 September 2019, pp4-5 (Axworthy)**

### **Free MBA course and internships**

Brent Hoberman, entrepreneur and co-founder of Lastminute.com, is to launch an MBA programme with free tuition and paid internships at tech start-ups. The Founder Academy, a nine-month study and coaching programme, will be run by entrepreneurs rather than academics. The objective is to offer a broader talent base for start-ups and offer opportunities for those looking to change careers to work for start-ups. Hoberman says he has identified a gap in the MBA market to provide a “practical, more experience-led” solution.

**Financial Times, 10 September 2019, p14**

## Energy and utilities

### **Orsted and the boom in offshore wind power**

Denmark was the first country to have a large-scale offshore wind farm. Orsted (formerly DONG Energy, Denmark's state-owned coal and natural gas enterprise) has become the biggest offshore wind developer in the world. It has a third of the market excluding China and last year offshore wind made up 90% of its gross operating profit. Orsted has transformed itself into an environmental success story. However, its expansion has not been without risks: when a problem occurs, such as the blackout in Britain in August, the publicity is bad. The company is also facing greater competition from the likes of Equinor, Royal Dutch Shell and RWE.

**The Economist, 31 August 2019, p58**

## Environment

### **M&S cuts out the glitter**

Marks & Spencer is taking further action against micro-plastics by removing glitter from Christmas cards, wrapping paper, calendars and crackers. M&S plans to cut out all glitter, which is made from a microplastic, by the end of 2020. The company says it has already removed 1,000 tonnes of plastic packaging from its business.

**The Guardian, 31 August 2019, p22**

### **Non-meat high on investor menu**

The food value chain made up 25% to 30% of global emissions from 2007 to 2016, according to the IPCC. Investors, increasingly keen to see food companies diversifying into alternative, non-animal proteins, have been investing in the likes of Beyond Meat, which floated this year. Alternative proteins are in high demand both for health and environmental reasons. (See also Food)

**Financial Times, 4 September 2019, p13**

### **Potts' stock in beer cans**

Potts is introducing beer can style containers for its ready-made stocks to help do away with single-use plastic. It estimates that it could save up to 1.1m tonnes of plastic a year by moving to a recyclable can for its liquid stock. The 500ml cans will be sold in Tesco for six months and will roll out to other grocers if successful. Dave Lewis, Tesco CEO, recently said he would “reserve the right not to list” products that have excessive non-recyclable packaging.

**The Grocer, 7 September 2019, p44**

## Fashion

### **Noah – aiming for authenticity**

Noah, a New York start-up, sells clothing for surfers, skaters and punk rock fans who want to wear “nicely-made” garments. Brendon Babenzien and his wife, who founded the company, wanted to make clothes that were both environmentally responsible and “conscientiously” made and sourced. Supportive of movements such as Black Lives Matter, Babenzien once offered a full refund to anyone who planned to vote for Trump in the 2016 election. Nobody came forward but the move gained publicity and Noah attracted some new, like-minded customers. The company also differentiates itself by telling customers how much a garment cost to make. By contrast, Patagonia is regarded by many as the “gold standard for responsible capitalism” but tends to take a less extreme stance on protecting the environment than Noah.

**Bloomberg Businessweek, 26 August 2019, p66-67**

### **Second Hand September...**

September is usually an important month for the fashion industry but this year it is being disrupted by Second Hand September, an Oxfam-led campaign to raise awareness of the environmental impact of fashion and to encourage consumers not to buy new clothing for a full 30 days. Other initiatives, such as Fashion for Good's 3-month #slowfashionseason, are urging shoppers to abandon new clothing. Extinction Rebellion, which is calling for London Fashion Week to be cancelled, says that using second-hand clothing can lead to greater creativity through upcycling or swapping clothes. (See also Charities and NGOs)

**The Guardian, 31 August 2019, pp28-29**

### **...as Asda launches pre-loved shop**

Asda is trialling a "re-loved" clothes shop in its Milton Keynes store. The pop-up shop, led by George, Asda's fashion brand, will sell second-hand clothes from various brands. Asda has a zero-tolerance approach to the incineration of clothing waste.

**marketingweek.com, 3 September 2019**

## **Financial services**

### **Tesco mortgages sells out to Lloyds**

Lloyds Banking Group is to buy Tesco Bank's mortgage business as the supermarket pulls out of the home loans market. Over 23,000 mortgage customers will move to Lloyd's Halifax division. Tesco announced in May that it would stop issuing new mortgages because "challenging market conditions have limited profitable growth opportunities". Regulatory changes have led to fierce competition as banks have been told to separate their investment divisions from their high street businesses. Scale has become important in the mortgage business and banks, such as RBS and HSBC, have been making moves to boost market share. This could lead to other small players exiting the market.

**The Times, 4 September 2019, p45**

### **Face recognition payments**

Telia, the Finnish telecoms carrier, has teamed up with OP Bank, to test the use of high speed 5G in face recognition payments to merchants. A trial has taken place at an ice cream van in the car park at Telia in Vallila, Finland. Customers with a Pivo mobile wallet have been able to make payments using a tablet. The face recognition system compares the person's face with a biometric template allowing the customer to accept the payment using pre-saved card details. The service combines security of mobile connections with a smoother user experience.

**nfcw.com, 21 August 2019 (Clark)**

### **Paying with your hand – latest from Amazon?**

Amazon is reportedly testing a device enabling consumers to scan their hands to pay for food in supermarkets. The system, which uses cameras to measure the size and shape of hands for identification, is to be trialled in Whole Foods in the US. The technology, code-named "Orville", follows on from a 2015 patent filed by Amazon for scanning people's ears as an alternative to facial recognition and fingerprints. Amazon acquired Whole Foods in 2017.

**The Daily Telegraph (Business), 5 September 2019, p4**

## **FMCG**

### **Beverages**

#### **Arla advocates sniff and taste test**

Arla, the dairy co-op, is to abandon use-by dates and instead encourage consumers to sniff or taste their milk to establish its freshness. This follows research from Wrap last year which indicated that up to 7% of milk produced in the UK was thrown away. Arla intends to use best-before labelling which will be extended to its yoghurts by 2020. Wrap began lobbying for a change in milk labelling over two years ago.

**The Grocer, 7 September 2019, p48**

#### **Wine fittings to personalise consumer choice**

Majestic, the wine retailer, has launched a "wine fitting" service to develop detailed profiles of customers' tastes. Wine fitting stations in its 200 stores will allow shoppers to participate in blind tastings of eight wines to create a personalised profile of their preferences. The stores are being reorganised around "wine colours" to fit in with the new system. Josh Lincoln, Majestic MD, likens it to how Spotify and Netflix help to pick out items to match people's tastes. A million bottles of wine will be given away to the first consumers who take part. The initiative will also give Majestic valuable data on its consumers.

**The Grocer, 7 September 2019, p46**

#### **Dirty Lemon – SMS boosts demand**

Dirty Lemon, a four-year-old brand, sells distinctive bottles of lemon water via text messages, at a cost of \$65 for six. The water contains all sorts of ingredients (for example, hibiscus and pink sea salt) which claim to help sleep and general health. Founder, Zak Normandin, says that part of the appeal of the product is that it has restricted distribution which creates demand. According to eMarketer, ordering by SMS or "conversation commerce" has become "one of the most effective means of reaching consumers". In-app messages are seven times more likely to reach users than an email. Normandin says that he is currently "hyper-focused on beverages" but that there is huge

opportunity to use SMS to change the way that products reach consumers.

**FT Weekend, 7-8 September 2019, p13**

## **Cosmetics and toiletries**

### **China – brands sell direct through ecommerce**

To be approved for sale in China, cosmetics products must be tested on animals in the country's state laboratories. Some big brands, such as L'Oréal and P&G, have complied with the rules while others have stayed away. Since 2016 the Chinese Government has permitted consumers to buy cosmetics directly from abroad through ecommerce platforms. Many western cruelty-free cosmetics brands have taken advantage of this by selling cosmetics via Chinese ecommerce companies, such as Alibaba and JD.com. The latest to do so is Fenty Beauty, launched in 2017 by Rihanna.

**Financial Times, 10 September 2019, p14**

## **Food**

### **Fake meat**

Nearly a third of consumers consider plant-based burgers to be healthier than animal meat, according to a survey by Mintel. As awareness of the environmental impact of meat grows, vegan alternatives are becoming more attractive. Major food companies have entered the arena, such as Nestlé with its soy- and wheat-based Incredible Burger. Smaller companies, such as Beyond Meat, are experiencing greater competition from other start-ups, such as Impossible Foods with its "bleeding beef". Both companies have moved into the mass market and their non-meat burgers are being sold in restaurant chains: Beyond Meat in TGI Fridays and the Impossible Burger in Burger King, although the biggest prize will be McDonald's. The short-term issue is that they can't keep up with demand; the longer-term problem is that plant-based products can be less healthy than people like to think. However, their green credentials remain... (See also Environment)

**Bloomberg Businessweek, 26 August 2019, pp50-55**

### **Mukbang – an opportunity for brands?**

Mukbang is a new YouTube trend which comes from Korea and translates as "eating to broadcast". It usually entails people filming themselves eating huge portions of food while talking to the camera about the food and its taste. People seem to enjoy watching this "food-guzzling" process. So, why is it popular, what effect does it have on the viewers and is there a marketing opportunity for food and drink brands? This article investigates the possibilities.

**The Grocer, 7 September 2019, pp36-39 (Hawthorne)**

## **Household**

### **Vegan dog food**

Meat substitutes are big business for humans but now Wild Earth, a US pet food start-up, is attracting investment with its newly-launched vegan dog food. The petcare market is worth more than £6 billion a year in the UK alone, but pets consume around a fifth of the world's meat and fish. Wild Earth's dog food contains mainly yeast protein with "all the nutritional benefits of meat without the negative impact on the environment". Vets warn that cats should not be put on a vegetarian diet although it is "theoretically possible" for dogs to be vegetarians.

**The Guardian, 31 August 2019, p25**

## **Tobacco**

### **Juul rapped by FDA for marketing**

The US Food and Drug Administration has sent a letter to Juul reprimanding it for marketing its products as being less harmful than traditional tobacco products without first receiving regulatory approval. It quotes a Juul rep, who when giving a presentation to students, claimed that the company's products were "much safer than cigarettes". Juul has been told to take corrective actions or face fines and other censure. This comes a few days after the Centers for Disease Control and Prevention warned people to stop using ecigarettes while the link to severe lung illnesses is being investigated.

**Financial Times, 10 September 2019, p17**

## **Government and public sector**

### **Tory Party launches attack ads...**

The Tory Party is testing out social media "attack ads" ahead of a possible general election. The ads, aimed at party defectors, have already been aimed at Dr Sarah Wollaston, a defector to the Lib Dems. The Tory Party's Facebook ads also reveal the use of online surveys and petitions to collect data that might help in recruiting campaign volunteers. The initiatives are probably intended to test out various messages around the country before a national campaign gets under way, according to Robert Blackie, a political social media strategist.

**The Daily Telegraph, 5 September 2019, p4**

### **...and Brexit ads**

The UK Government has spent thousands on Facebook ads promising that "Brexit is happening on October 31<sup>st</sup>". From 4 September it spent £30,531 on Brexit ads over a five-day period. This compares with the Brexit Party, which spent £48,113 over a 30-day period. Labour has spent £24,584 although its ads cover a variety of subjects including fox-hunting and fracking. The Lib Dems spent £24,271.

**The Times, 10 September 2019, p10**

## Health and pharmaceuticals

### **China's changing regulatory environment**

China has been lagging when it comes to drug development and bringing new products to market. The National Medical Products Administration (NMPA) of China has been trying to harmonise drug development and clinical trials. Together with the International Council for Harmonisation (ICH), it has brought in some regulatory changes. This article examines the changes taking place in China and the guidance documents that are helping to streamline regulatory procedures for market access. Major modifications in compliance and regulatory processes are expected to result in positive changes in China's healthcare system and to benefit the Chinese healthcare market. For global companies, a better understanding of these regulations will help streamline their registration and market-entry processes.

**European Pharmaceutical Review, Vol 24(4) August 2019, pp6-11 (Baruah)**

### **SmileDirect – business model under fire**

SmileDirectClub, a US start-up, promises teeth straightening treatment at a fraction of the price of a traditional dentist. Since 2017 it has experienced huge growth, opening 342 "SmileShops" across the US and Canada. It has become well known through ads on social media, buses and billboards. In August, with a value of \$3.2 billion, it filed for an IPO. However, the company's business model is under attack from orthodontists who believe it is putting patients at risk. The orthodontist association has made complaints in 36 US states.

**Bloomberg Businessweek, 26 August 2019, pp36-37**

### **Cannabis in need of global consensus**

Over 30 countries have legalised medical cannabis. The pattern in North and South America has been for recreational acceptance to follow medicinal legalisation. Some European countries have legalised both uses but Germany, France and Britain have gone down the medical route. Attitudes towards the drug are softening globally although countries like Russia and China are opposed to changing their cannabis laws. This lack of global consensus has prevented the rewriting of drug treaties. In Britain it is still difficult to obtain medical cannabis, but France is going ahead with a large-scale clinical trial. The drug's "ambiguous" legal status is likely to remain for some time to come.

**The Economist, 31 August 2019, pp53-54**

### **UK lags in healthcare spending**

The ONS has conducted an analysis on how UK healthcare spending compares with other countries. In 2017, the UK spent £2,989 per person on healthcare, roughly the median for members of the OECD (£2,913). In contrast, among the G7 group of

developed economies, UK healthcare spending per person was the second-lowest, the highest spenders being France (£3,737), Germany (£4,432) and the US (£7,736). UK healthcare spending as a percentage of GDP has fallen from 9.8% in 2013 to 9.6% in 2017. Yet healthcare spending as a percentage of GDP in four of the other G7 countries has risen. However, due to the NHS, the UK has one of the highest shares of publicly funded healthcare (79%) in the OECD.

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/articles/howdoesukhealthcarespendingcomparewithothercountries/2019-08-29>; **ons.gov.uk, 29 August 2019 (Cooper)**

## IT and telecoms

### **Apple to sell low-cost iPhone next year**

Apple is expected to launch a low-cost iPhone next year as it tries to claw back market share from Samsung and Huawei. China generates 18% of Apple's sales but analysts warn that the company could see a decline there due to a "less favourable brand image". Forecasts for iPhone sales in China have been revised down to 16.8m from 33.6m. Tim Cook, Apple CEO, has warned that there would be some "challenges in key emerging markets" due to slowing economies, particularly in China. In August Huawei overtook Apple as the second-largest smartphone retailer.

**The Daily Telegraph (Business), 5 September 2019, p4**

### **Siri unties Nikes**

Nike's latest move into wearable technology involves its Huaraches trainers which allow wearers to control the shoes using Apple's Siri voice assistant. Siri can be instructed to "release my shoes", in other words, to untie the laces. An app allows people to customise the colour of LED lights on the sole of the shoe.

**The Daily Telegraph, 31 August 2019, p14**

## Leisure and tourism

### **France behind in glamping**

Today's campers want luxury in the form of coffee machines, showers, saunas, Wi-Fi and other mod cons. However, a study by the National Federation of Open Air Accommodation has found that France's 7,967 campsites are lagging behind other countries when it comes to providing these extra luxuries. The Federation found that over 1,000 campsites had closed over the past 20 years and warns that smaller sites risk going out of business unless they upgrade. France's four- and five-star campsites (221 in total) account for 60% of the sector's annual revenue and are attracting institutional investors.

**The Times, 26 August 2019, p29**

### **Overseas visits to and from UK**

The ONS has produced a bulletin on UK overseas travel and tourism for April and May 2019 which

reveals that overseas visitor trips and spending had both fallen year-on-year: there were 3.1m trips to the UK by overseas visitors in April (down by 8% compared with April 2018) and 3.3m in May (down by 6%). Overseas visitors to the UK spent £1.6 billion in April (down 14% year-on-year) and £2.1 billion in May (down by 1%). UK resident visitors numbers and spending were also mainly down: they made 6.1m visits overseas in April (down by 4%) and 6.2m visits in May (the same as May 2018). However, spending was up for April, with UK residents shelling out £3.7 billion on overseas visits, a rise of 11%.

<https://www.ons.gov.uk/releases/overseastravelandtourismaprilandmay2019provisionalresults>; [ons.gov.uk](https://www.ons.gov.uk), 29 August 2019 (Horsfield)

## Materials and mining

### **Osmium – the next-gen diamond?**

Ingo Wolf, a German scientist and entrepreneur, is betting on osmium (76 in the periodic table), an element that is extracted in extremely small quantities as a by-product of nickel and platinum mining. Yet it has greater commercial potential than diamonds and is able to refract light at greater distances than diamonds. Wolf is founder of the Osmium Institute, an advocacy group responsible for trade certifications. The Institute's revenue has risen by 150% in the first quarter of 2019 and it is about to embark on a global marketing campaign. Wolf is predicting an osmium boom.

**Bloomberg Businessweek**, 2 September 2019, pp66-69 (Carr)

### **Lithium – price is down but demand continues**

Lithium is a key material for the batteries used in electric cars yet prices for lithium carbonate, a core product, have fallen by 13% this year which has damaged the profits of the largest producers. The market has become saturated by new supplies of lithium following the expansion of mines in Australia. Meanwhile, a reduction in government subsidies for electric vehicle buyers in China has reduced demand in the largest electric car market in the world. However, battery companies are still anxious to secure supplies of lithium to meet demand from electric car makers. Tianqi Lithium, the largest producer in China, says that investment in lithium is "returning to normal" and that uncompetitive producers will disappear from the market.

**Financial Times**, 27 August 2019, p1

### **Rare earths**

The seventeen rare earth elements are essential to the production of both civilian and military technology. Yet the trade war between the US and China means that the US could be cut off from its supply of these elements since China currently has a near-monopoly on them. This is why President Trump has expressed such a strong interest in

Greenland, which is estimated to hold a quarter (40m tonnes) of the world's reserves of the 17 elements. The article examines the usefulness of each element.

**The Times**, 26 August 2019, p30

## Media

### **Books**

#### **Sticking to the script – market for screenplays**

Scripts and screenplays have previously been the domain of drama students but now readers have become increasingly interested in acquiring the texts of their favourite films, plays or TV series. *Fleabag: The Scriptures*, the screenplay of the TV series, is to be published in November and has already been heavily pre-ordered. In 2016 the script for *Harry Potter and the Cursed Child* sold nearly 850,000 copies in its first week. However, Tom Tivnan, managing editor of *The Bookseller*, believes that only a handful of screenplays will ever reach mass appeal and that the market is limited.

**The Observer**, 8 September 2019, p31

### **Internet**

#### **Adblocking growth to flatten**

In this podcast, Shelleen Shum explains why eMarketer has lowered its forecast for adblocking use in the UK. It now estimates that just over 20% (down from 20.6%) of internet users will block ads in 2019 and that this number will "hold steady" for the next couple of years. Adblocking has stabilised for a number of reasons, including the reduced hype about it in the media and a better understanding of the "value exchange" among consumers, publishers and advertisers. In addition, GDPR and other regulations protecting consumers have reduced the need for adblockers.

**emarketer.com**, 3 September 2019 (Shum)

### **Social media**

#### **ASA – new report into labelling influencer ads**

The ASA has been warning influencers and brands to be transparent about social media advertising. It has produced a new report into the types of labels and other factors that help people to understand when influencers are advertising. The research revealed that people find it hard to know when an influencer is advertising and that the post must be "obviously identifiable" as an ad. Guy Parker, the ASA's chief executive, says influencers and brands must make it clear by using, for example #ad.

<https://www.asa.org.uk/resource/influencers-guide.html>; **marketingweek.com**, 5 September 2019

#### **Influencers and ad regulations**

Instagram is fast becoming a favourite for advertisers and companies are increasing their marketing budgets for social influencers. However, it is vital that influencers and brands understand the

legal standards required, especially when their audiences are spread across multiple countries. In the UK, ad regulations are governed by the ASA which has defined when a post is a #ad. Posts where social influencers have been #gifted a product and service are not subject to the ad codes but are regulated by the CMA. To avoid problems, influencers should ensure that paid-for content is clearly labelled. Two recent ASA rulings on social influencer posts are summarised.

**lexology.com, 4 September 2019 (Richardson and Cornell)**

## Video

### **YouTube commissions educational content**

YouTube is competing with the BBC by commissioning a number of educational programmes for a British audience. The initiative will further blur the lines between an online platform and traditional broadcasters. YouTube has admitted that the shift to public service material is in response to negative press coverage but that its users "love educational content". Although YouTube has accepted that it cannot compete with the likes of Netflix, it still dominates video viewing, especially among 18- to 34-year-olds.

**The Guardian, 30 August 2019, p22**

### **YouTube – largest fine under COPPA**

YouTube has been fined \$170m by the US Federal Trade Commission (FTC) because it collected personal data from children without their parents' consent. It was accused of using cookies to track users on channels targeted at children and earning millions of dollars by allowing companies to target ads at children. This is the largest fine issued by the FTC in a case relating to the Children's Online Privacy Protection Act (COPPA). As part of the settlement YouTube must ensure that video creators identify when they are targeting children so that cookies can be automatically disabled.

**Financial Times, 5 September 2019, p14**

## Packaging

### **Sneaker boxes**

A recent pop-up museum in New York featured the sneaker box as a form of art, branding and marketing. For those obsessed with sneakers, the boxes have become as collectable as the shoes they contain. Consumers' desire to hoard, photograph and publish this type of packaging has led footwear labels to be more creative. Adidas, Nike, Puma and Vans are among the brands following this trend.

**thedrum.com, 4 September 2019 (Deighton)**

### **Japan – origami KitKat wrappers**

Nestlé Japan is to introduce recyclable paper wrappers for its KitKat brand as a way of reducing plastic waste. The country is KitKat's biggest market

with four million KitKat Minis being sold every day. The new paper packaging will come complete with instructions on how to make an origami paper crane to encourage consumers to be creative rather than just throwing the paper away. Nestlé has committed to only using 100% recyclable and reusable packaging by 2025.

**independent.co.uk, 14 August 2019**

### **Arla – block butter packaging innovation**

Arla has launched what it claims is the first block butter packaging innovation since 1957, when foil was introduced. It takes the form of a coated cardboard box with a foil covering that can be resealed. It follows research in which 45% of consumers said that block butter packaging is "messy to use" while 57% said they would be more likely to use it if it was easier to open and reseal. The new packaging will be promoted via a £2m marketing campaign from October.

**The Grocer, 7 September 2019, p48**

## Retailing

### **August retail sales in the doldrums**

In August UK retail sales fell by 0.5% compared with August 2018 when they grew by 0.2%, according to the British Retail Consortium (BRC). In the three months to August, in-store sales of non-food products fell by 3% compared with growth of 3.4% for online sales. Helen Dickinson, chief executive of BRC, warns that economic and political uncertainty is affecting sales and that the Government should take action if it doesn't want to see further shop closures.

**marketingweek.com, 3 September 2019**

### **Shopify – there for the merchants**

While Amazon focuses on making sure consumers get what they want, Shopify, a Canadian software company, focuses on the merchants. Tobi Lütke set up the company in 2004 after realising that the only choices for a small business were to fund an expensive website or to sell through Amazon, which would mean relinquishing control over their relationship with the customer. By contrast, Shopify does not get involved in the relationship between merchants and their customers. Its sellers range from small start-ups to big brands. Now it claims to be America's third-largest online retailer by sales volume, after Amazon and eBay. It earns fees for every stage of the ecommerce business, including advertising on social media sites; as it grows, it is commanding better advertising terms. The main challenge now is to reach the non-English speaking world.

**The Economist, 31 August 2019, p59**

### **Tesco to use Google Assistant**

Tesco is to enable customers to do a full shop using a Google Smart Speaker for the first time. The system integrates customers' online accounts with Google Assistant so that they can "talk to Tesco". This does away with the need to use Tesco's IFTTT (If This Then That) app, which allowed shoppers to add items to their basket but not to complete the shop.

**The Grocer, 7 September 2019, p6**

## Services

### **Facebook enters dating market**

Facebook Dating is to launch in the US to help people find "meaningful relationships through things you have in common". The entry of Facebook into the dating arena will create concerns over the way it uses its data. The premise is that the social network has an in-depth knowledge of users' likes and dislikes which will give it an advantage. The US online dating market is worth \$2.5 billion and Facebook will be competing against the likes of Match Group, an incumbent, and newcomers, such as Hinge and The League.

**Financial Times, 6 September 2019, p13**

## Transport and travel

### **Tesla is third best-selling car**

The Tesla Model 3 became the third best-selling car in Britain during August, selling more than the Ford Focus, Mercedes-Benz A-Class and the Vauxhall Corsa, according to the SMMT. It was second only to the Ford Fiesta and VW Golf. The Model 3, whose price starts at £36,500, is the cheapest of Tesla's electric vehicles. In August 3,147 new EVs were sold in the UK, up from 659 in the previous year. Yet the number of hybrid cars has fallen by over 70% to 907 following the withdrawal of a Government subsidy.

**The Times, 6 September 2019, p33**

### **The Defender returns but it has competition**

In January 2016 the very last Land Rover Defender rolled off the assembly line in Solihull. By this time, fewer than 20,000 Defenders a year were being sold. Designers at JLR have been working on a replacement which will be officially unveiled at this week's Frankfurt Motor Show. Others have been eyeing up the space left by the Defender. Sir Jim Ratcliffe, Britain's richest man, has committed £600m to developing a rival product which goes by the name of "Projekt Grenadier". It is due to be unveiled in 2020 and launched in 2021. Although it claims not to be competing directly with the Defender, it will be interesting to see in which direction the Defender's old customers head.

**The Sunday Telegraph (Business), 8 September 2019, p5**

Written by CIM's Knowledge Services Team

© Copyright 2019 CIM

The views expressed in *Cutting Edge* are not necessarily those of The Chartered Institute of Marketing.

**Cutting Edge:** Our weekly analysis of marketing news

## Sources

We created this edition of *Cutting Edge* from the sources listed in the next column. As a member you have access to a discrete range of them through the CIM website, some are freely available on the internet, but there will be others that we can only supply you with through our photocopying service.

To access the journals you have available to you as a member:

- Go to [www.cim.co.uk/more/marketing-library/](http://www.cim.co.uk/more/marketing-library/) and log in to the site.
- You will then have access to the links to Ebsco, Emerald and e-books available via Ebook Central.
- A user guide for the electronic resources is available on this page.

**Please note:** the titles as they appear in *Cutting Edge* are **not** the same as in the original article. If the journal is within Ebsco, you can search by publication, which then allows you to choose the date. This page will also clearly show if there is an embargo on the title or if there is a short delay.

### Key

\*\*Full text available on Ebsco – although there may be an embargo

\*Abstract available on Ebsco

+Full text available on Emerald

~Available online if you register

# Mintel reports are available in the library at Moor Hall. Members can request the contents pages of a report and can receive up to 5% via our photocopying service.

Please contact Knowledge Services if you would like any further assistance or would like more information on our photocopying services (charges apply).

Tel +44 (0)1628 427333

Email [knowledge@cim.co.uk](mailto:knowledge@cim.co.uk)

[www.ama.org](http://www.ama.org)

[www.asa.org.uk](http://www.asa.org.uk)

Bloomberg Businessweek\*

Conference & Incentive Travel

[www.theconstructionindex.co.uk](http://www.theconstructionindex.co.uk)

[The Daily Telegraph](#) ~

[www.dmnews.com](http://www.dmnews.com)

[www.thedrum.com](http://www.thedrum.com)

The Economist\*

[www.emarketer.com](http://www.emarketer.com)

European Pharmaceutical Review

[The Financial Times](#) ~

The Grocer

[The Guardian](#)

Gulf Marketing Review

Harvard Business Review\*\*

Journal of Business Ethics\*\*

[www.lexology.com](http://www.lexology.com)

Marketing Africa

Marketing News\*\*

[www.marketingweek.com](http://www.marketingweek.com)

Marketing Week \*\*

[www.nfcw.com](http://www.nfcw.com)

[www.ons.gov.uk](http://www.ons.gov.uk)

[www.research-live.com](http://www.research-live.com)

Social Business

The Times

## Contents

To fast forward click on the following links:

[Agriculture, fishing and forestry](#)

[Building industry](#)

[Businesses and strategy](#)

[Charities and NGOs](#)

[Durable goods](#)

[Economy](#)

[Education](#)

[Energy and utilities](#)

[Environment](#)

[Fashion](#)

[Financial services](#)

[FMCG](#)

[Beverages](#)

[Cosmetics and toiletries](#)

[Food](#)

[Household](#)

[Tobacco](#)

[Government and public sector](#)

[Health and pharmaceuticals](#)

[IT and telecoms](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Brands and branding](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Customer relations](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Materials and mining](#)

[Media](#)

[Books](#)

[Internet](#)

[Social media](#)

[Video](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)