

# Cutting Edge: Our weekly analysis of marketing news

18 September 2019

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

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## Marketing trends and issues

### Advertising

#### Adland bears all

Advertising depicts bears as cuddly, loveable creatures and the History of Advertising Trust's archive reveals over 70 bear-related ads ranging from "Heathrow bears" (Havas London) to John Lewis's "The bear and the hare" (Adam & Eve/DDB). A key factor in their popularity is their ability to walk on two feet, which gives advertisers the option to give them human attributes. In ads they can be seen performing human tasks, such as walking into a bar (George the Hofmeister bear). Bears also provide a link back to childhood when people had teddy bears. Polar bears, which are particularly popular in adland, are a threatened species so have been featured in campaigns for WWF and Plane Stupid. "John West's Red Salmon: the bear facts" ad is featured in this article.

**Campaign, September 2019, pp102-105 (Lee)**

#### ASA and Clearcast disagree on Deliveroo ad

The ASA has banned a Deliveroo TV ad for making the misleading claim that you could "Order what you want; where you want; when you want". It features a prisoner receiving a delivery after escaping through a tunnel into a field. Complainants to the ASA claimed that Deliveroo did not deliver to their areas. Interestingly, Clearcast, which approves ads for TV, argues that the ad reflects the flexibility of Deliveroo's system rather than its geographical coverage. The ASA did not agree!

**marketingweek.com, 11 September 2019**

#### Emojis in advertising – ASA guidance

In July the ASA released a new guidance note, *Keeping your emojis in check – using emojis in ads*, to coincide with World Emoji Day. It warns that emojis should not disguise ads; that they can appeal to the wrong audiences; and that they can be used irresponsibly. This is important because brands increasingly seek to use the same language as consumers in their marketing. They must ensure that the use of emojis doesn't lead to a breach of compliance with ASA rules.

<https://www.asa.org.uk/news/keeping-your-emojis-in-check-using-emojis-in-ads.html>; [lexology.com](#), 2 September 2019 (Deng)

### Agencies

#### The Big Six – varied fortunes

Organic revenue growth at the Big Six agency groups was unimpressive for the first half of 2019, ranging from -2% (WPP) to +4.6% (Interpublic). The Big Four (WPP, Omnicom, Publicis and Interpublic) which stock market analysts tend to focus on, showed average organic growth of 0.8% for the period, down from 1.6% in 2018 and falling way behind industry forecasts for global media expenditure (which is around 4% per year). It is a tough climate as brands reduce agency fees; increasingly bring marketing services in-house; and buy directly from technology platforms. This article examines how the Big Six are coping.

**Campaign, September 2019, pp13-14 (Spanier)**

#### S4 doubles size through organic growth

S4 Capital, Sir Martin Sorrell's marketing company, says it will double in size organically by 2021. It has reported a billings like-for-like "estimate rise" of 39% for the six months to 30 June, with full-year billings standing at £59m for 2018. S4 has been



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making acquisitions since it was set up in May 2018. Sir Martin has positioned the company to target the digital ad market, advertising's fastest-growing area. According to eMarketer, digital will account for around half of global ad spend this year.

**Financial Times, 12 September 2019, p18**

## **Brands and branding**

### **Creating brand indices**

Brands are often ranked according to a set of metrics. Traditional printed media has had a long-standing relationship with brands while brand communities on social media often influence consumer behaviour. This article looks at the potential of opinion mining based on big data, to create a brand index that reflects the brand's image in the media. The analysis covers previous literature, as well as editorial publications and social media, to gauge brand-related media sentiment. The authors conclude that sentiment analysis based on big data could help to automate the calculation of brand indices. Big data can be used to compare brands and their media visibility.

**Journal of Marketing Analytics, Vol 7(3) September 2019, pp141-151 (Nuortimo and Harkonen)**

### **CSR associations – brand perceptions**

This study considers the effect of global brands' corporate social responsibility (CSR) associations on corporate ability (CA) associations and consumer-company identification; it also looks at their impact on brand loyalty. It establishes the relationship between the two types of corporate associations (CSR and CA). It also demonstrates that consumer perceptions of CSR can influence the formation of other corporate associations; the building of an emotional link; and a sense of attachment to the brand. CSR associations also result in consumer brand loyalty. Overall the research shows that CSR can strengthen consumers' identification with the organisation by reinforcing brand loyalty through both CA associations and consumer-company identification. Customers who are highly supportive of CSR are more likely to build favourable CA associations.

**Journal of Strategic Marketing, Vol 27(8) November 2019, pp679-695 (Crespo and Inacio)**

## **Conferences and events**

### **Customer engagement at trade shows**

Customer engagement is important because engaged customers are likely to keep coming back. In this study, based on B2B trade shows, the authors link customer engagement with two outcomes: the intention to attend the next show and intention to purchase from exhibitors. They propose a conceptual model of customer engagement and show that satisfaction with the trade show impacts behavioural engagement in relation to the two outcomes. They find that marketers benefit when

visitors become fully engaged with the trade show. They also propose a three-stage process: anticipation (pre-show), realisation (at-show) and reflection (post-show), and a segmentation of visitors according to their motivation to attend the event which will help organisers to target their messages more effectively.

**Industrial Marketing Management, Vol 81 August 2019, pp99-114 (Gopalaktishna et al)**

## **Consumer behaviour**

### **Cost transparency can improve purchase**

Companies don't usually tell you the cost of producing a product. However, new research suggests that it could be advantageous to do so. An experiment in a large US university dining room found that customers who read signs revealing the cost of producing soup (a list of costed ingredients plus labour costs) were 21% more likely to buy a bowl of soup than those who hadn't seen the sign. Five other experiments supported these results. Companies usually treat costs as a secret but, by revealing what might be regarded as sensitive information to consumers, they can create trust and enhance relationships between themselves and their customers.

**Harvard Business Review, Vol 97(5) September-October 2019, p30 (from *Lifting the Veil: The Benefits of Cost Transparency*, a working paper by Mohan et al)**

## **Customer relations**

### **Global mobile CRM – growth opportunities**

The global mobile CRM market is valued at \$15 billion, up from \$13.5 billion last year, according to Future Market Insights (FMI). Growth is driven by factors such as a focus on customer satisfaction, tech advances and the need for agility. Having real-time access to important information is no longer a nice-to-have but a necessity. Companies are also turning to CRM on demand by using cloud-based systems that offer flexibility and scalability. FMI also finds that price is the second-most important consideration (after efficiency), with calls for mobile CRM vendors to offer more flexible, pay-per-use pricing models. Companies in financial services tend to be early adopters of mobile CRM but retail is expected to overtake it in terms of spend. Large organisations also lead in mobile CRM adoption but all sizes of business are seeking to make well-informed decisions, which will drive opportunities for vendors.

**CRM Magazine, Vol 23(7) September 2019, p17 (Klie)**

## **Direct marketing**

### **Cold calling**

Cold calling is controversial, although it is at the core of lead generation, but it is an area that can be widely misunderstood. In fact, cold calling has moved away from a general approach towards being tailored to specific clients. Here are four factors that

explain why cold calling is still useful: it is a nurtured process (develops relationships); it is good for data gathering (building insight); it enables one-on-one (a personalised approach); and shows the skill of sales (the advantages of a good, well-trained salesperson).

[dma.org.uk](https://dma.org.uk), 9 September 2019 (Thomas-Corr)

## Law

### ICO – the latest on adtech

The ICO's *Update report into adtech and real time bidding* (20 June 2019) provides an overview of the adtech scene, the key players and the use of personal data during the RTB process. Key areas of concern set out in the report include: transparency/clarity in privacy notices; lawful bases for processing; explicit consent for processing sensitive category data; limits on data processing to what is strictly needed in an RTB context; and appropriate protection for personal data. The authors provide an in-depth analysis of the ICO's findings.

<https://ico.org.uk/media/about-the-ico/documents/2615156/adtech-real-time-bidding-report-201906.pdf>; [lexology.com](https://www.lexology.com), 11 September 2019 (Blamires et al)

## Marketing

### Value co-creation

Marketers and consumers increasingly engage in direct interaction, either face-to-face or through internet platforms; this interaction is often referred to as value co-creation. It has led to "active and entrepreneurial" consumers who create value for firms at no extra cost to the firm. In this study the authors examine value co-creation through Nike+, a system for runners developed by Nike around its self-tracking devices. It identifies three biopolitical dimensions: the gamification of the running experience; the transformation of running into a competitive activity; and the conversion of running into a social activity. The study shows how the development of a biopolitical marketing environment derives value from different aspects of consumers' lives.

*Marketing Theory*, Vol 19(3) September 2019, pp347-366 (Charitsis et al)

### Destination marketing

Locations around the world are launching initiatives to attract tourists, investors and other interested parties. As Africa continues to open up, (especially with the African Continental Free Trade Area or AfCFTA), there will be an increasing amount of destination marketing on the continent. Technology plays a key role in developing programmes for destinations: search engine optimisation for raising awareness; endorsements and testimonials for attracting visitors; and sites such as Trip Advisor. Meanwhile, marketers need to create and share stories. Having accurate data at key points in the

customer journey will help to identify gaps in the service delivery. The involvement of local communities is also a key consideration when executing programmes but ultimately, all stakeholders should be involved in the process.

*Marketing Africa*, Issue 31 2019, pp72-73 (Ngatia)

## Empathy in marketing

Empathy helps designers to create more innovative products and helps marketers to relate better to consumers. Oxo in New York City embraces the idea of universal design by creating products that are accessible to anyone. Empathy – asking how something might make the consumer feel – has given the brand an edge. But, to establish true empathy, marketers must stop thinking of themselves as the end user. Kelly Herd and Ravi Mehta, university academics, ran five studies on the effects of empathy on design. They found that when people were asked to imagine a user's feelings, their ideas became more creative and original, although still practical. Similar work was carried out by MIT's AgeLab when it asked designers and marketers to wear the AGNES suit to simulate the feeling of being in their mid-70s, thus enabling them to empathise with older people.

[ama.org](https://ama.org), 5 September 2019 (Steimer)

## Women reach C-suite in record numbers

A record 48% of CMO appointments went to women in the first half of 2019, according to a report from Russell Reynolds. The highest rate of hiring occurred among financial services (56%) and industrial and natural resources (55%) companies. The report says that, although women are making gains in the C-suite, this comes at a time of high turnover rates in marketing leadership. Leadership turnover was most evident in consumer products and services (19%), up from 12% on the previous six months, while the largest decrease in turnover was in leisure and hospitality (9%). The report also highlights some of the challenges faced by marketers as they move up the marketing career ladder.

[marketingdive.com](https://marketingdive.com), 11 September 2019 (Hazard)

## Market research

### Second screening participants

Finding genuine people to take part in market research is hard and recruiters have been wary of "professional respondents". As targeted marketing becomes more sophisticated, there is a demand to find increasingly niche audiences. It is becoming ever more challenging for recruiters to verify respondent profiles in response to client demands. The fewer participants in the research, the more important it is to ensure they are the right people. Digital tracking offers a second screening stage to ensure that the right respondents are recruited. The authors explain how Flamingo, a digital forensics

company, uses digital tracking (tracking video game use, YouTube consumption, search history, etc) to verify prospective respondents' claims.

**research-live, 12 September 2019 (Crudge and Galan)**

### **Neuroscience research – a basic foundation**

Neuroscience tools and insights as away of studying advertising have become increasingly important to researchers. However, labels such as "neuromarketing" and "consumer neuroscience" are often used interchangeably, leading to many inconsistencies in the field. The author proposes a foundation for the use of neuroscience and related methods for studying advertising effects. Three main elements are suggested: a distinction among basic, translational, and applied research; a conceptual clarification; and a framework for the validation of neuroscience-based metrics.

**Journal of Advertising Research, Vol 59(3) September 2019, pp291-294 (Zoëga Ramsøy)**

### **Public relations**

#### **Spokesperson qualities for effective comms**

Digital networks have made peer-to-peer communications more powerful which means that the role of the messenger has increased in importance. The qualities required for an effective spokesperson have also changed. *Messenger*, a book by psychologists Stephen Martin and Joseph Marks, provides a framework for evaluating effective messengers. A key lesson from the book is that so-called "superficial indicators" can make a difference. For example, charisma can be reflected in how much people move their hands (TED talk presenters gesture with their hands twice as much as less successful speakers). There are three main ways in which leaders can become more effective at communication: communicating proactively; connecting with the audience; and acting like a challenger, not an established leader. Challengers often have the most interesting stories to tell.

**PR Week, September-October 2019, p19**

### **Sponsorship**

#### **Accessible football sponsorship**

It is too expensive for most brands to sponsor Premier League football: the two biggest shirt deals are Chevrolet with Man U (£47m) and Etihad with Man City (£45m). Yet football sponsorship, as with other marketing channels, is moving on by offering new and disruptive ways for brands to be associated with it. "Granular" sponsorship is a new concept, consisting of short-term deals that chop the football season up into smaller chunks and selling the rights to a range of items. These might include localised partnership opportunities, such as with Sutton Coldfield's Midland Football League team. A 2019 IPSO study identifies storytelling, customer targeting and influencers as key opportunities for a sponsorship partner relationship. Perhaps the

biggest opportunity is presented by women's sport. Despite the inequalities in women's earnings and media coverage, women's sport is likely to provide significantly greater ROI than men's sport over the next decade...

**marketingweek.com, 10 September 2019 (Lang)**

## **Agriculture, fishing and forestry**

### **Food Valley**

Wageningen Netherlands, an area known as Food Valley, is where scientists are working on the future of food. It is regarded as a world capital of innovation in food and agriculture, having attracted over 6,500 specialists ranging from biochemical engineers to seaweed experts. This article showcases some of the work being done, including the effect of LEDs on greenhouse crops, insects as food, fake steak, customised plants, algae and robotics. It also compares new production techniques with conventional ones: for example, the global average yield of tomatoes over a square metre is 3.7kg, while a Wageningen yield is over 50kg per square metre.

**Wired, September-October 2019, pp136-147 (Emory)**

### **M&S launches first in-store urban farm**

Marks & Spencer is to introduce "urban farms" into seven London stores this year, allowing customers to pick fresh herbs in-store. It will start with the Clapham Junction branch which will be the first in-store farm of its kind. It is the result of an exclusive six-month deal with Infarm, a company operating across mainland Europe. Infarm says its method provides fresher food for shoppers and is more sustainable than traditional farming methods, using 95% less water and 75% less fertiliser.

**The Grocer, 14 September 2019, p5**

### **Dairy farming – changing consumer attitudes**

Veganism is on the rise but how are consumer attitudes to dairy changing? *The Grocer* commissioned Harris Interactive to survey 2,000 shoppers. The previous survey in 2017 found that the most cited concern was high fat (38%) but now animal welfare has become the top concern amongst 32% of respondents compared with fat (30%). Only 8% of shoppers consider dairy farming to be cruel with 50% saying that free-range dairy farming is fine although intensive dairy farming was cruel. The biggest reason for people reducing their dairy intake is health, particularly among the over-45s. An infographic compares attitudes in 2017 with those today.

**The Grocer (The Dairymen), 14 September 2019, pp34-35 (Perkins)**



## Businesses and strategy

### **A sense of purpose can lead to high growth**

When the authors embarked on a study of high-growth companies eight years ago, they focused on three strategies known to be growth drivers: creating new markets; serving wider stakeholder needs; and rewriting the rules. However, they also discovered a fourth driver, namely purpose. Companies have for long been embracing purpose, but it is often seen as an add-on or maybe a way of giving back to the community. The study found that high-growth companies put purpose at the centre of their strategies. Mars Petcare's purpose – "a better world for pets" – extended its remit beyond just pet food while Securitas' purpose – "contributing to a safer society" – inspired it to extend beyond physical security to electronic services and predictive solutions. The authors suggest ways in which an organisation can develop and implement a purpose and the benefits they are likely to see as a result.

**Harvard Business Review, Vol 97(5) September-October 2019, pp70-79 (Malnight et al)**

### **No more five-year plans?**

The five-year plan is defunct because things aren't standing still long enough to decide what might happen over the next five years. Customer expectations are changing, and new competitors are emerging all the time. So, how do you move forward with your strategic decision-making? Successful companies must use an approach that can be constantly adapted, such as "strategy-as-you-go". They should begin in the usual way by defining the commercial direction of the business. However, instead of deciding how to execute the strategy, they should adapt as they go. Some industries (software and restaurants, for example) already have this mindset. The strategy-as-you-go approach still requires clear accountability and reporting against KPIs to check if it is working and to tweak it along the way, but its adoption can lead to long-term growth.

**London Business Matters, Issue 158 September 2019, p46 (Maifreni)**

### **Workplace recruitment – a marketing exercise**

Since so much time is spent at work, it is interesting to consider what exactly it is that workplaces "market" when recruiting talent and whether they stick to these marketing promises in the interests of internal customer satisfaction. Workplace recruitment goes through a typical sales cycle involving: prospecting, approach, presentation, handling objections and closing the sale. It also includes after sales service in which the organisation delivers on sales promises to ensure continuing customer experience excellence. Customer experience before, during and after an interview should be handled with the same care as when dealing with external customers. This article gives

advice on ensuring that potential recruits are treated in the same way as prospective customers, thus avoiding a "toxic relationship".

**Marketing Africa, Issue 31 2019, pp56-59 (Gathuru)**

### **Tech start-ups spend big with tech giants**

Spending by tech start-ups accounted for 10% of the revenues of big tech companies last year, according to hedge fund Bridgewater. It estimates that venture capital backed tech start-ups bought \$44 billion of advertising and cloud computing from Facebook, Amazon and Google, up from \$9 billion in 2013. The tech start-ups also accounted for 0.4% of global economic activity last year. Although the rise has not been quite as fast as during the tech bubble of 2000, it is likely to continue.

**FT Weekend, 14-15 September 2019, p13**

## Charities and NGOs

### **Shock tactics – do they work?**

Cancer Research UK's recent campaign comparing the effects of obesity with smoking provoked a great deal of criticism. Charities are accustomed to using controversial advertising but do shock tactics work? Designed to break through the clutter of everyday life and attract the public's attention, such ads have been shown to increase attention and positively influence behaviour. However, the content must be seen to have a basis in truth. This article investigates the pros and cons of shock campaigns and concludes that, while they might elicit a reaction, they are unlikely to foster long-term relationships with donors in the same way that a more positive, aspirational campaign might. CRUK and Harrison's Fund are profiled.

**Third Sector, September-October 2019, pp16-21 (Kay)**

## Durable consumer goods

### **New standard leads to cordless kitchens**

A new generation of cordless kitchen appliances will work with wireless power transmitter hotspots that are built into work surfaces. The Ki Cordless Kitchen standard, being developed by the Wireless Power Consortium (WPC), "defines transmitters and versatile cooktops that wirelessly deliver up to 2200 watts of power to smart cordless kitchen appliances — allowing them to operate without the clutter of cords". It will be used for small appliances such as toasters, blenders or coffee machines, which can simply be placed over the power transmitters.

**nfcw.com, 5 September 2019 (Clark)**

### **Ms Monopoly irons out inequalities**

The latest version of *Monopoly* allows women to earn more than men while players have to invest in start-ups led by female entrepreneurs. *Ms Monopoly*, a game that "would celebrate and inspire female entrepreneurs everywhere", allows women to receive \$1,900 in *Monopoly* money while their male

counterparts get just \$1,500. Hasbro, the game's maker, says it is right to empower women.

**The Times, 11 September 2019, p31**

## Economy

### UK services turnover

The ONS's *Annual Survey of Goods and Services (ASGS)*, published only for the second time, contains experimental estimates for 2017. It comes in response to Professor Sir Charles Bean's review of economic statistics, which recommended that the turnover from businesses within the UK's service sector should be broken down into the goods and services they provide both inside and outside the UK. The main finding for 2017 is that total UK turnover generated by service industries rose from £2,414.3 billion in 2016 to £2,639.1 billion in 2017. The wholesale and retail sector accounted for the majority of turnover, rising by £150.3 billion in 2017 to £1,253.9 billion.

**ons.gov.uk, 12 September 2019 (Robinson)**

### An Olympic boom year

In 2012, the year of the London Olympics, some 729,674 children were born, according to the ONS. This was the highest number since the 1960s boom in child births. It is in part accounted for by immigration: in 2012 26% of children born in England and Wales had mothers who were born abroad, up from 16% in 2000. Changes in population cause problems for the welfare state. For example, local councils have to decide whether to prepare schools for "peak population", which is expensive and could lead to empty buildings later on, or to squeeze pupils into cramped facilities during busy years. Being part of a boom generation is not easy because of a shortage of resources and the job of supporting the previous generation of boomers...

**The Economist, 7 September 2019, p29**

## Education

### Britain's place in top 200 – can it hang on?

Oxford University has achieved top ranking among the world's universities for the fourth year running while Cambridge has fallen to third place and Imperial College to 10<sup>th</sup>. The US continues to dominate The *Times Higher Education* rankings while Asian universities are becoming increasingly competitive, especially those in China. Since 2016 the number of British universities has fallen from 34 to 28 in the top 200. Britain has for long been able to attract the most talented academics and students from around the world but there are signs that this is declining trend ahead of Brexit.

**The Times, 12 September 2019, p10**

### MBAs consider their image

MBA graduates ("Mediocre but Arrogant") have been at the receiving end of criticism from employers and demand for them is stagnating although it is still growing in Asia. Now business schools are trying to change their image by investing heavily in start-up courses and innovation hubs. Brent Hoberman (co-founder of Lastminute.com) is launching the Founder Academy providing free tuition and paid internships (See Cutting Edge 11 September). Yet in the US the demand for MBAs seems to have peaked, with some schools closing their courses and even Harvard Business School has frozen its tuition fees. Others have joined forces with edtech groups such as 2U which offers online programmes. Yet MBAs have strong brands and have been of benefit to entrepreneurs and start-ups.

**Financial Times, 11 September 2019, p12**

### Bad deal for UK graduates

British tuition fees are among the highest in the world with British students incurring the most debt even though they earn less during their lifetime than foreign students, according to the OECD's annual education report. Its research found that fees in England were higher than any other developed country except the US. Andreas Schleicher, the OECD's education director, suggests that universities could be paid per successful graduate (as in Korea and China). He stresses that quality assurance is very important and that universities are not accountable in the same way that schools are.

**The Times, 11 September 2019, p10**

## Energy and utilities

### New source of energy is really cool

Scientists have developed an alternative to solar power in the form of a device that takes advantage of "radiative cooling". The device relies on a source of cold – the cold of outer space – rather than a source of heat to create a temperature gradient. Scientists believe that the technology works better in hotter, drier climates.

**The Times, 13 September 2019, p16**

### Equinor told off for making low CO<sub>2</sub> claims

The ASA has told Norwegian energy company Equinor to stop running its adverts on the London Underground because they imply that gas is a "low-carbon energy". Equinor said it had only intended to refer to wind power as low energy. However, the ruling is seen as a setback for fossil fuel companies who are trying to depict gas as environmentally-friendly. Complainant Murray Worthy, a campaigner at Global Witness, says gas has the third-highest CO<sub>2</sub> emissions intensity of commercial technologies. Equinor supplies a fifth of Britain's gas from fields in the North Sea but also operates wind farms.

**Financial Times, 16 September 2019, p14**

## Environment

### Road transport and emissions in the UK

The ONS has released its latest report on road transport emissions, *Road transport and air emissions*. The UK aims to achieve net zero emissions by 2050 but at the end of last year just 0.5% of vehicles licensed in the UK were ultra-low emission. While petrol use declined from 1990 to 2017, diesel use has increased. Yet greenhouse gas (GHG) emissions from road transport have risen more slowly than the increase in road traffic. In 2017 emissions from road transport accounted for about a fifth of the UK's total GHG emissions.

**ons.gov.uk, 16 September 2019 (Clarke and Ainslie)**

## Fashion

### Gucci is carbon-neutral

Gucci reports that it is now completely carbon-neutral. It has set out a strategy – extending from supply chain to fashion shows – which covers the reduction, elimination and off-setting of “unavoidable emissions”. It will also use an environmental profit and loss report to decide where greenhouse gases are being emitted and in which areas it should take action.

**marketingweek.com, 13 September 2019**

## Financial services

### France rejects Facebook's cryptocurrency

Bruno Le Maire, the French finance minister who was speaking at a conference in Paris, has issued a warning about Facebook's cryptocurrency, Libra. He has expressed concerns over consumer risk and the monetary sovereignty of governments, concluding that “in these conditions, we cannot authorise the use of Libra on European soil”. Some experts are worried that Libra could be a precursor to the privatisation of money and herald the shift of economies from governments and central banks to big business. There are also warnings about the way in which Facebook has handled consumer data.

**The Guardian, 12 September 2019, p39**

### Banks – balancing the climate books

Banks are beginning to work out how much they contribute to climate change. Mark Carney, governor of the Bank of England, has warned that financial companies could face a “climate Minsky moment” unless they disclose their exposure to global warming risks. Now global banks, insurers and pension funds have announced plans to publicly set out targets for reducing emissions in line with the Paris Agreement. It is not just a question of how eco-friendly the banks' own operations are, but how much they make emissions possible through their loans and other services to companies. Financial institutions have tended to lag behind other industries with regard to emissions disclosure, but

the industry is starting to act.

**Bloomberg Businessweek, 16 September 2019, pp22-23**

## FMCG

### Beverages

#### Just plain prosecco or Valdobbiadene?

Some established makers of prosecco have removed the word “prosecco” from their labels because they say the designation has become associated with inferior wine. Prosecco has become so popular (the UK consumed 121m bottles last year) that newer vineyards are using industrial scale production techniques to meet demand. Italian authorities have given DOC (Denomination of Controlled Origin) status to the newcomers whose output is far greater than the older producers with the prestigious DOCG (Denomination of Controlled and Guaranteed Origin) status whose vineyards are in the Conegliano Valdobbiadene hills. Now there are arguments over what the original prosecco should be called. Many believe that the consumer wouldn't cope with the word “Valdobbiadene” which doesn't roll off the tongue in the same way as “prosecco”!

**The Times, 12 September 2019, p33**

### CBD beverages in high spirits

Muhu, a start-up spirits brand, has created a CBD-infused gin which is flavoured with hibiscus and contains Canadian CBD. Sally Wynter, a freelance journalist, has brought the gin to market for less than £1,300. Now she plans to expand into other infused spirits. Separately 7NRG, the functional drinks brand, is launching a range of CBD-infused sports nutrition drinks to be sold in a recyclable plastic pouch which it claims is a first.

**The Grocer, 14 September 2019, pp39+41**

### Cosmetics and toiletries

#### Whey to go – new bodywash launch

Byre Bodycare, a start-up, is to launch its first product range in the form of a bodywash made from whey. Each variant (Full Cream, Semi Skimmed and Skimmed) contains 96% natural ingredients including whey powder from British cow milk. The British dairy industry throws away 870,000 tonnes of whey every year, according to Byre. The product comes in a recyclable plastic bottle and a percentage of annual sales from the product will be donated to the Royal Agricultural Benevolent Institution.

**The Grocer, 14 September 2019, p39**

### L'Oréal chief says selfie is good for sales

The chief executive of L'Oréal says that Instagram is good for its business because younger women will buy more make-up so that they can look as good as they do in selfies where they can digitally enhance their appearance. Jean-Paul Agon said that the more people make themselves look good on social media,

the more they feel the need to make themselves look good when they meet people in person. However, his comments have been criticised by Bambos Charalambous, a member of the all-party parliamentary group on social media and young people's mental health and well-being.

**The Daily Telegraph, 17 September 2019, p15**

## **Food**

### **Start-ups scramble for chickenless eggs**

Just, a Silicon Valley start-up, sells "plant-based" chickenless eggs in the form of a yellow liquid that can be beaten, scrambled or fried. Made from Mung bean protein, it took company founder Josh Tetrick and his team four and a half years to find the perfect plant for the job at a cost of \$100m. Just is not the first to find a no-egg egg but other solutions have lacked the ability to coagulate. The demand for plant alternatives to animal products seems to be limitless and sales are booming for companies such as Beyond Meat and Impossible Foods. Just is due to launch in the UK next year.

**The Daily Telegraph (Business), 9 September 2019, p5**

### **Kellogg's announces Incogmeato brand**

As the vegan trend continues to gain momentum, Kellogg's has unveiled Incogmeato, a plant-based meat alternative brand. The product is due to roll out across the US in early 2020 followed by a UK launch. The brand comes from Kellogg's MorningStar Farms division, which began in the US in 1975 as a producer of soy-based vegetarian products. In March it announced that all its products would be vegan by 2021.

**The Grocer, 14 September 2019, p38**

## **Tobacco**

### **BAT to axe 2,300 jobs**

BAT is to lose 2,300 jobs including 20% of senior roles in a move designed to "simplify its business and create a more efficient, agile and focused BAT". This is happening just five months after Jack Bowles took on the job of chief executive and as the company focuses on newer ecigarette products to offset the decline in traditional cigarettes. In June BAT admitted that it had lost market share for the first time in many years. It has also failed to achieve its 30% to 50% growth target for "reduced risk" products.

**Financial Times, 13 September 2019, p14**

## **Government and public sector**

### **Government and media – new engagement**

Relationships between the Government and journalists, who would normally hold politicians to account, have shifted. When PM Boris Johnson announced that he was proroguing Parliament, he

managed to side-step the media and avoided answering awkward questions. This seems to be part of a wider trend among British politicians to take control of their own comms channels and content. Nick Hargreave, a former aide to David Cameron and Theresa May, questions whether politicians will "feel the need to use earned media at all, given that they can communicate directly with voters on social". By avoiding mainstream broadcast interviews, the Government is able keep its messaging "tight" at a sensitive time, according to Oliver Foster, chief executive of Pagefield, but he also warns of the longer-term risks of evasiveness which Theresa May was accused of during the 2017 General Election.

**PR Week, September 2019, p10 (Hickman)**

### **Army to go green**

The army's next generation of equipment – tanks and vehicles – will rely on "clean technology" such as solar power, according to General Sir Mark Carleton-Smith, chief of the general staff. He said that having an environmentally-friendly reputation was essential to recruitment as many young people make career choices based on a "prospective employer's environmental credentials". The UK's armed forces are currently looking to adopt electric technologies in various areas but it is thought that the "green" tank is still some years away.

**The Times, 13 September 2019, p20**

### **Government accused of harvesting user data**

The Government has reportedly asked government departments to collect and analysis user information from the GOV.UK website prior to Brexit. Officials claim that the data is simply being collected to enhance the service. Campaigners are concerned about a leaked memo from Boris Johnson to ministers working on no-deal preparations, which linked user data to government decision-making. Silkie Carlo, director of Big Brother Watch, says: "This data grab raises important questions as to the legitimacy, urgency and purpose of such personal information collection".

**marketingweek.com, 11 September 2019**

## **Health and pharmaceuticals**

### **Implementing the FMD**

In February the EU's Falsified Medicines Directive (FMD) took effect, with the aim of removing counterfeit medicines from circulation and preventing others from entering. Fake medicine is more prevalent in poorer countries, a rising trend which could lead to greater health inequalities. Implementing the FMD is not easy but it is down to individual governments to encourage pharma manufacturers to use tamper-proof technologies and innovations. A greater challenge is to extend the approach beyond the EU. For example, Switzerland



(the largest exporter of medication at \$41.3 billion) and India (the tenth-largest at \$11.9 billion) have their own national strategies and do not have to abide by EU rules. The rise of internet pharmacies and Brexit are also making implementation harder. However, AI is already transforming pharmaceutical supply chains and data is key to making them safe.

**European Pharmaceutical Review, Vol 24(4) August 2019, pp32-34 (Quelch)**

### **A pre-Brexit prescription problem**

According to NHS Digital, over three million prescriptions a day were issued in England in 2017. Prescription medicines rely on a network of local professionals, wholesalers and multinational companies with complex supply chains. The leak of the UK Government's Yellowhammer documents emphasises just how precarious a system the pharmaceutical supply chain is. Before Brexit has even happened, pharmacies have been struggling to meet "unprecedented" medicine shortages. This article looks at the problems facing pharmacies.

**The Daily Telegraph (Business), 10 September 2019**

### **Patenting cannabis**

In 2018 medicinal cannabis was downgraded to Schedule 2 making it "medically allowed" in the Misuse of Drugs Regulations in the UK. Media coverage has been hard to ignore and, given the hype, it is not surprising that there has been a rush to patent cannabis-related products. This is despite belief in the medical community that there is not enough evidence of the benefits of medically approved cannabinoid products. This article looks at what is being patented, the issue of "public morality" and future developments and barriers.

**lexology.com, 11 September 2019 (Doring and Thompson)**

## **IT and telecoms**

### **Apple to attract users with new pricing**

At its recent annual hardware launch event, Apple said it would introduce a new pricing strategy for smartphones, iPads and Apple Watches. The price of iPhones rose to \$1099 last year but, with a maturing market and fewer people upgrading, the company has to find a way of plugging the gap. It has already moved into services, ranging from gaming and music to film and TV to keep people in the Apple ecosystem. Yet, for the first time in years, Apple is not raising the price of its new phone releases. Daniel Ives, an analyst, says an estimated third of iPhone users will be buying a new phone in the next 12 months and that Apple is gearing its pricing to retain these customers.

**Financial Times, 12 September 2019, p14**

### **Tech start-ups – the battle for data-analytics**

Investors are attracted by a new breed of enterprise

software, namely data analytics. Some 35 companies working in data analytics are included in a list of start-ups valued at \$1 billion or more, according to CB Insights; while IDC predicts that spending on big-data and business-analytics software will be \$67 billion this year. Data-analytics should allow businesses to assess the role of technology investment in their productivity statistics for the first time. Gartner has recently calculated that by 2021 "AI augmentation" will create \$2.9 trillion-worth of business value with McKinsey predicting that retail and logistics will benefit the most. Yet extracting and analysing data is difficult and expensive. This article focuses on c3.ai, a company founded to help utilities manage electric grids, which has expanded to a range of industries. A chart of the potential annual efficiency gain for AI by industry is included.

**The Economist, 7 September 2019, pp57-58**

## **Leisure and tourism**

### **Chelsea foundation gives the most**

The 20 Premier League football club charities spent a total of £52.5m for 2017-2018 with a total income of £58.6m. The Chelsea FC Foundation was the most generous, spending £7.6m, followed by Man U (£4.3m), Norwich City (£4.3m) and Everton (£3.5m). The bottom three were Bournemouth, Aston Villa and Leicester City.

**Third Sector, September-October 2019, p6**

### **Peloton – product or service?**

Peloton, which describes itself as a "technology fitness media design software retail product apparel experience logistics" company, sells high-tech home exercise bikes at a cost of \$2,245 each. They come complete with a touchscreen, Android software and an internet connection while a monthly fee gives users streamed exercise routines and statistics. Along with other tech unicorns, Peloton is still loss-making but it has invested heavily in attracting new customers, a strategy that seems to be working since it has doubled subscriber numbers to 511,000 in just a year. Its popularity among trendsetters (David Beckham and Barack Obama) allows it to get away with high margins on its hardware. Yet some 20% of revenue comes from subscriptions which reflects a broader trend for products to increasingly be about services.

**The Economist, 7 September 2019, p61**

## **Materials and mining**

### **3D printing metal**

West Yorkshire start-up Wayland Additives is developing machines that can 3D print metal using electron beams. It says its process is faster and more reliable than rival metal printing products because it doesn't have to use a laser. It has just raised £3m in funding which it will use to develop its

final product, due to launch to around six customers in 2021. The global market for 3D printing using metal is predicted to reach \$3 billion by 2026 according to research firm Qurate.

**The Daily Telegraph (Business), 9 September 2019, p5**

### **Diamonds – lower prices and lab-grown rivals**

Petra Diamonds, an African miner, has seen its shares fall by almost 90% over the past two years. It claims that the industry is in its worst state since 2008 as diamond prices continue to fall. However, the growth of the middle classes in China and India and a decline in the supply of mined diamonds should be grounds for optimism. De Beers has responded to falling prices by reducing production targets and increasing marketing spend. Perhaps the greatest threat to the industry is the lab-grown diamond whose costs are being reduced through new techniques. As well as lower prices, they help to quell the ethical concerns of Millennial consumers. Yet if the price of synthetics becomes too low, it could raise the mystique of mined stones.

**Financial Times, 17 September 2019, p14**

## Media

### **Internet**

#### **Which ads are the most annoying?**

Users tend to be unhappy with the overall volume of ads they receive but some annoy them more than others. The most disliked ads are those that get in the way of the content people are trying to view. eMarketer commissioned Bizrate Insights to survey a panel of US digital buyers about ad avoidance. It found that around two-thirds of US digital buyers found autoplay video ads with sound the most annoying (66.7%), while the same ads without sound were the second-most irksome (55%) and audio ads on music streaming services or podcasts were the third most irritating (47.4%). Respondents who used an ad blocker were more likely to find all ad types annoying.

**emarketer.com, 29 August 2019**

### **Magazines**

#### **UK Marie Claire to axe print edition**

TI Media, owner of women's magazine *Marie Claire*, has said that it is to cease publishing the print edition after November. The magazine, which has been around for 31 years, will continue as an online-only version although the international edition will continue to be printed.

**The Guardian, 11 September 2019, p14**

### **Social media**

#### **Facebook tries to trademark "book"**

Nine years ago, Facebook tried to trademark the word "face". Now it wants to trademark the word "book", having filed an application with the EU's

Intellectual Property Office. The trademark covers any use of the word "book" in relation to instances where the consumer may be confused as to whether a service relates to Facebook. In the past Facebook has taken action against names such as Teachbook (an education site), Placebook (a travel site), FacePorn, a porn site and Lamebook, a parody of Facebook.

**The Daily Telegraph (Business), 17 September 2019, p3**

### **Television**

#### **Disney could trounce Britbox**

Only 19% of British audiences are interested in subscribing to Britbox (a joint BBC-ITV on-demand service) compared with 26% who are interested in Disney+, a similar service that will offer *Star Wars*, Marvel and Pixar programming. The research, conducted for media analysts Oliver & Ohibaum Associates, predicts that 1.7m people will subscribe to Britbox in its first year, rising to 2.1m by its third year. It warns that, to make a profit, it will have to "up content spend" and reach 3m subscribers. While Britbox may attract some subscribers away from Netflix, its programme catalogue is much smaller than that of either Netflix or Amazon Prime Video and customers could be disappointed.

**The Times, 13 September 2019, p23**

#### **Apple TV+ to undercut Netflix**

Next month the Apple TV+ original video subscription service launches in over 100 countries. At just £4.04 a month, it undercuts Netflix (at £8.99 for a standard tariff) and purchasers of Apple products will receive a free year's subscription. Apple has also launched its Apple Arcade gaming service as well as a raft of new products including the iPhone 11.

**marketingweek.com, 11 September 2019**

## Packaging

#### **Sainsbury's to halve plastic packaging**

Sainsbury's is to halve all plastic packaging in its stores by 2025 which will include all branded food packaging, own-label products and plastics used in other operations. In contrast to other retailers, it is placing less emphasis on recycling plastic and more on the use of other materials such as lighter-weight plastics and refillable packaging. While supermarkets use thousands of tonnes of plastics a year, it is the makers of packaged food that use the most. Nestlé produced 1.7m tonnes of plastic last year compared with Sainsbury's 120,000 tonnes. Food manufacturers have the challenge of removing plastic while not reducing shelf life or compromising food safety.

**Financial Times, 13 September 2019, p16**

### **Digital packaging market**

The digital packaging sector is forecast to reach \$31.6 billion by 2024, up from \$18.9 billion in 2018, according to *The Future of Digital Print for Packaging 2024* report from Smithers Pira. It says that digital packaging has become “the most dynamic and fastest-growing part of the print market”. Growth will see digital taking market share from analogue while also entering new markets. Digital allows for greater agility as brands require more flexibility in their levels of engagement and customer experiences. Smithers Pira also highlights key opportunities for digital printing such as: shorter label and packaging runs; greater engagement through personalised labels and packs; ability to cope with legislation requiring more information to be displayed; security and brand protection; and sustainability.

**Digital Labels & Packaging, Issue 43 September-October 2019, p31**

## **Retailing**

### **John Lewis first loss for almost 50 years**

John Lewis Partnership has reported a half-year loss for the first time since 1972 although it is confident of making a profit over the rest of the year. Sir Charlie Mayfield, outgoing chairman, has warned that “it will not be possible to mitigate” the impact of a no-deal Brexit. John Lewis suffered an underlying loss of £25.9m compared with a profit of £800,000 last year. It blames the losses on lower sales in product areas that require “more considered purchasing”. By contrast, Waitrose increased its operating profit to £110.1m. John Lewis’s lacklustre profits are reflected at other department stores, such as Debenhams and House of Fraser.

**The Times, 13 September 2019, p37**

### **Shop closures at nine-year high**

Shop closures across Britain are reaching record levels as retailers abandon unprofitable outlets. The first half of this year saw 2,868 store closures for the first half of the year, which is nearly twice as many as store openings. The net decline of 1,234 sites is the highest number in nine years. Fashion outlets, pubs, bars and restaurants suffered the most, according to PwC and the Local Data Company.

**The Daily Telegraph (Business), 11 September 2019, p3**

### **Corner shops**

When big supermarkets expanded into the convenience sector, traditional corner shops had to find new ways to survive. They have since diversified into areas such as parcel collection or Post Offices. Nowadays there are around 46,000 convenience stores in the UK with a turnover of £40 billion. Yet many corner shops are struggling as people increasingly move to discounters or shop

online. Business rates are a barrier to investment in the sector because increasing the value of property leads to higher rates. Local shopkeepers argue that small businesses pay disproportionate fees and costs compared with multinationals. Another barrier is technology as today’s shoppers expect “frictionless” retailing. However, one area where small shops can still make a difference is “with good old-fashioned customer service”, says Julie Palmer of Begbies Traynor.

**The Daily Telegraph (Business), 10 September 2019, p8**

## **Services**

### **Serviced offices – the South-East**

A survey of 25 serviced office markets in the South-East by Lambert Smith and Hampton, reveals that serviced office providers increased their footprint fourfold between 2017 and 2018. Although the Millennial workforce is partly responsible for this expansion, the main driver is the role of the internet which has reduced the cost of doing business. It has helped smaller, more specialised companies and reduced the advantages of economies of scale. The apparent “space race” among serviced office operators has seen IWG (Regis and Spaces) leading the way. Yet in the South-East there is an occupancy rate of just 74%, which leaves around 17,000 desks empty. It is likely that more businesses, especially smaller ones, will turn to flexible accommodation and more traditional landlords may have to rethink their offerings...

**The Business Magazine, Issue 264 September-October 2019, p30**

## **Transport and travel**

### **Car companies turn to mining**

New research raises concerns over shortages of battery materials needed by car companies as they race to produce more electric vehicles. A key battle area will be the sourcing of rare metals and minerals which are in limited supply and could force up the cost of electric vehicles, preventing them from becoming mass market products. Analysts at Evercore ISI, who conducted the research, suggest that by 2023 there will be a 6,000-ton annual shortfall in cobalt, rising to 92,000 in 2025. Lithium is also expected to be in high demand. Evercore believes that \$123 billion will need to be invested in mining to supply the car industry. One solution could be for carmakers to invest in the mining sector themselves, which would help to eliminate mining margins and ensure ethical supply.

**The Daily Telegraph (Business), 9 September 2019, p4**

### **Hybrid cruise ships – not so easy**

Cruise companies want to maintain a pristine reputation yet many of their destinations (such as Dubrovnik and Barcelona) are concerned about over-tourism and pollution. These destinations plan

to limit the number of ships that can visit. The big players – Carnival, Royal Caribbean and Norwegian Cruise Line – claim to have made sustainability improvements but it is hard for them to reduce emissions. Hurtigruten, a Norwegian cruise company, launched its MS Roald Amundsen passenger vessel in July. It claims to be the world's first hybrid ship by running on batteries with an engine for backup. It also emits 20% less CO<sub>2</sub> than conventional ships. It can do this because the ship is relatively small – it has just 530 passengers compared with Carnival's 5,000. The answer is to move away from ever-larger ships, says Hurtigruten CEO Daniel Skjeldam.

**Bloomberg Businessweek, 16 September 2019, pp12-13**

Written by CIM's Knowledge Services Team

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

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