

Cutting Edge: Our weekly analysis of marketing news

16 October 2019

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Halloween ads can be a scary proposition

It's that time of year again and Halloween ads, ranging from pumpkins and haunted houses to zombies and scary clowns, are appearing. Halloween has risen to prominence in the UK to the point that it rivals Bonfire Night. Last year consumer spending on Halloween rose by 27% year-on-year to £660m compared with Bonfire Night's rise of 36% to £600m, according to Mintel. Adland has a long history of producing spooky ads. Coca Cola was one of the first brands to seize a marketing opportunity with a themed ad back in 1926. However, brands need to be careful around Halloween and some ads have had to be withdrawn. The Committee of Advertising Practice has issued guidance on Halloween- and Bonfire Night-themed ads to ensure that they don't cause "undue fear or distress".

Campaign, October 2019, pp64-67

OOH to overtake newspapers

eMarketer has raised its growth predictions for UK out-of-home (OOH) which is set to overtake newspapers as the second largest form of traditional advertising after TV. It grew by over 5% last year and is expected to exceed growth expectations through to 2020, reaching a value of \$1.7 billion. Growth is accounted for by a rise in ad spending in the transportation sectors and because, increasingly, OOH advertising is digital, allowing billboards to be dynamic and customised. OOH is also a low-risk format compared with other digital advertising, which means that brands don't have to be so concerned about brand safety, ad fraud, etc.

emarketer, 8 October 2019 (Orozco)

Adspend in France

France has seen the second-highest media ad spending growth (after the UK) among the EU-5 countries, with growth of 4.6% for 2019. A tax cut, which has encouraged consumer spending plus declining unemployment are key factors for this growth. France's adspend growth is also being driven by digital which will account for two-fifths of total media adspend this year and is forecast to exceed 50% by 2023. Despite the decline in traditional media adspend, TV is expected to grow by 0.5% this year thanks to France's performance in the FIFA Women's World Cup

emarketer.com, 9 October 2019

Agencies

The future agency

There have been huge changes in the way that audiences consume content, leaving clients and agencies searching for the best way forward. As marketers see the need for content rise, traditional agencies are struggling to keep up. While a big CPG brand might once have got away with three commercials a year, now they might need thousands of pieces of content, according to Avi Dan, CEO of Avidan Strategies. Few traditional agencies are set up to cope with this sort of volume. Nancy Hill, CEO of 4A's, predicts a hybrid model consisting of something between in-house and external agencies. The successful ones will be those that are adaptable and deliver the best work for a brand regardless of the model.

Adweek, Vol 60(24) 30 September 2019, pp8-9 (Oster)

S4 acquires another digital agency

S4 Capital, Sir Martin Sorrell's group, has bought Firewood, Silicon Valley's largest independent agency. It will merge with Mediamonks, S4's digital



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content division. This is the latest venture in Sorrell's plans to build up a digital marketing operation.

cityam.com, 8 October 2019 (Warrington)

Publicis reduces sales expectations

Publicis has reduced its full-year sales target for the second time. Arthur Sadoun, CEO, plans to address the decline in ad spending by shifting the business model closer to that of consulting groups and by offering technological tools to clients as well as traditional, creative marketing.

[The Times](http://www.thetimes.com), 11 October 2019, p50

Brands and branding

What makes a winning brand?

New research looks at what makes a "winning" brand. Some 72% of the B2B and B2C marketers surveyed agreed that a combined sales activation and brand-building approach to marketing is the most effective way of creating growth. Winning brands use this strategy more often while losing brands emphasise sales-activation-led strategies. Winners are also more focused on lead generation; are more likely to be set up for innovation; see marketing as an investment; and work with more partners. The research was conducted by DVJ Insights in conjunction with *Marketing Week*.

marketingweek.com, 8 October 2019 (Hemsley)

Connected brands – personalisation pays off

The second annual ranking of the 100 most connected brands in the UK according to consumer feedback, shows Amazon, Google and Cadbury in the top three slots. However, Aldi, Sky and VW have seen the most growth in this respect. Adam Drummond, associate director of Opinium which conducted the research, said that "Sky and Netflix are among the big winners...and this speaks to the impact that having a personalised offering can have on your emotional connection with consumers". Netflix, in 11th place, beat the BBC which has fallen 15 places to 19th. Opinium measures brands according to four metrics: prominence, distinction, emotion and dynamism.

<https://www.mostconnectedbrands.com/top-100-uk>;
thedrum.com, 10 October 2019 (Atkins)

Netflix top for Millennials

Netflix has emerged top of YouGov's 2019 NextGen Rankings for being the most positively talked about brand among Millennials. It achieved a score of 80.2 with Airbnb in second place (72.9) and McDonald's in third (72.4). The top ten is dominated by tech companies and "disruptors" although budget brands such as Ikea and Primark also feature.

marketingweek.com, 11 October 2019

Conferences and events

Making meetings more productive

Many people will have attended unnecessary meetings; one study suggests that the average worker in the UK spends ten hours and 42 minutes each week preparing for and taking part in 4.4 meetings. Another survey found that employees believe 56% of meetings to be unproductive. Employees at all levels of an organisation can regard meetings as an inefficient use of time, particularly at senior management levels. While meetings probably can't be eliminated altogether, there are ways in which they can be made more productive. For small organisations in particular, where time and resources are limited, wasted time can negatively affect the business. Here are seven suggestions for ensuring that quality rather than quantity prevails.

[London Business Matters](http://londonbusinessmatters.com), Issue 159 October 2019, p44 (Davis)

Ensuring exhibition success

If you are an exhibitor at an exhibition or conference, there are certain things you can do to make your offering a success. The author offers ten tips which include: identifying objectives; creating or updating brand guidelines so that the brand works both off and online; and ensuring that you have plenty of marketing materials to hand out to visitors, including promotional items to help make the brand memorable. After the event it is important to follow up all leads as soon as possible: automated multichannel marketing campaigns will help ensure this is done promptly.

dma.org.uk, 7 October 2019 (Sullivan)

Customer relations

Only 10% of brands deliver on CX

A new survey from Bain & Co has found that just 10% of brands in the UK have a net promoter score (NPS) of 40 or more. NFU Mutual, the insurer, has the highest score at 70 while the tech sector has the strongest overall NPS (36); logistics, energy and water are the worst sectors for customer satisfaction. Bain concludes that the leading industries are those that invest in saving customer time and simplifying the experience. Those at the lower end suffer from a lack of communication and an inability to manage perceptions. Bain's first *UK Consumer Study* surveyed 190 brands in 15 industries. *Marketing Week* summarises the key findings.

<https://www.bain.com/insights/why-brands-in-the-uk-win-or-lose-on-customer-experience-slideshow/>;
marketingweek.com, 9 October 2019 (Rogers)

Direct marketing

Telemarketing, telesales or inside sales?

Telemarketing, telesales and inside sales are all expressions used to describe contacting customers or prospective ones on the phone to promote

products and services. As new technologies have transformed the sales and marketing environment, telemarketing and telesales have had to change but perceptions of them have tended to remain the same. For those considering “phone-based marketing”, here are some definitions of the key terms.

dma.org.uk, 20 September 2019 (Fox)

The elements of email optimization

The author discusses the first-ever *Periodic Table of Email Optimization and Deliverability* which sets out the “essential elements of success” in email marketing. One important theme is Permission, which sits in the Optimization section of the chart. Here she explores the four essential elements of permission that are important for success: opt-in (In), double opt-in (In2), opt-out (Oo) and compliance (Cp).

marketingland.com, 7 October 2019 (Parker)

Law

Twitter in data misuse

Twitter has been accused of using the email addresses of up to 14.1m people in the UK to sell targeted advertising without their knowledge. Although it has admitted to having misused the data, which users submitted for security reasons, Damian Green, chair of the UK Commons’ digital committee said that its actions constituted a “significant breach” and that an apology is not enough for Twitter “to escape a thorough investigation”.

The Daily Telegraph (Business), 10 October 2019, p5

Do your homework before choosing a name

Claridge’s, the luxury London hotel, has been in dispute with a company in Kent that has been selling candles and diffusers under the name CLARIDGE. The trademarks were found to be visually and aurally identical. The Court found that CLARIDGE was able to take advantage of the hotel’s “reputation for luxury, glamour, elegance and exclusivity”, allowing it to charge higher prices and sell more to consumers, giving it an unfair commercial advantage. This is a warning for businesses to carry out thorough searches before launching a new product or brand name.

internationallawoffice.com, 7 October 2019 (Benson)

Marketing

The end of traditional marketing?

The End of Marketing, a new book by Carlos Gil published this month, asserts that traditional marketing is dead as social media becomes the new norm. YouTube stars are achieving more daily impressions than Nike, Coca-Cola and Walmart combined, and businesses are struggling to stay relevant. This book looks at how brands, agencies

and marketers should be approaching marketing. It discusses new features and emerging platforms that will engage customers and employees. To get your copy of the book, go to:

<https://www.johnsmith.co.uk/cim-shop/product/9780749497576/end-of-marketing-the-humanizing-your-brand-in-the>

koganpage.com, October 2019

Market research

Navigating the data lake

Everybody has heard of the “data lake” which conjures up an image of a never-ending sea of data. What used to be simply statistics has become “data science” but perhaps we should be avoiding all the jargon and returning to simpler language, argues the author. She offers some helpful tips for avoiding being inundated with data and to enable you to tackle its analysis with confidence.

research-live, 7 October 2019 (Blakeley)

Public relations

Nike – a crisis of conscience?

Phil Knight, co-founder of Nike, is quoted as saying: “It doesn’t matter how many people hate your brand as long as enough people love it”. Nike took the controversial step of supporting Colin Kaepernick, the American footballer who made a stand against racial injustice. Financially this appears to have been a lucrative tactic: Nike’s revenues rose by 7% in the three months to August and profits were up by a quarter. Companies find it hard to remain neutral when it comes to matters of conscience. So it is strange that Nike is facing various reputational crises: in May it was forced to withdraw its policy of paying female athletes it sponsors less when they were pregnant; it has also faced allegations of sexual harassment. Now it has been caught up in a doping scandal being investigated by America’s anti-doping watchdog.

The Economist, 5 October 2019, p73

Corporate comms has increasing influence

Corporate comms is becoming more influential in C-suites and boardrooms, according to a new report from The Conference Board. The survey among 150 companies reveals the rising importance of comms for improving business outcomes. The report offers advice for company communicators, such as: not using “vanity” metrics such as social media likes for measuring comms success; communicating to all employees social media policies that reflect corporate goals; and expecting more from senior-level communicators who will increasingly be among a company’s top business strategists.

Public Relations Strategies and Tactics, Vol 2(10) October 2019, p9

Agriculture, fishing and forestry

EU leads in agri-food exports

The EU is the largest global exporter of agri-food products with exports worth €138 billion last year, this represents 7% of the total value of EU goods exported. The top five countries to which agri-food products are exported are: the US, China, Switzerland, Japan and Russia. Wines and vermouth rank top among exports, followed by spirits and liqueurs, infant food, chocolate, pasta and pastry. The EU has also become the second-biggest importer of agri-food products (€116 billion), giving it a positive net trade balance for the sector of €22 billion. The US has become the EU's top supplier of agri-food products.

London Business Matters, Issue 159 October 2019, p46

NFU attacks Tesco meat-free ad

The National Farmers' Union (NFU) is unhappy about a Tesco ad for a meat-free sausage, which features a girl telling her father: "I don't want to eat animals anymore". The NFU accuses Tesco of "demonising meat" and says it could have an impact on children eating balanced diets. Tesco says it promotes recipes with or without meat and that it values the role played by farmers in providing food for its customers.

The Times, 15 October 2019, p2

Robot pickers...

Since the Brexit referendum the number of seasonal workers on farms has been in decline. The NFU reports that 56% of growers didn't have the workers they needed last year. Agriculture has turned its attention to technology as a potential remedy. Fieldworks Robotics, a company spun off from Plymouth University, is developing a raspberry-picking robot. Other companies are also developing robot-pickers, such as Octinion, a Belgian start-up and Cambridge-based Dogtooth, both focusing on strawberries. Initially they won't replace human pickers but will help to optimise the process for growers. In the meantime, farmers still need more workers.

The Daily Telegraph (Business), 15 October 2019, p7

...and the fourth industrial revolution in agri

A separate article from PwC looks at the fourth industrial revolution (4IR) which is starting to change how agriculture produces food. The application of the "essential eight" technologies, which include AI, blockchain, drones and IoT, to agriculture is producing higher yields, lower costs and reduced impact on the environment. This in turn has led to new demands for producers. The correct approach requires companies to identify and develop the capabilities to succeed: four critical capabilities

are identified that will provide a foundation for success.

strategy-business.com, 10 October 2019 (Nijhuis and Herrmann)

Building industry

Innovation may help to protect profits

A few years ago, Barratt, Britain's largest housebuilder, started to change the way it built houses to make them cheaper and easier to erect, which also helped to give it an edge over its competitors. Although Barratt's profits have reached record heights, sales are falling due to Brexit, the prospect of a property downturn and the end of the Government's Help To Buy scheme. Profits in the industry have been rising since 2012 so the sector should be in a better position to withstand a downturn. Some big housebuilders, such as Bovis Homes, are insulating themselves through mergers and acquisitions; while others (Persimmon and Redrow) are selling property in big blocks to institutional investors. However, the industry may need to innovate to protect profits, as Barratt has done.

Financial Times, 10 October 2019, p16

Businesses and strategy

Tribal communities – sustainable ecosystem

Tribal communities or indigenous peoples that generally living outside mainstream society, can contribute to a sustainable business ecosystem. For-profit organisations should contribute towards tribal welfare, not just because of their social responsibility, but as a business proposition because incorporating tribal communities into the business ecosystem can benefit both the business and the tribal community. This article uses mini case studies to show how tribes can add value to the business community and themselves when they are part of the business ecosystem. They can create shared value on four levels: firm, industry, country and societal.

Social Business, Vol 9(2) Summer 2019, pp127-139 (Agnihotri and Bhattacharya)

The shape of offices – micro-rooms

Open-plan offices are thought to be good for collaboration while hot desking and remote working mean that large, formal meeting rooms are becoming redundant. Rapal Oy, a Finnish workplace management provider has found that 65% of work is still performed alone but that meeting rooms are only occupied to a fifth of capacity. But what do you do when you need some privacy at work? This article looks at the trend for micro-rooms or meeting pods. They include the sort of inflatable rooms that are seen at conferences and high-backed seats that can be snapped together.

Wired, November-December 2019, p82

Philanthropic entrepreneurialism

Entrepreneur Julian Richer, who built up a successful high street chain called Richer Sounds, announced this year that he would sell a majority stake in the company to a trust owned by his staff and would give 40% of the proceeds as a cash bonus to colleagues. This reflects his management philosophy which he acquired after reading the 1982 book *In Search of Excellence* by Tom Peters and Richard Waterman. Richer says the top-performing companies described in the book treated both their customers and employees well. He uses various tactics to keep his staff happy, which has resulted in a staff turnover rate of just 11% a year compared with an industry average of 25%. Entrepreneurs don't necessarily have to be ruthless to succeed!

The Economist, 5 October 2019, p72

SMEs wasting money on failed recruitment

Small businesses that employ up to 250 people are losing 14% of their employees every year while 39% of new staff leave within six months. This is according to *See the Unseen* research from Oleo, a provider of talent acquisition technology. It calculates that SMEs are wasting an average of £125,347 a year on failed recruitment. The research, which reveals that recruitment is fraught with problems, identifies 91 touch points in the average recruitment process showing just how complex it is. Some companies regard technology as the answer, with 39% considering that AI could reduce the risk of missing out on "hidden gems".

recruitmentbuzz.co.uk, 4 October 2019 (Powney)

Charities and NGOs

CALM campaign sewn in with labels

The Campaign Against Living Miserably (CALM) and Topshop are collaborating to create the Care Sewn In clothing label aimed at promoting mental wellbeing among young people. Some 13 clothing lines are available in 15 Topshop outlets as part of Havas' #LetWhatsInsideOut campaign which also coincided with World Mental Health Day on 10 October. The labels contain a CALM helpline number and link to the webchat service. Five pounds from every garment sold will go to CALM.

thedrum.com, 10 October 2019 (McCarthy)

Oxfam attacks supermarket worker conditions

Oxfam has criticised supermarkets for contributing to poverty and abuse among workers following research in India, Brazil and other countries. In one situation, workers in Assam complained of cholera and typhoid due to the lack of toilets and good drinking water. Tesco, Sainsbury's, Morrison and Aldi source tea from the suppliers identified. Oxfam blames the "supermarkets' relentless pursuit of profits" which they put before people. Peter Andrews, head of sustainability at the British Retail

Consortium (BRC), argues that supermarkets are acting to improve the lives of millions.

marketingweek.com, 10 October 2019

Barnardo's banks on store openings

Barnardo's exclusive fashion shop in Marylebone helped the charity to achieve a £200,000 annual profit. Charity shops, which are generally perceived as plugging the gaps in the high street when other retailers have fallen by the wayside, are on the rise as more consumers seek bargains. Barnardo's plans to increase its outlets by 20 this year and wants to reach 1,000 by 2025 which would make it the biggest charity chain ahead of the British Heart Foundation.

The Daily Telegraph (Business), 15 October 2019, p10

Durable consumer goods

Mattresses – affiliates and influencers

The mattress sector, particularly the "mattress-in-a-box" sellers, benefits hugely from online recommendations. There are around six brands competing for business but the UK market for mattresses is limited and marketing costs are escalating in a "race for revenue" as companies try to generate brand awareness and loyalty. Some companies, such as Simba and Eve, have seen high advertising costs and suffered substantial losses. The sheer volume of marketing has led to a whole industry of mattress review websites. Many are paid to promote sales as affiliate partners of mattress brands, but this is not always made clear, and, as a result, few negative pieces are written. Mattress start-ups are also using influencers but claim that influencers and affiliate relationships are less effective for sales than Facebook and Google ads.

FT Weekend (Money), 5 October 2019, p12

Economy

UK will avoid recession

The UK is expected to avoid a recession, having grown more strongly than expected in the three months to August. During this period the economy grew by 0.3% with weakness in manufacturing being offset by TV and film production. The services sector grew by 0.4% in the three months while growth in construction was just 0.1% for the period. UK GDP actually fell by 0.1% in August, but recession is defined as two consecutive quarters of contraction (the economy shrank in Q2) and it would have to contract by 1.5% in September to trigger a recession. John Hawksworth, chief economist at PWC, warns that Brexit-related uncertainty could hit business investment and consumer confidence.

bbc.co.uk/news, 10 October 2019;

<https://www.ons.gov.uk/economy/grossdomesticproduct/gdp/bulletins/gdpmonthlyestimateuk/august2019>

Britain falls in competitiveness

Britain has fallen from eighth to ninth place in the World Economic Forum's annual global competitiveness report. It is now behind Japan, Germany and Sweden, with Singapore, America and Hong Kong occupying the top three slots. The survey, which looks at over 100 indicators, has in the past been cited by ministers when trying to attract companies to Britain. Britain fell down on trade openness, market efficiency, business dynamism and poor technology. However, it scored well on economic stability, infrastructure, financial system and education. The report warns of the global economy facing the "prospect of a downturn".

The Times, 9 October 2019, p35

High consumer confidence but falling growth

There is a gap between consumer confidence, which is at historically high levels, and business confidence, which has been hit by a manufacturing downturn and the trade war, according to data from the Conference Board (a US business group) and Nielsen. The Board's global index reached 107 in Q3 2019, the same as for Q2, which suggests a positive outlook for household consumption. Yet, while consumer confidence rose in 29 out of the 64 economies measured in the survey, it fell in 33 of them. Separately the *FT* reports on the OECD prediction that global growth will fall to 2.9% this year, down from 3.8% in 2017. Sectors such as manufacturing are in recession or close to it. The article looks at the gloomy picture in Europe, the US and China.

Financial Times, 9 October 2019, p4; Financial Times, 8 October 2019, p4

UK productivity

The UK's productivity challenges continue as witnessed by the latest set of figures from the ONS. UK labour productivity for Q2 2019 fell by 0.5% compared with the same period in 2018. This follows two quarters of zero growth. Services and manufacturing saw falls in labour productivity of 0.8% and 1.9% respectively year-on-year.

<https://www.ons.gov.uk/releases/ukproductivityapriltojune2019>, 8 October 2019

Education

Clampdown on grade inflation

A new voluntary code on degree classifications will help to address concerns that universities have been artificially inflating grades. In future those who attain a first will have to demonstrate "advanced knowledge" and "exceptional" performance while those getting a 2:1 will need to be "thorough". University leaders believe that this will give graduates and employers the assurances they need.

The Guardian, 10 October 2019, p13

VR training

Virtual reality is increasingly being used in training, enabling trainers to create situations that it wouldn't have been previously possible to train for, especially in high-risk environments where repetition and practice are key. Talespin's latest product, an insurance inspection simulator, has led to a 15% to 25% rise in the decision accuracy of VR-trained groups compared with traditionally trained people. However, if VR training is that effective, it could cause economic disruption by, for example, opening up more jobs to the gig economy; this could undercut veterans who have been working at a trade for years. On the other hand, companies are concerned about losing skills as older workers retire.

The Daily Telegraph (Business), 10 October 2019, p5

Energy and utilities

From air conditioning to central cooling

As temperatures rise, so does the demand for air conditioning systems, but this leads to increased energy consumption and climate-warming. Demand for air conditioning is expected to more than double by 2050 and will make up 13% of global electricity consumption, according to BloombergNEF. However, district cooling systems, such as that developed by Mijwater BV of the Netherlands, are more efficient because they centralise the cooling process. The technology is getting support from policymakers who want to reduce buildings' greenhouse gas emissions. There is plenty of opportunity for growth since district cooling projects currently account for less than 3% of the air conditioning market in Europe. Such projects can be expensive and complex but produce significant savings in energy and emissions.

Bloomberg Businessweek, 7 October 2019, pp22-23

Renewables overtake fossil fuels for first time

Renewable energy provided more electricity to homes in Britain than fossil fuels did in the third quarter of 2019. Renewables' share of the energy mix rose to 40% vs fossil fuels' 39%, the first time that fossil fuels have been overtaken. A number of new offshore wind farms have been built this year while coal plants have been closing ahead of a 2025 ban on them.

The Guardian, 14 October 2019, p4

Environment

Lego considers brick rental

Lego is considering a rental service for its plastic bricks in response to consumers increasingly demanding environmentally friendly products. Speaking at a recent *FT* conference on the future of manufacturing, Tim Brooks, VP responsible for sustainability at Lego, said that a rental scheme was just one of several schemes that the company is

considering to gain the highest value from its products while consuming the fewest resources. The company, which is under pressure because of the use of so much plastic in its products, has promised to phase out fossil fuel-based plastic by 2030. Traditional manufacturers are increasingly interested in the potential for rental services to improve their environmental impact.

Financial Times, 15 October 2019, p16

Britons put price before environment

Despite 60% of UK grocery shoppers regarding themselves as "ethical" or "sustainable", only 44% "always" or "often" buy ethically or sustainably produced products. Some 76% said that "low prices and good value" were their most important considerations when buying groceries while just 34% would pay more for ethically certified goods. The poll was conducted by Wessanen UK.

The Grocer, 12 October 2019, p45

Fashion

LV luxury – creativity to remain in France

The luxury sector is in good shape, with booming demand for products such as Louis Vuitton handbags. The brand, which is 165 years old, saw sales exceed €10 billion this year. In September it opened its 16th leather workshop in France, having committed to keeping most of its production in France. Michael Burke, CEO, believes that craftsmanship should be retained in France because if it leaves, then "creativity in the sector will follow"

Bloomberg Businessweek, 7 October 2019, p44

Levi's CSR but products still made overseas

Levi's has struggled to focus on creating long-term value while grappling with the short-term challenges of the fashion industry. After Chip Bergh became CEO in 2011, Levi's annual net income more than doubled. This performance has allowed the company to improve its supply chain and the conditions in third-party factories, addressing the reputational damage that clothing groups face through offshoring. In 1991 Levi's introduced Terms of Engagement to help improve workers' health and other aspects of their lives. It also supports other causes such as gun control as well as sustainable cotton manufacturing and water use reduction. However, it can't escape the criticism that, while marketing an all-US brand, it is still making most of its products abroad.

Financial Times, 11 October 2019, p15

Financial services

SME financing

UK lenders approved £28 billion-worth of loans to small- and medium-sized business last year, according to UK Finance, a trade association. Yet the Bank of England has identified a £22 billion funding

gap in the SME loan market and many businesses are struggling to raise capital. The Bank of England has recently published a proposal for an open data platform that would help SMEs gain access to finance. It would allow businesses to pull together their data from both public and private sources to create a "portable credit file" which would help them in the credit scoring process. Varun Paul, the Bank of England's senior manager for Future Finance, discusses the project.

London Business Matters, Issue 159 October 2019, p20

Sweden big on cashless payments payments...

In Sweden the amount of cash in circulation has fallen from 80 to 58 billion kroner over the past four years (down by 27.5%). By comparison, Japan is one of the most cash-loving rich countries, with 79% of people using it every day (see below). The Swedes, meanwhile are using technology such as Swish, an app allowing instant cash transfers, or iZettle, a payment platform. Some have even implanted RFID chips under their skin. Yet Sweden's move away from cash presents a challenge to the power of the state and its so-called "sovereign money". The Riksbank thinks a Central Bank Digital Currency could be the answer. But what is the meaning of state money and how can it be protected?

The Daily Telegraph (Business), 10 October 2019, p5

...while Japan needs incentives

This month Japan launched its Cashless Japan initiative which gives consumers cashback incentives when they use a card or phone to buy something. Consumers who go cashless can avoid a new sales tax rise (up from 8% to 10%) and convenience stores are already seeing a 50% to 60% increase in mobile transactions as a result. In 2016 80% of transactions conducted in Japan were in cash; the Government wants to reduce this to 60% by 2025.

nfcw.com, 9 October 2019 (Clark)

The changing face of lending – SMEs

Governments recognise the growth potential of SMEs which, in most OECD countries, constitute over 95% of enterprises and provide up to 70% of jobs. Yet SMEs tend to be hampered by regulatory measures even though governments want to promote an environment in which SMEs and entrepreneurship can flourish. New banks have become important lenders to SMEs, stepping into the gap left by larger lenders. Smaller banks have tended to lend more to smaller companies than larger banks. SMEs are often early adopters of technology, especially online only operations. This article looks at the new payment options for SMEs.

The Daily Telegraph (Business Reporter), October 2019, p12

FMCG

Beverages

Britons won't pay over £5 a bottle for wine

A third of wine drinkers in Britain won't spend more than £5 on a bottle and many drinkers have rejected wine in favour of cheaper drinks such as ready-mixed cocktails. This is according to research from Kantar which reports that the percentage of households buying wine has fallen from 71% to 68% since the beginning of 2017. The duty on wine has risen twice as fast as that on beer over the past decade. Consumers are also reducing their midweek drinking and the Wine and Spirit Trade Association is struggling to attract the younger consumer.

The Times, 14 October 2019, p1

Vita Coco expands into CBD groups

Vita Coco is to launch three sparkling soft drinks containing 20mg of CBD per can. It says this will be the highest amount of CBD extract available on the UK soft drinks market. Brightfield Group, a market researcher for the legal cannabis industry, predicts that the cannabidiol products market in Europe will grow by 400% by 2023.

The Grocer, 12 October 2019, p43

Food

Kerrygold brand shines

In 1999 the Irish Dairy Board shipped some Kerrygold butter to the US without much hope of success due to America's huge dairy industry, the cost of shipping and the highly fragmented US dairy industry. But 20 years later Kerrygold is America's second best-selling butter brand by value after Land O'Lakes, a domestic brand. Kerrygold seems to have the power to turn consumers into "unpaid, yet vigorous brand ambassadors" with high-profile celebrity endorsers. It is credited with good marketing, food influencers and effective packaging that helps it stand out.

Bloomberg Businessweek, 7 October 2019, pp52-55

Avoiding "wallpaper" marketing

Cadbury's is focusing on digital content for its Heroes campaign. In its first ad campaign since 2013, it features parents who are trying to connect with their teenage children by taking part in their hobbies. One "Families Reunited" activity shows a father learning to ride a BMX bike. Cadbury Roses and Heroes brand manager, Aislinn Campbell, says the campaign "creates a much deeper connection and a richer consumer experience"; she wants to avoid a situation in which: "What used to be really new and different can become wallpaper quite easily now".

marketingweek.com, 7 October 2019 (Fleming)

Hypnosis campaign to convert Marmite haters

Marmite's latest ad campaign uses hypnosis to convert Marmite haters into lovers of the product. Marmite haters are encouraged to join a 15-minute hypnosis session which they can apply for online, with the winners travelling to London to watch a special hypnosis film. Marmite regards the film as being far too powerful to be viewed by just anyone online so an edited version is available on its website. The experiment is being overseen by hypnotist Rory Z Fulcher.

marketingweek.com, 10 October 2019

Tobacco

Vaping attitudes – UK vs US

Vaping is undergoing investigation and regulation following deaths and illnesses in the US that have been linked to cigarette usage, even though these appear to be linked to black market THC-containing products. The business most affected in the US has been Juul Labs. Massachusetts and San Francisco have already banned all vaping products pending a wider government review. In the UK, where there have been two deaths due to vaping, the response hasn't been the same. Juul, which launched in the UK last year, has not been experiencing the same problems as in the US.

The Grocer, 12 October 2019, pp12-13 (Cambridge)

Health and pharmaceuticals

Plain packaging for unhealthy food?

A new Government report suggests that unhealthy foods should have plain packaging in the same style as cigarette packs. The proposals, which have been made by Sally Davies, chief medical officer, state that the industry voluntary reformulation programme has failed and that regulation should be introduced. She would also like the sugar levy to be extended to other products. A recent review by Public Health England found that the food and drink industry would almost certainly miss its target of reducing sugar in its products by 20% by 2020.

The Grocer, 12 October 2019, p5

Pharma trademarking – UK and Europe

This article summarises some of the UK and European trademark decisions that have been made in 2019 in the pharma and medical devices sectors. Four key lessons learnt from this year's activity are: that slogans are still difficult to register as EU trade marks; that EU trade marks need to be acceptable for registration in all EU languages; marks must be compared as a whole when deciding on the likelihood of their confusion; and delay in the market authorisation of a pharma product is not necessarily justification for non-use of the product in the five years following registration.

lexology.com, 8 October 2019 (Power)

IT and telecoms

People in Liverpool make longest calls

An Ofcom survey reveals that people in Liverpool make the longest mobile phone calls (an average of six minutes and 51 seconds) in the UK while people in Bradford have the shortest conversations (three minutes and 15 seconds). It also reveals that people who use their phones for online services tend to use Wi-Fi rather than 3G and 4G mobile data services. Last year Ofcom found that the amount of time spent on mobile phone calls had fallen for the first time as young people tend to prefer messaging services.

bbc.co.uk/news, 10 October 2019

China's Transsion targets Africa

Last year Transsion, a Chinese handset maker, sold more than 100m phones in Africa through Tecno, its African brand. The company started to target the continent in 2008, a market where the population is expected to double over the next 30 years. The phones are customised for local conditions: for example, they have slots for multiple SIM cards to help in areas with poor coverage and they have extended battery life. Transsion's sales overtook those of Samsung in 2017 and last year it became the fifth most admired brand on the continent, according to Brand Africa. Other Chinese companies, including Alibaba, are making inroads in the region. By contrast, Western governments have tended to focus on humanitarian schemes in Africa, with start-ups offering services such as off-grid power.

Financial Times, 10 October 2019, p11

BT back to high street and customer service

BT is to return to the high street for the first time in 25 years. Its existing EE stores will be co-branded with BT and will contain help desks and services offering local access to experts. The move is part of BT's broader aim of improving customer service. The strategy is supported by BT's new brand purpose, called Beyond Limits, which Peter Jeavons, director of marketing communications, says highlights areas such as digital skills, apprenticeships and security that "nobody knows we do".

marketingweek.com, 9 October 2019 (Vizard)

Leisure and tourism

Sport – attracting audiences

Sports audiences have become bigger than ever thanks to technology, a growing population and standout events such as the Rugby World Cup. Yet revenue growth has slowed, and attention spans are decreasing – the so-called "stickiness" of viewers is in decline – according to PwC. Sport that goes on for days, such as cricket, often results in viewers watching just the highlights on their phones. This has led to fierce competition for fans' money and

attention. While football remains the World's favourite sport with revenues of \$40 billion a year, cricket has reinvented itself by introducing shorter matches. Participating in a sport also encourages people to watch it: research suggests that in newer territories people who play a sport are 68 times more likely to become committed fans. According to PwC, basketball is likely to enjoy the biggest rise in revenue over the next few years.

The Economist, 5 October 2019, pp67-68

Travel trends – suiting Millennials and Gen Z

Travel marketing is being shaped by Millennials and Gen Z. Research suggests that Millennials make on average three trips a year while Gen Z make 2.8. Millennials are contributing to the boom in the travel industry through social media, with holiday pictures continually being shared online. Millennials prefer new experiences more than staying in a comfortable hotel; but their preferences will change as they grow older. However, as Gen Z reach the age of 18, they too will be making their own travel decisions and they are likely to choose the best options from online sources. Brands will need to customise their activities to suit each of these generations. However, there are some common factors that will affect travel trends.

thriveglobal.com, 13 October 2019 (Kovacs)

Hays buys Thomas Cook stores

Hays Travel, an independent travel agent, has agreed to buy 555 out of Thomas Cook's 563 UK stores and aims to save up to 2,500 jobs. John and Irene Hays, the company's founders, say they know that some of the outlets are loss-making but claim they can make them profitable. The deal will be a boon for UK high streets that are seeing an increasing number of vacant premises.

Financial Times, 10 October 2019, p18

Materials and mining

Coal – out of energy but shows its steel

Coal power, the main source of electricity globally, is growing in China and India. In the UK there are only five coal-powered plants remaining and these generated just 5% of electricity last year. Gas and renewables now make up over 70% of power generation in the UK and it has a target date of 2025 for phasing out the use of coal power generation altogether. Yet heavy industry is continuing to use coal. In March the UK's first deep-coal mine for over 30 years was approved by Cumbria County Council. Due to open in 2022, it will produce 2.4 tonnes of coal a year for use in the UK and European steel industry.

Financial Times, 2 October 2019, p9

Media

Internet

SEO – short on measurement

Some 60% of marketers say that the main reason for not spending more on organic search activity is a shortage of resources and budget. This is according to the *State of SEO 2019* survey from Zazzie Media. Nearly a third of marketers say they still don't know how to measure the impact of SEO. The report calls for a better understanding of attribution models, measurement tools, brand value and purpose for SEO. The research is summarised in the form of an infographic.

[searchenginewatch.com](#), 11 October 2019 (Daniel)

Magazines

Readly – the Spotify for magazines?

Readly, a Swedish group, wants to become the Spotify for magazines. It allows users to access electronic versions of 4,500 titles such as *Cosmopolitan*, *The Times* and *Wired*. The global magazine sector has been in decline due to falling ad revenues for print media but the digital magazine market (worth \$4 billion last year) is still growing thanks to all-in-one services such as Readly. However, it faces competition from Apple News+, a similar service which has signed up various magazines. As well as giving half its subscription revenues back to the publishers based on use of their titles, Readly has detailed behavioural data. This will enable publishers not only to look at their own data, but to compare themselves with other titles.

[Financial Times](#), 8 October 2019, p19

Music

HMV opens Europe's biggest music store

HMV has launched the biggest music and movies store in Europe, called HMV Vault. Based in Birmingham's Bullring, it houses a stage and coffee shop and will feature live music and local bands. It will also have props from film and TV studios so that social media users can pose beside them. HMV hopes to revive its fortunes just eight months after being bought out of administration by Doug Putnam, a Canadian music mogul.

[The Times](#), 11 October 2019, pp40-41; [The Guardian](#), 11 October 2019, p31

Television

Healthy airtime

In a three-year partnership Channel 4, Channel 5, ITV and Sky are offering TV advertising spots for campaigns aimed at improving the health of children in the UK. This type of philanthropy, in which commercial broadcasters get together to demonstrate the power and effectiveness of TV as a platform, may also help to stave off criticism that

there are too many junk food ads on the medium. Last year ITV launched The Daily Mile's first TV ad campaign in partnership with INEOS to encourage primary school children to go outdoors to do exercise. In February 2019 The Eat Them To Defeat Them campaign (a Veg Power and ITV partnership) saw a 2.3% rise in veg sales attributed to the campaign.

[thedrum.com](#), 10 October 2019 (McCarthy)

TV performing well in terms of spend

Thinkbox's chart of the month illustrates how well TV still performs in terms of sales and spend. Its survey of 78 brands revealed that TV made up 66% of media budget on average but returned a colossal 80% of all ad-generated sales. This is attributed to the high return on investment and the fact that TV delivers scale but "without saturating".

[thinkbox.tv](#), 1 October 2019

Packaging

Carlsberg in paper bottle prototype

Carlsberg has unveiled two paper beer bottles made from sustainably sourced wood fibre. They are fully recyclable with an inner lining that seals in the beer. It aims eventually to do away with the polymer lining altogether. The announcement coincides with the founding of a new company called Paboco or The Paper Bottle Company, which will be a joint venture between Carlsberg, BillerudKorsnäs a packaging company and Alpla, a bottle manufacturer. Its aim is to promote sustainable packaging in the food and drink industry.

[The Grocer](#), 12 October 2019, p42

Retailing

New stores showcase retail technologies

McKinsey has opened a store in Mall of America (the largest shopping complex in North America), to test out the latest retail technologies. All products have NFC tags which enable shoppers to scan them for more information, add them to a virtual shopping basket, check out and pay with their phone. The store, the Modern Retail Collective, also offers shoppers the opportunity to try out technologies such as virtually trying on products in AR mirrors.

[nfcw.com](#), 3 October 2019 (Clark)

UK retailing – divisional divergence

B&Q, a Kingfisher company, has seen years of falling sales, while Screwfix, another subsidiary, has enjoyed soaring revenues. Screwfix, with its low prices and counter staff, has almost certainly lured customers away from B&Q and more "cannibalisation" is expected. Other businesses are seeing divergences in the performance of their divisions but not necessarily at each other's expense. M&S's food operation is thriving while its

clothing operation has been slowing for years. WH Smith has a thriving travel operation but its “scruffy” high street outlets are in “managed decline”.

Financial Times, 11 October 2019, p12

Services

Airbnb – a touch of luxe

Airbnb helped to change people’s perceptions of temporary accommodation. Since being founded in 2008, it has diversified into Airbnb “Experiences”, “Plus” and “Collections”. Now it has launched Luxe, allowing people to stay in luxury accommodation. This follows the acquisition in 2017 of Luxury Retreats for \$300m. Luxe offers add-on services such as a dedicated “trip designer”. Nick Guezen, Airbnb’s director of portfolio strategy at Luxe, has developed a 300-point checklist for Luxe properties to ensure that they meet strict standards. Properties range from Te Kanu on Lake Wanaka in New Zealand (£2,029 a night) to Nuketepipi in French Polynesia (from €900,000 a week).

Wired, November-December 2019, pp62-63

Crowdshipping

“Crowdshipping” services allow parcel senders to use road traffic like a utility. Roadie, an Atlanta-based start-up allows drivers to receive a tip while the middlemen also take a cut. Such apps are growing in number and many of their customers are companies. While firms such as Fedex continue to dominate long-haul journeys, companies can use other road users to help them get through times of peak demand such as Mother’s Day. Retailers such as Macey’s and Walmart, account for four-fifths of Roadie’s revenue. Airlines delivering misplaced bags form another client base. Other crowdshipping start-ups are targeting the free space inside travellers’ suitcases. PiggyBee and Grabr link consumers’ need for products to passengers who are travelling to their country.

The Economist, 5 October 2019, p71

Big law firms – embracing the alternatives?

Despite alternatives, many people still prefer to hire the large law firms because they are perceived as being reliable and trustworthy, albeit slow and expensive. But certain trends are changing the business: the use of technology and flexible legal process outsourcing; an openness to using alternative legal services; and adapting how lawyers and clients collaborate. EY’s *Reimagining the Legal Function Report 2019* reveals that although 33% of businesses already outsource a range of legal functions, 26% say they would not consider doing so. However, big law firms are beginning to hedge their bets by creating their own alternative legal services. Thomson Reuters’ *Alternative Legal Services Providers 2019* report indicates that a third

of law firms will set up an ALSP affiliate within the next five years.

The Times (Raconteur: Legal Innovation), 10 October 2019, pp6-7 (Cowan)

Transport and travel

TfL bans Hundred cricket team ads

Transport for London (TfL) advertising rules ban the promotion of junk food. The new cricket tournament, the Hundred, will not be allowed to feature their teams in advertising on London Underground because the teams’ shirts carry images of crisps, popcorn and salted nuts from KP (See also Cutting Edge 9 October). TfL say that the Hundred can only advertise if it complies fully with the policy brought in by mayor Sadiq Khan that, “images and references that promote the consumption of foods high in fat, sugar and salt will not be permitted”.

The Times, 10 October 2019, p2

BA to reach net-zero emissions by offsetting

British Airways has committed to reach a net-zero emissions target from next year although it will do so mainly through offsetting. Willie Walsh, chief executive of the airline’s owner, IAG, says that its airlines, including Air Lingus and Iberia, would also reduce their emissions through sustainable fuels and getting rid of older aircraft. He emphasised, however, that offsetting was the only way for aviation to reach net-zero carbon. This will include investing in environmental schemes.

marketingweek.com, 10 October 2019

Written by CIM’s Knowledge Services Team

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Cutting Edge: Our weekly analysis of marketing news

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