

Cutting Edge: Our weekly analysis of marketing news

6 November 2019

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Influencer campaigns – what is a celebrity?

Brands and influencers should ensure that they are aware of CAP Code guidelines when advertising on social media. This follows a case in July 2019 when Sanofi, the pharma company, was found to be in breach of the rule stating that: “Marketers must not use health professionals or celebrities to endorse medicines”. Sanofi had partnered with Instagram blogger ThisMamaLife who had endorsed the company’s Phenergan Night Time tablets. The ASA decided ThisMamaLife, despite having a relatively small number of followers compared with major celebrities, did fall under the definition of celebrity and was in breach of the code. This article considers when an influencer might be defined as a celebrity.

lexology.com, 28 October 2019 (Honeyands)

Agencies

What are the success criteria for B2B?

Running a B2B agency can be complex and challenging due to restricted budgets, hard-to-reach customers and sometimes a lack of marketing expertise within the client company. Agencies are also facing problems such as insourcing and competition from large B2C agencies. *B2B Marketing*, in collaboration with The Magnus Club, has produced a report on B2B agency management entitled *Dialogue: Benchmarking success criteria for highly successful B2B agencies*, which asks senior agency leaders how they view their industry and future challenges. The top five agency challenges are identified as: winning new business; retaining talent; retaining clients; profitability and developing new services. The report also includes the top challenges for agency owners; tips for managing the

pitch process; establishing a good client/agency relationship; new services and recommendations for improving agency profitability.

B2B Marketing, Autumn 2019, pp38-41 (Harrison)

Brands and branding

Brand partnerships

Brand partnerships, defined as “collaborations between two or more brands for mutual benefit”, can offer a raft of business benefits including delivering sales, building long-term brand equity and reaching new audiences. A true partnership must deliver customer value and business value for all partners. There are various types of brand relationships but just three ingredients for successful partnerships. The author provides an audit to get you started if considering a partnership-based approach to brand growth. The article uses six successful brand partnerships as examples and provides a case study of Santander and the Alzheimer’s Society partnership.

warc.com, November 2019 (Skinner)

Big brands should not act like start-ups

Brand category incumbents often look to the past by trying to become more agile or “acting like a start-up”. Their strategy should involve understanding and taking into account the “key contextual factors” that indicate the best way forward. For example, small brands often have direct-to-consumer (DTC) sales and e-commerce because this is their most practical option. Few start-ups have the luxury of distribution through traditional channels. As companies grow, the key contextual factors change and so do their approaches. For example, Nielsen tracked 120 DTC companies to reveal that TV adspend was on the rise, with 70 brands buying TV ads for the first time. Rather than “pivoting to agile”,



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large companies should be as “anti-fragile” as possible by recognising their weaknesses and playing to their strengths but this does not involve defaulting to start-up mode!

marketingweek.com, 30 October 2019 (Hanson)

Conferences and events

Accessibility for the disabled

Many disabled people do not attend conferences because they believe their needs will not be met, according to Alan Broadbent, a writer on accessibility issues who says that accessibility for meetings and events is still “woefully low”. This means that not only are individuals missing out on education and networking opportunities, but organisations are missing out on valuable input from people with disabilities. Broadbent argues that the meetings and events industry is, “a long way behind leisure and tourism in recognising the financial gains to be made from engaging with the disabled market”. This article considers the law and where liability lies. It also highlights changes that are taking place, such as at the new ICC Wales and in Dubai, which employs an emirate-wide disabled-friendly code.

Association Meetings International, October 2019, pp35-37 (Lancaster)

Destination’s sustainability index

The Global Destination Sustainability Index (GDS Index) for 2019 sees Gothenburg and Copenhagen continuing to occupy the top two places, while Glasgow has risen to fourth place with its aim of being the UK’s first carbon-neutral by 2030. It has hosted 25 energy, sustainability and carbon reduction related conferences in 2018 and 2019. The Index, which launched in 2016 to promote sustainable business practices, judges 60 cities on four criteria: environmental strategy and infrastructure; social sustainability performance; the strategy of the host city’s convention bureau; and industry supply chain support.

c-mw.net, 1 November 2019

Consumer behaviour

Persuading customers to buy from you

Dr Helena Rubinstein, head of behavioural science at Innovia Technology and a lecturer in psychology at the University of Cambridge, tries to answer the question: “How do I get customers to buy from me?”. She starts by defining behavioural science and explains why customers don’t always act as market research predicts. She then goes on to set out the three factors that drive all behaviours: capability, opportunity and motivation and explains how to put these triggers into action. She combines this with some ethical guidelines.

B2B Marketing, Autumn 2019, pp18-24 (Baldwin)

Britons becoming more liberal

British attitudes have become more liberal than they were back in 1989, according to research from King’s College London’s policy institute. A poll of adults has found 13% of people consider gay relationships to be wrong compared with 40% in a 1989 survey, while 29% consider smoking cannabis to be immoral compared with 60% in 1989. The proportion considering abortion to be wrong is down from 35% to 18%. The changes are attributed to the baby boomers, who grew up in more permissive times. They are gradually replacing the generation who were born before the Second World War. Some moral issues have persisted, such as the proportion considering it wrong to have an affair with a married person, which has risen from 52% to 55%. However, tolerance for one group of people – politicians – has declined from 36% who thought they were good people in 1989 to 15% now!

The Times, 24 October 2019, p4

Customer relations

Starbucks rewarded by loyalty

Loyalty programmes pay off, or so they have for Starbucks. The coffee chain has reported better than expected quarterly same-store sales. Its Rewards scheme includes perks such as “happy hours” events, being able to skip queues for the till with mobile payments. Its US membership rose by 5% in the three months to the end of September and net revenue rose by 7% to \$6.8 billion. Starbucks has around 3,000 stores around the world but faces competition from independents and start-ups such as China’s Luckin Coffee.

The Times, 31 October 2019, p51

Direct marketing

Personalisation key to email

Email is an owned channel that not only works, but isn’t reliant on algorithms. Publishers, consumer brands and B2B marketers are returning to email as a channel of choice. According to HubSpot: 99% of consumers check their email every day; 80% of business professionals say that email marketing helps them retain customers; and 93% of B2B marketers use email for distributing content. Yet the volume can be overwhelming and if you don’t get your strategy right, your message could be binned. Personalisation is more important than ever before: Hubspot found that people are more likely to open emails that relate to their hobbies. After all, creating content for particular niches is a way of gaining loyalty.

EContent, Vol 42(4) Autumn 2019, p3 (Cramer)

Law

ICO concerns over adtech

In June the ICO produced a report on adtech and real time bidding which noted significant compliance concerns throughout the adtech industry. Now it is

working with the online advertising industry with the aim of improving data practices by the end of 2019. However, Simon McDougall, ICO executive director for technology policy and innovation, warns that there is “a very big difference” in how the online advertising industry and the ICO view the “legitimate interest” for processing personal data under the GDPR. Speaking at a recent AdTech event, he said that the ICO would prefer that changes come from industry rather than through regulatory action.

lexology.com, 28 October 2019 (Phillips and Purcell)

Marketing

CMOs in fight for survival?

Many CMO roles are being abolished at large companies such as Johnson & Johnson and Kellogg's with Forrester forecasting that the CMO role will be in a “desperate fight for survival”. Its report, *Predictions 2020: CMO*, says that successful CMOs will expand their role to include customer experience, company values, brand innovation and employee experience. This will involve generating brand value and delivering rapidly to customers. Yet many CMOs haven't yet “effectively navigated this transition”. Two shifts taking place this year are: corporate responsibility and the desire to serve all stakeholders, not just shareholders; and going beyond storytelling to become story-makers. CMOs could make an impression as story-makers by using technology to make customer experience more memorable. Forrester believes that one executive will be responsible for all things to do with customers, but this may not be the CMO!

marketingdive.com, 29 October 2019 (Levine)

CMO spend survey

A series of videos set out some key findings from Gartner's *2019-2020 CMO Spend Survey*. It has identified four big trends. Firstly, there is a decline in martech spending, which has fallen from 29% of budgets last year to 26% this year. Secondly, there is a decline in agency spending as clients increasingly insource and build in-house capabilities. However, CMOs are also spending on agencies – typically around 22% of the budget – where this would enhance their internal capabilities. Thirdly, CMOs are spending on paid media where they know it works, in this case preferring digital media rather than offline. Finally, there is the question of how the economic climate is affecting marketing budgets? CMOs appear optimistic, with 61% saying they expect their budget to rise in 2020. The research explores the reasons for this.

<https://www.gartner.com/en/marketing/insights/videos/annual-cmo-spend-how-will-marketers-win-in-a-challenging-2020>, 2019

Market research

Psychology-based segmentation

Knowing what customers want used to involve a combination of quantitative analysis and ethnographic studies during the 1980s and 1990s but a 2002 survey revealed that customer segmentation was in decline. Algorithms and the internet have together “impoverished” the field of customer understanding. According to the Content Marketing Institute, 42% of marketers do not even talk to customers when creating customer segmentations. Now segmentation is undergoing a renaissance with sociologists, psychologists and anthropologists returning to the marketing arena.

ama.org, 16 October 2019 (Gillespie)

Cost inhibits inclusive research

Researching minorities can be prohibitively expensive which creates a barrier to truly inclusive market research. Yet there are many techniques that can be used to ensure inclusive research which will include reconsidering how fieldwork is priced. Currently commissioning panel surveys with minority audiences, such as LGBTQ+ or black and ethnic minority attracts a premium. The author calls on panel businesses to: “actively recruit” amongst minority groups; “proactively screen” to ensure you know the existing representation of minorities; and “reimagine rates” by looking at the pricing framework for minority audiences.

research-live.com, 24 October 2019 (Brown)

Public relations

Good internal employee comms

Many internal comms reach the media, including employee messaging. When a pregnant member of staff wrote a memo to Google explaining why she would not be returning after her maternity leave, the memo attracted 10,000 readers on internal company forums. Google has since issued a set of community “guidelines” for employees. Other firms have suffered reputational issues after employee dissatisfaction reached the media. Yet companies often avoid such situations with good internal communication and employee engagement which should happen before employees find out about a sensitive situation only when they reach the media. If this happens, it appears as if management doesn't care about how employees perceive the brand. Companies must align “their values and actions”, says Hinda Mitchell, president, Inspire PR Group. “Misalignment between actions and values can wreak havoc on a company's culture.”

PR News, September 2019, p9

Agriculture, fishing and forestry

Simple challenge for the chickpea

The humble chickpea with a few added products becomes hummus: which according to one market research report is worth over \$2 billion globally. But the legume is susceptible to pests and diseases according to the UN. They are a rich source of protein, but harvest yields have been stagnant, so work is being done to create a climate resilient chickpea by the University of California.

FT Weekend (Magazine), 2-3 November 2019, pp34-36

Building industry

Many SMEs are reducing manpower

Small construction firms are reducing the size of their workforce, according to the Federation of Master Builders' (FMB) *State of Trade Survey* for Q3 2019. Some 23% of respondents reduced their headcount, the second quarter in a row to see a fall in manpower. Only 19% of SMEs said they were increasing their workforce, down from 15% in Q2. Most SMEs (86%) are expecting the cost of building materials to rise over the next six months (down from 77% in Q2). Some 34% of SMEs report a rise in construction workloads although this is tempered by the 19% who expect lower workloads in the future.

constructionnews.co.uk, 30 October 2019 (Wadham);
https://www.fmb.org.uk/media/49931/fmb_state_of_trade_q3_2019_digital.pdf

Businesses and strategy

Should you focus on a few big customers?

Companies in B2B may have a few big customers that provide a disproportionate share of revenue and sales personnel tend to focus on these. New research looks at this in the context of young companies that went public between 2000 and 2011. They found that companies whose sales were dependent on a few customers had higher market capitalisation than other companies while their stock performed better on the first day of trading after their IPO. Later on, however, those companies that concentrated their sales on a few customers saw falling profits. The companies that had marketing, technological or operational capabilities, and customers with high creditworthiness, were also less affected than others. The conclusion is that companies should be careful of focusing on just a few customers in the long-term and should aim to expand their customer base as the firm gets bigger.

Harvard Business Review, Vol 97(6) November-December 2019, p26 (Saboo et al)

Company culture – lessons from the past

Many people believe that having the right company culture is just as important as having the right

products. A new book, entitled *What You Do Is Who You Are: How To Create Your Business Culture* by Ben Horowitz, includes case studies drawn from Genghis Khan, Japanese samurai and other warriors of the past. It also talks about "wartime" and "peacetime" chief executives. The underlying message is that culture is not just something that appears in a mission statement but should be applied consistently in daily actions. The culture should be embedded so deeply that employees intuitively behave in the right way.

The Economist, 26 October 2019, p61

The advantage off not competing

Competition been seen as a good thing for free markets, hence businesses tend to be run in a competitive way. Yet, in many cases, competition can have a negative effect because some of its benefits derive from non-competitive behaviour. To explain this, it is important to distinguish between competitive "motivation" and competitive "strategy". The author explains how the latter destroys markets and the advantages of not competing. Non-competitive behaviour can often drive innovation while producing value for customers. He explains in greater detail how to employ such a strategy through a TED talk video.

thriveglobal.com, 29 October 2019 (Smith)

CSOs and firm performance

This article examines corporate sustainability officer (CSO) appointments and their association with the firm's subsequent sustainability performance. The results of the study suggest that both CSO expertise, and the firm's existing sustainability performance, have an impact on the link between the CSO and the firm's later sustainability performance. For example, firms that have relatively higher levels of sustainability performance before appointing a CSO, begin to experience significant improvements to performance after three years. However, non-expert CSOs are associated with initial declines in performance for poor performing firms, although better performing firms can rely on their existing sustainability attributes and benefit from improvements in performance in the long term.

Journal of Business Ethics, Vol 159(4) November 2019, pp1065-1087 (Peters et al)

Charities and NGOs

Tipping points encourage donors

A small action can have a big impact, sometimes called a "tipping point". New research looks at this effect in fundraising. Five studies showed that people who were told that their response would help the cause to reach a certain goal, were more likely than others to act. In one study, in which people were told about a crowdfunding project to feed hungry children, it people appeared more concerned

about not letting other donors down than in helping the children themselves. This means that organisations seeking to crowdfund can make the greatest impact by breaking down a goal into small parts to create multiple tipping points. These provide a new way of inducing guilt, although the guilt is directed towards other donors rather than the cause itself.

Harvard Business Review, Vol 97(6) November-December 2019, p30 (Anik and Norton)

Memorable digital Christmas campaigns

This article looks back at five of the most successful digital charity Christmas ads, including The Dogs Trust's "A dog is for life, not just for Christmas" and Christian Aid's "A Stranger Christmas Story" which used elements of Netflix's *Stranger Things* series. Top tips for successful holiday digital campaigns are offered.

charitydigitalnews.co.uk, 28 October 2019 (Chiu)

Two leukaemia charities merge

Leuka and Leukaemia UK have merged, allowing them to combine the messages of two leading leukaemia and blood cancer charities with the aim of becoming the "most significant leukaemia charity in the UK". The two will be combined under the name Leukaemia UK.

thirdsector.co.uk, 1 November 2019; leukaemiauk.org.uk

Durable consumer goods

Printed beauty

Opté is a handheld printer developed by P&G Ventures. It can scan the skin for blemishes and ejects a pigment designed to camouflage and fade imperfections. The device, which took more than 25 patents to develop, will go on sale next year at a cost of around \$599, making it the "most premium beauty product" that P&G has ever developed.

Bloomberg Businessweek, 28 October 2019, pp76-78

Economy

US business performance

America has enjoyed the longest economic expansion in its history yet the latest survey from Goldman Sachs suggests that CEO business confidence is in decline. Earnings per share for the S&P 500 are predicted to fall compared with last year, largely due to the performance of big companies such as Apple, Exxon and Boeing. Since 2017 companies which preferred share buybacks have outperformed the S&P index while those that used money for mergers and acquisitions did better. However, rather surprisingly companies that put their money into capital expenditure and R&D – necessary for long-term growth – performed much worse.

The Economist, 26 October 2019, p62

Education

Top universities lead to top salaries

Graduates of top universities can earn £500,000 more than others during their lifetimes. The analysis was carried out by Adzuna, a jobs search engine, which found that leading universities led to earnings of up to £13,500 more. Accounting and finance revealed the largest pay gap but computer science from Oxford was found to be the most valuable degree, with graduates earning over £43,000 after five years. There are concerns that degrees in identical subjects with the same tuition fees are leading to variable earnings depending on the university attended. The ten highest earning degrees all came from Russell Group universities.

The Times, 31 October 2019, p28

Masters in Management

Masters in Management (MiM) programmes started in Europe but can now be found around the world. Even in the US, where the MBA is dominant, the MiM is growing. They offer students who are interested in business, but have little experiences, a chance to undertake a practical degree. As well as a ranking of the top programmes, still dominated by European institutions, this supplement considers relevant topics such as careers counselling and recruitment techniques. A series of graphs highlight the gender pay gap between male and female alumni, favourite professions and highest-paying sectors and what happens to your pay when you move abroad.

Financial Times (Business Education: Masters in Management Ranking 2019), 29 October 2019 pp1-46

Energy and utilities

Climate vs demand for electricity

Climate change and the growing demand for electricity has led countries to boost their renewable energy development. However, some countries are failing to abandon fossil fuels, notably China. While it is increasing its energy capacity with 43,000MW of solar power, its coal capacity will rise by 33,000MW next year. This infographic illustrates the size and proportion of energy sources for major economies and indicates relative changes in temperature and precipitation by 2050.

Bloomberg Businessweek, 28 October 2019, p10

Environment

Once thrown away now utilised...

Potato peelings from McCain chips are now being repurposed away from the food chain into – of all things – spectacle frames. Along with the potato peelings is corn starch and old coffee grains. Pineapple leaves are also being mixed with corn starch to make sport shoes and tree nuts are made into buttons. Vegan 'leather' is made from mushrooms and vegan 'silk' from yeast. These are

just some of the products discussed.

FT Weekend, 2-3 November 2019, p6

Fashion

Renting babygros

Rather than buying lots of new clothes that your baby will grow out of in no time, why not rent the clothes. Those who want an environmentally-friendly option, can pay a monthly subscription to companies such as Bundlee, to receive ethically-branded garments through the post. These can then be washed, sent back after use and another bundle arrives through the post. The trend for sustainability has taken off in fashion circles and the online second-hand rental market is flourishing with high-end rental apps.

The Observer, 27 October 2019, pp28-29

Second-hand luxury

Selfridges has created a permanent second-hand clothing space in its Oxford Street store. Run by the resale site Vestaire Collective, goods include pearl-studded shoes and a £465 Mulberry bag, not to mention a Gucci suit for £4,275! The second-hand luxury fashion market is predicted to grow by 12% year-on-year compared with just 3% for the overall luxury market. Resale market is no longer perceived as a threat to luxury brands such as Ralph Lauren, which has launched Re/Sourced, a collection of vintage products on resale app Depop.

The Guardian, 1 November 2019, p13

Financial services

Proximity mobile payments – China out ahead

China is way out ahead of other countries when it comes to proximity mobile payments, with 81.1% penetration among mobile users vs just 19.1% in the UK. Other countries in the high adoption bracket include: Denmark (40.9%), India (37.6%) and South Korea (36.7%). The slowest to adopt are: Germany (12.5%) and Mexico (10.2%). In the UK contactless cards have been used since 2007 and the take-up has been enthusiastic which may have hindered proximity mobile payment adoption.

emarketer.com, 25 October 2019 (Fisher)

Apple most popular mobile payment app in US

Apple Pay has become the most popular mobile payments app to make payments in-store in the US. Apple Pay now has 30.3m users while Starbucks' mobile app is in second place with 25.2m users followed by Google Pay with 12.1m. eMarketer predicts that spending via proximity mobile payments will get close to \$100 billion this year in the US.

nfcw.com, 24 October 2019 (Clark)

...it's M&S buy now, pay later

M&S is to offer online shoppers the option to "buy now, pay later", allowing them to spread the cost over six weeks. It has teamed up with Clearpay, a payments business, to offer the service to all online clothing and home purchases over £30. Debt charities are concerned that this will encourage people to take on more than they can afford. M&S's clothing sales have suffered from online competition. However, the company hopes to increase online sales to a third of revenues by 2022.

The Times, 30 October 2019, p47

FMCG

Beverages

India – can it sustain premium gin?

India played a part in popularising gin because Victorian colonists drank it as a way of swallowing the quinine needed to protect them against malaria. Most Indian-inspired gins, such as Gin Wala and Jodphur, are distilled in Britain. However, Stranger & Sons, which set up business in Goa last year, is one of just a few domestic premium brands to be sold in Indian bars. The company is selling an expensive product (\$40 a bottle) in a poor country where four states are dry, taxes are high and overall gin sales are forecast to decline at the rate of 5% a year over five years. India is in 55th place in terms of global gin sales.

The Economist, 26 October 2019, p63

From brewing to beverages

Molson Coors Brewing Company, owner of Carling, Cobra and other well-known brands, is to drop the word "Brewing" from its corporate name next year, to become Molson Coors Beverage Company. This reflects the company's move to products that are "beyond beer", such as canned wine and alcoholic coffee. In a surprise move, the company is to move its HQ from Denver to Chicago despite Coors and Coors Light being synonymous with Colorado. The company believes this will save money allowing more investment in its biggest brands.

marketingweek.com, 31 October 2019

Food

M&S launches own-brand halal meals

M&S is responding to demand from Muslim customers by selling own-brand halal ready-meals. The first major British retailer to do so, the meals will be sold in 36 stores as well as in international stores in Singapore and Dubai. It has confirmed that the animals used in the dishes are stunned before being slaughtered. Halal food has been criticised by charities such as the RSPCA because the animals have been slaughtered without first being stunned. Around 71% of Muslims adhere to a strict halal diet.

The Times, 31 October 2019, p6

Household

Laundry detergents, fabric conditioners and fabric care – UK

A new report from Mintel. Greener lifestyles, concerns regarding health impact of laundry formulations and growing presence of skin diseases and allergies are all leading consumers to rethink laundry habits and the products they buy. However, there are still opportunities to prosper, particularly through offering convenient and innovative solutions that allow them to do the laundry less often and preserve clothes as much as possible.

Mintel, October 2019

Tobacco

Move away from Factory Made

The heritage brand Lambert & Butler are following the trend which is a move away from factory made cigarettes to roll your own. Consumers are looking for more value for money but wanting to keep the quality, according to Imperial, the owners of the brand. One feature of the new product is a higher moisture level which allows easier rolling.

conveniencestore.co.uk, 5 November 2019

Government and public sector

Twitter bans political ads

Last week Jack Dorsey, CEO of Twitter, said that all political ads would be banned on Twitter using the argument that “political reach should be earned, not bought”. It is estimated that Twitter will lose just £3m by rejecting political ads. In contrast Facebook has made around \$857m on political and issue-based ads since May 2018. Twitter will at least avoid the job of fact-checking all the propaganda and misleading information. Mark Zuckerberg has confirmed that Facebook will not be banning political ads amid accusations of greed. Yet Twitter has had its fair share of controversy, including allowing President Trump to continue tweeting even though his tweets broke the rules.

The Daily Telegraph (Business), 1 November 2019, p5

New rules for political ads

There are new rules governing political campaigning which will affect the way in which the forthcoming UK election is conducted. As well as applying strict spending limits, political parties are restricted in their use of social media advertising to target voters; and parties will not be allowed to “parachute in” campaigners to “must-win” seats as the Tories did in 2015. Parties have also been warned by the CMA not to use “behind-the-scenes profiling” to target voters without first obtaining their consent. Normally the Conservatives and Labour would use social media and direct marketing, but GDPR will limit their ability to micro-target segments of the

electorate. The CMA is to issue guidance on how campaigning must change.

The Times, 1 November 2019, pp14-15

Health and pharmaceuticals

Big Pharma in China

International pharma companies are trying various ways of improving patients’ access to medicines in China and to improve their own sales there. China’s drug market is worth \$132 billion and is expected to grow by 3% to 6% next year. The Chinese Government is taking steps to reduce the cost of medicines. In 2016 it announced its “Healthy China 2030” plan to address the country’s more serious health issues. Foreign drug makers are responding by introducing new initiatives to the country. AstraZeneca, which derives 18% of its revenue from China last year, has built around 15,000 nebulisation centres and is building more. Some drug companies aim to speed up the drug approval process while others are using local tie-ups to improve drug access. However, regional differences and development in China could mean that innovative ideas and investment could take some years to pay off.

Bloomberg Businessweek, 28 October 2019, pp56-58

Tackling concussion in real-time

Concussion is a growing problem in contact sport such as boxing, rugby and football and can lead to symptoms similar to Alzheimer’s disease. Players often return to their sport too soon after an incident which can make the symptoms worse. Now a new product, being trialled by Welsh rugby team the Ospreys, will give doctors a better idea of what is going on. OPRO+ builds impact sensors into the gumshields worn by players. They include sensors that can track the movement of the head and the mouthguard contains an FM radio transmitter to beam a signal in real-time. Coaches can track collisions to build up a “passport” of head injury data.

Wired, November-December 2019, p45 (Katwala)

IT and telecoms

Smartphone market back to growth

The global smartphone market expanded by 2% year-on-year in the third quarter of 2019, with around 366m smartphones being shipped during the period. This was its first growth in two years. Samsung led the way, with 78.2m phones being shipped but Apple’s share of shipments fell by 3% to 45.6m. Woody Oh, a director at Strategy Analytics, which produced the data, said that Apple had stabilised probably due to cheaper iPhone 11 pricing and demand in the US and Asia. Meanwhile Huawei enjoyed the highest growth, with shipments up by 29% to 66.7m, probably due to sales in China.

The Daily Telegraph (Business), 1 November 2019, p5

Leisure and tourism

Small music venues closing

Some 20% of the UK's small music venues have closed over the past 15 years with 26 closing in the last two years alone, according to data compiled by Insure4Music. This is despite lobbying from politicians and organisation to help protect the grassroots music scene. Many venues have closed due to rent rises and the Government has excluded music venues from the reduction in business rates offered to small businesses at the beginning of the year. Others have closed due to redevelopment, noise complaints or lack of footfall.

eventindustrynews.com, 23 October 2019 (Hookings)

Materials and mining

A rare opportunity for rare earths

Mountain Pass mine in North America, one of just a few rare-earth mines outside China, aims to challenge China's dominance of rare-earth minerals: China currently produces 80% of the global supply. Tim Worstall, of the Adam Smith Institute, points out that "there are plenty of rare earths to go around". The problem is that few rare earth deposits are economically viable. The global market is only worth around \$4 billion but rising demand – rare earths are essential to the future of EVs – could change all this, with Moody's predicting that metal consumption for EV batteries could rise sixfold by the mid-2020s. The need to develop a secure supply outside China presents an opportunity. Australia's Peak Resources has chosen Teeside in the UK for a refinery to process rare earth elements.

The Daily Telegraph (Business), 29 October 2019, p5

China moves into DRC

Chinese companies already own some of the richest deposits of copper and cobalt in the Democratic Republic of Congo (DRC). These metals are essential to aid the move from fossil fuels to renewable energy. Western companies are reluctant to do business in the DRC even though the copper belt there is one of the richest sources of both copper and cobalt in the world. Mining mogul, Robert Friedland, has turned to Chinese money to exploit his latest mine, Kamoakakula. China has long wanted to own a large mining company like BHP or Rio Tinto...

Financial Times, 31 October 2019, p11

Media

Books

In-store experience resonates with Gen Z

Barnes & Noble, the bookseller, has suffered various setbacks in the digital age, but seems to have discovered a thriving market, namely college students. It has created Barnes and Noble College, a

franchise of bookstores within college bookshops. The company conducts regular research among a panel of 15,000 students which it combines with data to create a 360-degree view. A key finding of the research has been a re-emergence of interest among Gen Z for in-store experiences and a shift away from digital stores. It seems that Gen Z is very attached to experiences. The solution has been to "create academic and social hubs" because 88% of Gen Z shops in-store. This has inspired Barnes and Noble's idea of the "concept shop" with in-store themes to reflect the academic calendar and events on campus.

dmnews.com, 29 October 2019 (Romeyn-Sanabria)

Games

Mobile gaming – UK

A new report from Mintel. The mobile games sector is an already established powerhouse, which will continue to see robust growth through to 2024. Technological infrastructure advancements will provide the platform for the development, distribution and consumption of mobile games, growing a diverse audience and capturing the focus of marketers and brands outside of traditional gaming confines.

Mintel, October 2019 (pending release)

Internet

Banner ads 25 years on

Twenty-seven October marked the 25th anniversary of banner ads. The first banner ads appeared in 1994, launched by *Wired* magazine on its new website, Hotwired. Now banner ads are big business, with online display worth £4.3 billion in the UK alone last year, accounting for 39% of all digital ad revenue. Yet it is hard to find anyone who likes banner ads and there are concerns that they are not being viewed by real people, that internet users are being tracked too aggressively and that ads could be placed next to embarrassing content. Some say that creativity is "poor and uncontrolled"; other have issues over measurement and privacy. Now there is much talk about "contextual relevance". Could we be coming full circle by buying ads against content in the same way that print media has always done?

Campaign, October 2019, pp38-41 (Oakes)

Using long-tail keywords

Using keywords that have a high search volume means that a small company will have trouble competing with huge companies despite the perception that they should be able to compete on an even footing. However, there are ways of appearing higher in the search rankings, notably by using long-tail keywords (those with a greater number of words). As terms become more specific, the number of people searching decreases and SEO success rises. Here is some advice for making the

most of long-tail keywords, including local businesses making the most of local searches; focusing on intent keywords such as “best” or “cheapest”; and using conversational language that can be addressed to Alexa or Siri.

searchengineland.com, 30 October 2019 (Jones)

Radio

All the Xmas hits you can handle

If Christmas music is all you want – then you can now tune into Heart extra on your digital radio, which will become Heart extra Xmas for the Christmas period. There are no presenters, or news just music

radiotoday.co.uk, 1 November 2019 (Martin)

Social media

Virtual beauty

Ines Alpha, a 3D artist, collaborates with models, artists and fashion experts to create her “make-up of the future”. She uses AR to enhance the make-up that people wear in real life. However, when Snapchat launched its AR software in December 2017 enabling people to make their own filters, Alpha became one of its official lens creators. Her make-up is inspired by sci-fi, drag queens and molluscs with clashing colours. Critics say that social media filters can be bad as people aspire to resemble their digital image. Alpha argues that it is good for people to “feel like they can be different”. In April this year Snapchat opened up its filter creation software to everyone. This could lead to a boom in new filters with artists, developers and brands all wanting to create their own.

Wired, November-December 2019, p24 (Behrmann)

Facebook faces discrimination action

Under a US class action, Facebook is being sued for discriminating against older and female users because it allows brands to withhold advertising for various financial services. It accuses Facebook of allowing advertisers to target customers by age and gender. This comes just seven months after Facebook committed to changing its targeted ad system following lawsuits alleging that the platform enabled prospective employers, lenders and others, to discriminate against people. Facebook argues that its policies “have long prohibited discrimination”.

marketingweek.com, 1 November 2019

Television

You have to laugh

ITV is to launch a new comedy series focusing on mental health in partnership with comedy channel Dave and the charity CALM (Campaign Against Living Miserably). A three-part series, called *Comedy Against Living Miserably*, will feature comedians discussing their mental health issues before doing

their stand-up routines. The comics’ fees will be donated to CALM.

marketingweek.com, 1 November 2019

Video

Sky Media on UK video consumption

Some 45.6m people (68.3% of the population) in the UK are expected to watch digital video this year which is leading traditional service providers to change their offerings. In eMarketer’s recent report, *UK Digital Video 2019*, Graeme Hutchinson, director of advanced advertising strategy at Sky Media, explained how the company is approaching changing consumption behaviour among UK subscribers and how the company is responding in its advertising. Here are some of the responses he gave.

emarketer.com, 31 October 2019 (Fisher)

Sony abandons video streaming

Unable to compete with the likes of Apple and Disney, Sony has ditched its PlayStation Vue video streaming service. The service, launched in 2015, never managed to raise its user base much above one million and, at \$49.99 a month, it was more expensive than rival services. Sony says it will focus on its core gaming business instead. However, its quarterly operating profits have reached a record high thanks to its image sensors being used in the new iPhone 11 and other smartphones, offsetting slowing sales of the PlayStation 4 console.

Financial Times, 31 October 2019, p16

Packaging

Pulp demand in decline

Wood pulp for paper and cardboard has seen falling prices which means that companies across the sector have suffered. Stora Enso, a Finnish manufacturer, has just announced a fall in sales and earnings for the third quarter. Previously pulp and paper prices have boomed thanks to the demand for packaging from online shopping. Now there is a downward trend although the move away from single use plastics should lead to increased demand for paper as a sustainable alternative. Food packaging regulations mean that virgin paper must be used which should help companies like Stora Enso.

Financial Times, 30 October 2019, p12

Smurfit benefits from sustainability

Smurfit Kappa has seen earnings before interest rise by 11% in the first nine months of the year which it attributes to rising demand for sustainable packaging products.

The Daily Telegraph (Business), 31 October 2019, p7

Retailing

Beware misleading offers – Black Friday

Black Friday (and Cyber Monday) has become firmly entrenched in the UK retail calendar and this year many retailers will be looking at additional ways of attracting consumers at the end of a tough year for the sector. Regulators have the job of ensuring that retailers don't mislead consumers with deals that aren't as good as they appear. The ASA has already issued a reminder to retailers to take care; otherwise they could attract the ire of statutory regulators such as Trading Standards or the CMA. Jeweller H Samuel was fined £60,000 earlier this year for 17 breaches of the Consumer Protection from Unfair Trading Regulations. It is expected that the CMA will soon be given additional powers to tackle breaches in consumer law. In the meantime, here is some advice for retailers ahead of Black Friday.

lexology.com, 30 October 2019 (Collie)

Takeovers of e-retailers on the rise

There have been 12 M&A deals for UK-only e-retailers over the past year, up from eight last year. Retail groups have been under pressure from shareholders to increase their online sales. High street retailers have responded by buying pureplay e-retailers rather than growing organically. An acquisition can help a retail group to catch up if it has lagged in online investment. E-retailers often have well-developed tech platforms and logistics systems in place. In some cases, established retailers have taken over online players with a high share of a niche market. "Building up a portfolio of these specialist online retailers can be a viable way for a retail group to grow its overall market share and benefit from brand loyalty that has been built up" says Neil Brown, partner at RPC.

lexology.com, 28 October 2019 (Brown and Kulcsar)

Services

Tesco's finest pop-ups

Tesco is to take its Finest premium brand out of the store and into pop-up wine bars across UK cities in the lead-up to Christmas. The wine bars will have their own sommeliers, tasting platters, and masterclasses. It is reported that Tesco is also thinking about a chain of high-end convenience stores for its Finest brand, with premium products and cafés.

The Grocer, 26 October 2019, p5

CCEP invests in delivery start-ups

Coca-Cola European Partners (CCEP) is investing in new ventures through its Euro CCEP Ventures programme. This was launched in February with the aim of bringing new ideas and technologies to the company. Now it is looking at the delivery sector by

acquiring a 15% stake in TeleRetail, a firm which has developed an autonomous, self-driving robot. Aito, the robot, uses satellite imagery to deliver products in urban areas. CCEP has also bought a 25% share in Kol, an on-demand delivery service in Paris that delivers drinks to people's doors in just 30 minutes.

The Grocer, 26 October 2019, p11

Big Four offer legal services with technology

The Big Four accountancy firms have been players in the legal market for the last 25 years but the market has become increasingly crowded. While they are continuing to provide services aimed at solving business problems, inside their legal practices there has been an emerging use of technology to make legal advice more efficient and to help improve the performance of in-house legal teams through "legal operations" services. Technology has been at the forefront of their approach as this article explains.

FT Weekend (Intelligent Business), 23-24 October 2019, p18

Transport and travel

VW looks to future with EVs

VW has invested heavily in ID.3, its all-electric hatchback which is due to launch in the middle of 2020. It is just one of 70 electric cars in VW's pipeline. By 2022 VW plans to have eight production facilities around the world, making battery-powered vehicles, including two factories in China due to start production next year. In theory the initiative could more than double VW's value to €200 billion but there are risks. The largest car market, China, is in decline, while a wider economic downturn could further reduce demand for EVs. Yet VW's greatest competition may come from its own Golf. It has made an electric version since 2012 but most sales still come from traditionally powered versions.

Bloomberg Businessweek, 28 October 2019, pp50-51 (Rauwald and Behrmann)

An electric future for the UK?

When Boris Johnson took over as PM, he stated the aim of Britain being "the home of electric vehicles – cars' even planes – powered by British-made battery technology". After Brexit, Britain will need to build its own supply chain ready for the switch to EVs and will need to build the batteries that these vehicles rely on. Yet Britain has made little progress, while France and Germany are well ahead. The Faraday Institution, a battery research centre, warns that unless the UK starts investing in large-scale manufacturing plants (gigafactories) for EV batteries, 114,000 jobs in the automotive sector could go by 2040. An infographic sets out the UK's EV battery opportunity.

The Daily Telegraph (Business), 30 October 2019, p5

Fiat-Peugeot merger

Fiat Chrysler and PSA (Peugeot's owner) are to merge to create the world's fourth largest car maker. The companies hope that this will help to stop the decline in demand and give them the investment needed for new technology and cleaner vehicles. The merger should lead to annual savings of £3.2 billion.

marketingweek.com, 31 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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