

# Cutting Edge: Our weekly analysis of marketing news

27 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

#### UK adspend growth slows but OOH stands out

Growth in UK adspend has continued to slow down due to Brexit uncertainty and when compared with growth in 2018, when it was boosted by the football World Cup. Total media adspend is expected to rise by 6.2% to £22.31 billion this year, down from 8.1% last year. However digital ad spend will grow by 10.8%, a downward revision on the predicted 11.2%. OOH advertising is buoyant thanks to growth in digital and in the transport sector where there are a growing number of digitised ads in stations. This year OOH is expected to grow by 3.2% to overtake newspapers as the second-largest traditional media category by percentage of total media ad spend (5.6% and 5.5% respectively).

**eMarketer.com, 21 November 2019 (He)**

#### Brand-cause fit and ad messages

This study looks at how brand-cause fit shapes advertising message strategies. Brand responsibility, where a brand aligns itself with a social issue, is a growing trend in advertising, with a common topic being gender equality. Advertisers often use “femvertisements” to signal their support of women, but their motives can be questionable given that their main aim is to sell products. A study analysing ads that had received an award for femvertising, throws light on the differences in message themes between brands with high brand-cause fit and those with low fit. It identifies five key messaging themes among high-fit brands: “overt femininity; fixing the self; being a girl is a hardship; actors on set; and let’s talk about it”. And four themes among low-fit brands: “low femininity; breaking stereotypes; reminders that women and men do the same

activities; and getting men on board”. These themes influence how women are depicted, the brand message and the social issue message.

**International Journal of Advertising, Vol 38(8) December 2019, pp1240-1263 (Champlin et al)**

### Agencies

#### Why agencies should tell their story

When conducting a pitch, agencies often find it hard to tell their own stories even though they themselves may have been asked to develop a client’s story. Often, instead of telling a story, they simply list people, clients or capabilities which are usually not unique to that agency and therefore don’t differentiate the business. To understand what creates a good credentials presentation, you must be very focused as to its purpose, which is usually to be invited to another meeting and to win the business. A great agency story can capture the imagination of the audience and make it memorable, leaving the audience wanting to know more.

**thedrum.com, 15 November 2019 (Woolley)**

### Brands and branding

#### New KPIs

Brands are changing the way in which they measure corporate success by increasingly using metrics that are not directly linked to business performance. These include sustainability, diversity and employee wellbeing. The cynical view is that ESG (environmental, social and corporate governance) investing is a marketing gimmick rather than a driver of change. Yet ethical, environmental sustainability could become a central part of how businesses are run in the future, according to Clive Black, head of research at Shore Capital. Brands will have to work as hard at their ESG KPIs as they do with their financial KPIs. Mars has made



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sustainability a key business measure, with a set of metrics that are as “detailed and sophisticated” as they are for profit and loss. Other brands mentioned in this article are Patagonia and Allbirds, which are both B Corp certified.

**Marketing Week, November 2019, pp36-38 (Hammett)**

## **Conferences and events**

### **The benefits of satellite events**

Satellite events consist of small-scale live or virtual activities, workshops or product launches. They can save money and raise awareness and their popularity is likely to rise over the coming years, according to Chris Howland, senior account director at OrangeDoor. He argues that satellite events have the potential to deliver greater value if the right people attend them and the right topics are discussed. They must be closely aligned to the main conference but “position you as a thought leader to continue those conversations with your clients”, says Howland. A case study of Genesis Mint Concept at the New York International Auto Show is included.

**Conference & Incentive Travel, Winter 2019, pp50-54**

### **Encouraging emotional engagement**

Emotionally involved delegates will get more value from a meeting; they will also learn and retain more and are likely to rate the event more highly as well as returning to it in future years. So how do you know that you are connecting with your audience? There are numerous ways of measuring and promoting engagement at meetings. This article examines options including surveys; measuring social media sentiment; gamification; mobile event app analytics; smart badges; live video streaming; and second screen technology.

**Association Meetings International, December 2019, pp24-25 (Ball)**

### **Videoconferencing**

Many meetings involve a video screen so that people can participate remotely, and it is likely that there will be an increasing number of video meetings in the future. Research suggests that there will be 12% annual growth in global sales of videoconferencing equipment up to 2023. On the upside, videoconferencing is better for the environment than travelling to a meeting. It can also be better for creating a rapport with someone than a phone call, although some people prefer not to be seen on a screen!

**The Economist, 16 November 2019, p58**

## **Customer relations**

### **Education and CRM technology**

Advances in CRM technologies have put pressure on marketing education and practitioners to acquire the skills needed for using the technology. Overall there has been a lack of research on the use of technology in sales education. A survey of

salespeople in the US reveals that the majority recognise a need for students to have increased exposure to advanced CRM technology training and skills development. The authors propose an experiential learning approach to teaching marketing students advanced CRM features to help them be more effective in the workplace.

**Journal of Marketing Analytics, Vol 7(4) December 2019, pp205-219 (Harrison and Ajjan)**

## **Direct marketing**

### **Customer acquisition**

Sonia Danner, a senior marketing manager at Royal Mail MarketReach, reflects on the dynamic business climate and smart ways in which organisations can acquire new customers. At the start of this year a Worldwide Business Research (WBR) survey of digital marketers revealed that 80% were under greater pressure to achieve customer acquisition and revenue targets than they had been in 2018. Danner sets out five key challenges for successful customer acquisition which include the rising cost of customer acquisition. She then goes on to explain why omni-channel marketing campaigns are essential to customer acquisition and how to use mail to enhance a customer acquisition strategy.

**dma.org.uk, 25 November 2019 (Danner)**

## **Law**

### **Digital services in exchange for data**

EU consumer rights laws are to be extended to, “contracts under which the trader supplies or undertakes to supply a digital service to the consumer, and the consumer provides or undertakes to provide personal data”. Businesses exchanging their digital services for access to personal data will not be subject to the consumer rights rules if they only use the data for the purpose of supplying their service. The changes are part of a new directive aimed at better enforcing and modernising EU consumer protection rules and will bring digital services into line with EU consumer law. The new rules are expected to take effect in all EU countries by mid-2022.

**pinsentmasons.com, 13 November 2019**

### **UK business still subject to EU law post-Brexit**

The EU directive on the “better enforcement and modernisation of Union consumer protection rules”, due to take effect in mid-2022, make extensive changes to EU laws on consumer rights. In the EU (Withdrawal) Act 2018, the UK agreed to continue to implement EU law while it is still a member. Regardless of how the UK chooses to treat the new consumer directive, UK businesses that sell in the EU will be subject to the new rules as well as domestic legislation, penalties and enforcement imposed by member countries. UK businesses are advised to familiarise themselves with the changes.

**pinsentmasons.com, 15 November 2019**

### **ICO – new GDPR special category guidance**

The UK Information Commissioner's Office (ICO) has issued new guidance for handling special category personal data under GDPR. Under the Regulation, organisations must be particularly careful to protect sensitive types of information such as biometric or health data, political views or religious beliefs. If organisations process such data, they need an Article 9 condition for doing so and an "appropriate policy" document setting out compliance measures.

[https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/special-category-data/;](https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/special-category-data/)

research-live.com, 15 November 2019

### **Marketing**

#### **ROI measurement may not be the best thing**

A strong emphasis is placed on return on investment as marketers seek to prove the effectiveness of their work. But the need to hang the success of marketing on a single measure could damage the prospects for long-term brand growth. ROI tends to be short-term, which fits well with the "default time of modern marketing", says Shane O'Leary of creative agency Rothco. He argues that ROI appeals to narrow, targeted campaigns using cheap media rather than broader, more expensive campaigns that reach more people. Abba Newbery, CMO of online mortgage broker Habito, believes marketers should consider a wider competitive context. Helen Edwards, of Passionbrand, identifies a "package of success" measures ranging from ROI to net promoter score; and includes brand equity and tracking scores, general business growth, category share and the brand's ability to maintain a price premium. Having a number to hand, such as ROI, may be a marketer's way of signalling their success but it will not necessarily raise standards across the industry.

Marketing Week, November 2019, pp28-30 (Rogers)

#### **Lean innovation**

Marketers are often pulled in many different directions, but one solution could be "lean innovation". This is where bigger companies use a start-up mindset to innovate. Innovation can be risky because it involves trying something that no one has done before but approaching an innovation methodically can work. A case study shows how Charmin used lean innovation. Having realised that people were willing to use industrial-sized toilet rolls in their homes, Charmin produced the "Forever Roll" which are due to be launched in stores. The author offers some steps for achieving lean innovation. The idea can be launched using a mini campaign, which will prompt feedback without the need for testing the entire customer base. If the idea doesn't work, then you have saved on a big campaign. If it does work, it can be scaled up.

dmnews.com, 19 November 2019 (Romeyn-Sanabria)

### **Market research**

#### **Using polling data – advice to journalists**

This month the Market Research Society, together with IMPRESS (the independent press regulator), have published a consultation on guidance for journalists who are reporting on opinion polls, entitled *Using surveys and polling data in your journalism*. Journalists are encouraged to use the draft guidance to help their reporting on polls to ensure that they reflect the findings accurately.

[https://www.mrs.org.uk/pdf/MRS\\_Impress%20Guidance%202019.pdf](https://www.mrs.org.uk/pdf/MRS_Impress%20Guidance%202019.pdf), November 2019

#### **Neuroscience and OOH media impact**

The authors explain how modern brain imaging technology can be used to measure people's emotional, subconscious responses to various forms of outdoor media, ranging from paper posters to multisensory advertising screens. They describe a programme of research which investigated brain response to the latest generation of outdoor ad locations with reference to visual attention, emotional intensity, desirability and memorability. The research helped to explain the cognitive processes that underpin the media's success in the broader digital world as well as in the context of OOH advertising. The study has implications for planning, design, and development of media campaigns.

International Journal of Market Research, Vol 61(6) November 2019, pp588-600 (Andrew et al)

### **Public relations**

#### **IoD wants code to restore trust**

The Institute of Directors (IoD) has said that company bosses should abide by an ethical code of conduct to help restore public trust in business. This comes at a time when various failures have hit company reputations such as the collapse of Carillion last year. The IoD would like the Government to institute a formal code that sets out ethical requirements and minimum skills requirements. It has also called for the setting up of a public service corporation (PSC) which would "require businesses to balance the interests of shareholders with workers, the supply chain and other stakeholders".

The Times, 20 November 2019, p42

### **Sponsorship**

#### **Rebuilding a brand – and sponsorship**

Bjorn Gulden was recruited as chief executive of Puma, the sports brand, in 2013 at a time when sales and profits were stagnating. He fast realised that "Puma had no brand desirability, no good products and the wrong distribution". It had adopted a brand position that emphasised lifestyle and fashion rather than sport. It had also lost touch with sport, partly because sports sponsorship

is so expensive. Gulden made the decision to dedicate 70% of the marketing budget to sport-related activities and invited ex-athletes who had worn Puma shoes to come along and inspire employees. He then signed new sponsorship deals with top-tier football clubs such as Manchester City and AC Milan. He also recruited people to the company who were interested in the product rather than simply PowerPoint presentations!

**Financial Times, 18 November 2019, p16**

## Agriculture, fishing and forestry

### Discovering the da Vinci code?

Leonardo da Vinci loved wine, making reference to the "divine liquor of the grape". Leonardo Storfza, Duke of Milan, offered him a vineyard in payment for painting *The Last Supper*. In 2007, after an oenologist excavated the site of Da Vinci's vineyard, scientists were able to identify the artist's grape variety as Malvasia di Candia Aromatica. The vineyard has been recreated and the first harvest was produced last year. The first 330 bottles, based on a design by da Vinci from the *Codex Windsor*, are to be auctioned this year.

**The Economist, 16 November 2019, p33**

## Building industry

### Lifts – more ups than downs

The lift market is dominated by just four firms that account for two-thirds of all lifts but there is potential for consolidation. Thyssenkrupp, a struggling conglomerate, may sell Elevator Technology, its lift business. Kone, one of the Big Four, is a likely buyer. The global lift market was worth \$73 billion last year, and the share prices of elevator companies have out-performed those of the capital-goods industry for years. China accounts for over 60% of the 900,000 lifts installed last year. The industry for lift maintenance (the world has 16m installed lifts) is far less concentrated than for manufacture, mainly because of a raft of small Chinese companies. However, as lifts become smarter connected devices, the bigger companies could win out over small competitors...

**The Economist, 16 November 2019, p60**

### Drones being used for quality checks

Contractor John Sisk & Sons will use a fleet of drones to conduct quality checks on two of its Wembley Park apartment developments. Using the drones means that workers won't have to erect 24-storey-high scaffolding to examine the external panels. The company has been at the forefront of technology: its use of BIM and 4D-modelling resulted in an apartment block (Canada Court) being completed 25 days ahead of schedule this year.

**constructionnews.co.uk, 25 November 2019**

## Businesses and strategy

### Diversifying entrepreneurial funding

Some venture capital firms have begun to realise that gender bias can influence their decisions about which start-ups to fund and that this can have a negative effect on their investments. Now they are using algorithms, AI, predictive analytics and other data-driven approaches to help them make smarter investment decisions. The effectiveness of such tools is still uncertain, so the authors of this article set out to investigate just how much these technologies can help to level the VC playing field for female entrepreneurs. The aim is to help VC firms make less biased, more quantitative investment decisions that will aid both the investing firms and the entrepreneurs being funded.

**MIT Sloan Management Review, Vol 61(1) Fall 2019, pp71-78 (Hernandez et al)**

### Productivity effects of working remotely

Many employers have ramped up their remote working programmes over recent years. The effectiveness of remote working has been hard to measure but new research provides more insight into the practice. A study was conducted among employees of the US Patent and Trademark Office, who moved from a work-from-home (WFH) programme, in which they went to the office once a week, to a work-from-anywhere (WFA) one, where they travelled to work five times a year at most. The researchers discovered a productivity rise, especially among those people located within 25 miles of the same technological unit, suggesting an advantage for "geographically clustered" workers. They concluded that, in order to see increased productivity and motivational benefits through a WTF programme, employees need to "cut the umbilical cord, giving employees true flexibility, rather than a piecemeal granting of flexibility".

**Harvard Business Review, Vol 97(6) November-December 2019, p32 (Choudhury et al)**

### Angel investors in Africa

Early stage investing in African companies has grown significantly in the past five years, with African start-ups raising over \$725m across 458 deals last year. There is interest around the world in the African start-up ecosystem. Yet funding does not always address their financial needs, with start-ups across the continent citing a lack of capital as one of the main barriers during their start-up phase. Angel investment could help by bridging the gap between the idea- and the growth phase. Angel investors tend to be high net worth individuals (HNWIs) of which there happen to be plenty in Africa. An angel investment network, established in the Gambia this year, has brought together 15 HNWIs who want to invest in high-potential local businesses.

**International Trade Forum, Issue 2 2019, pp24-25**



### **Direct to consumer – a big shake-up**

Entrepreneurial British manufacturers are increasingly bypassing retailers and wholesalers by selling direct to consumers, a shift that could benefit them to the tune of £13 billion, according to Barclays Corporate Manufacturing report, *Going Direct*. It regards this shift as one of the biggest shake-ups in the industry for generations. Some 73% of companies now sell direct to consumers with DTC sales rising by 55% over the past five years. Those who have made the shift to DTC say they have experienced higher revenue (45%); customer growth (38%); and greater speed to market (32%). Barclays expects the value of the DTC market to reach £13 billion by 2025.

<https://www.barclayscorporate.com/insights/industry-expertise/manufacturers-going-direct/>; [barclayscorporate.com](https://www.barclayscorporate.com), 15 November 2019

### **First mover or category creator?**

A common misconception is that category creation is the same as being first to market with a new product or service. This might or might not be the case. Creating a new category is also about educating the market which can't be done simply with a new product or traditional marketing. Creating the first high functioning flywheel, for example, involves: a radical product or service innovation; a "breakthrough" business model; and breakthrough big data about future category demand. Tesla, Hydrafacial and Axon are companies that were not first to market in their categories but were the first to "build a high functioning flywheel of breakthrough product, business model and data". These so-called "Category Queens" continue to dominate their categories despite not necessarily being first movers.

[hbr.org](https://hbr.org), 21 November 2019 (Yoon et al)

## **Charities and NGOs**

### **Who do you accept money from?**

Should charities accept money from international businesses that are contributing to the climate crisis or are involved in tobacco, alcohol or even weapons? Some charities are moving away from big donors such as the Sackler Trust and the oil industry. It is a complex issue because the sector is under increasing financial pressure yet can't afford to fly in the face of public sentiment. Finding a solution means separating personal values from corporate ethics and charities may have to decide between financial support and public approval. This article includes some practical considerations for creating an effective gift acceptance policy.

**Third Sector, November-December 2019, pp28-34**

### **Charities riled by £100,000 Advent calendars**

Christian charities have criticised "millionaire Advent calendars" which, rather than convey the Christmas message, "play to the basest of our human

instincts". Two Advent calendars from jewellers cost up to £100,000 each: Beaverbrook's calendar includes a platinum diamond ring worth £26,000; while Tiffany's contains jewellery worth up to £13,000. Charities say the money could be spent helping people in need. Charity donations are in decline and donations to Christian Aid have fallen by nearly a quarter since 2016.

**The Daily Telegraph, 26 November 2019, p3**

## **Economy**

### **Factory orders near ten-year low**

UK factory orders have improved in November but "remain near ten-year lows" according to the CBI. Manufacturing has been affected by a global downturn and uncertainty over Brexit. In the three months to September manufacturing was 1.4% smaller than it had been the previous year. The EY Item Club expects manufacturing to be "a drag on UK GDP" in Q4 and that GDP growth could be just 0.2% compared with Q3.

**The Times, 20 November 2019, p42**

## **Education**

### **Using interviews as a marketing tool**

Until recently, only Cambridge, Oxford and the medical schools bothered to conduct interviews to recruit students. Now it is reported that six-formers are being invited to "new-style interviews" or "offer days" at universities. But instead of having to endure a formal interview, the university conducts a sales pitch. As universities struggle to fill their places due to a dip in the number of 18-year-olds, they want to market the advantages of their institution.

**The Times, 20 November 2019, p11**

### **Russell Group victim of essay mills**

The Russell Group, a top-tier group of British universities, has admitted to struggling with "essay mills": a practice whereby companies offer essay-writing services in exchange for a fee. This type of cheating has more than doubled over the past five years, with universities such as Leeds, Nottingham and Queen Mary, seeing a doubling or even quadrupling of the practice. Essay mills are illegal in some countries and vice-chancellors are called for them to outlawed in Britain. Meanwhile students are being "bombarded" with ads for essay mills on social media, according to Dr Irene Glendinning, VP of the European Network for Academic integrity.

**The Sunday Telegraph, 24 November 2019, p12**

### **MBA ranking – full-time MBAs under pressure**

Some 73% of US business schools report a fall in applications for full-time, two-year MBA courses this year, according to research from the Graduate and Admission Council (GMAC). Even executive MBA (EMBA) courses are starting to come under pressure in the US. However, in Europe over half of EMBA

programmes have reported a rise in applicants and 50% had seen an increase in international applications. The latest MBA rankings indicate that there is strong cross-border cooperation, with many top institutions offering joint programmes with partners in other countries or offering study overseas as part. Cost is identified as a major issue with fees rising faster than inflation while employers are no longer picking up the bill. Research suggests that most students fund themselves, with just 15% of students having full sponsorship.

**Financial Times (FT Business Education: Executive MBA Ranking 2019), 18 November 2019, pp1-46**

## Energy and utilities

### Sunlight could replace fossil fuels

Bill Gates is partnering with other investors to support a new venture that could turn sunlight into a source of heat with temperatures high enough to power heavy industry and replace fossil fuels. California-based Heliogen, the company behind the technology, uses software to align mirrors which reflect sunlight to a target. It could produce temperatures of up to 1,500C, which is high enough to manufacture cement without using fossil fuels. Cement is the third largest source of emissions in the world after oil and gas and poses a threat to the targets set by the Paris agreement.

**The Guardian, 20 November 2019, p43**

## Environment

### Carbon dioxide reaches new high

There has been little reduction in global emissions this year and CO<sub>2</sub> in the atmosphere has reached a new record, according to the World Meteorological Organisation (WMO). Despite seasonal fluctuations as plants convert CO<sub>2</sub> to oxygen, the upward trend has continued and there is more CO<sub>2</sub> in the atmosphere than at any time over the past three million years, despite the various commitments coming from the Paris agreement. The WMO report covers other gases, such as methane, which is also on the rise and contributes to global warming.

**The Times, 29 November 2019, p12**

### Campaigners dismayed by *Frozen* plastic

The movie, *Frozen 2*, promotes an environmental message with its two heroines who are trying to protect nature. But now Disney has been accused of hypocrisy by selling plastic merchandise. The plastic *Frozen 2* Elsa doll, the third most popular toy on the Toymakers' Association Christmas list, has already sold out in many stores. Environmental campaigners claim that the film's message, which is to inspire young audiences to help save the Planet, is at odds with the raft of plastic merchandise which will end up in landfill.

**The Daily Telegraph, 23 November 2019, p9**

## Fashion

### Fashion houses should curb the catwalk

While high street retailers are facing calls to tackle their brands' environmental impact, little attention is being drawn to the activities of the big fashion houses. The fast-moving cycle of fashion collections and seasons is what drives the industry yet changing the business model could help to curb eco damage. For example, reducing the number of fashion weeks around the world would be one step in the right direction. Some designers, such as Stella McCartney, are already taking action: last year she launched the UN Sustainable Fashion Industry Charter for Climate. Earlier this week Fashion Roundtable published a manifesto for change in the industry ahead of the UK general election. It wants the implementation of a sustainable fashion framework and tax incentives for businesses that use technology to move to sustainable business models.

**marketingweek.com, 21 November 2019 (Barker)**

### Victoria's Secret cancels fashion show

Victoria's Secret, the lingerie brand, has cancelled its annual fashion show following falling TV ratings and criticism. First launched in 1995, the show attracted millions of viewers but last year saw its lowest-ever ratings amid criticism of sexism, of lack of diversity and of being outdated. L Brands, the parent company, says it will "evolve" its marketing strategy. "We're figuring out how to advance the positioning of the brand and best communicate that to customers", says Stuart Burgdoerfer, the company's CFO. L Brands has just announced a net loss of \$252m for the third quarter.

**bbc.co.uk/news, 22 November 2019**

### LVMH buys Tiffany

LVMH, the luxury group, is to buy Tiffany, the jeweller, its biggest-ever acquisition. Alessandro Boglio, Tiffany's CEO, says the transaction "comes at a time of internal transformation for our legendary brand". Tiffany has suffered from lacklustre sales and profits for some years, but its name, logo and blue branding are known around the world and it consistently appears in Interbrand's annual *Best Global Brands* rankings. LVMH CEO, Bernard Arnault, has a record of resurrecting luxury brands. Tiffany was founded in 1837 and has over 300 stores worldwide.

**marketingweek.com, 24 November 2019; The Daily Telegraph (Business), 26 November 2019, p8**

## Financial services

### Businesses lack card payment compliance

Just 36.7% of organisations were fully compliant with Payment Card Industry Data Security Standard (PCI DSS) last year, down from 52.7% in 2017, according to a study by Verizon. The PCI DSS

framework dictates that banks, retailers and other companies that process card payments, must ensure that payment card data is secure during and after transactions. Compliance is at its worst in the retail and hospitality sectors, finance businesses perform slightly better. In Europe PCI DSS isn't a legal requirement but non-compliance has been cited by regulators as equating to non-compliance with data protection law. For this reason, non-compliant businesses could face "GDPR-level fines from regulators and class-action from individuals", warns Angus McFadyen of law firm Pinsent Masons.

**pinsentmasons.com, 15 November 2019**

### **PayPal acquires mobile shopping assistant**

PayPal is to buy Honey, an online shopping tool, marking its largest-ever acquisition. It will extend PayPal's business from simply processing payments to influencing what shoppers buy. Honey has expanded from a service that shoppers can put on their web browser to alert them to deals, to a mobile shopping assistant, loyalty scheme and price tracking tool. PayPal has stuck assiduously to processing payments over the past 20 years but, as the payments sector has become increasingly crowded, it has looked for something new to keep its users interested.

**The Daily Telegraph, 21 November 2019, p5**

### **Investment in Nigerian payment sector rises**

Venture capital firms have invested almost \$400m in the Nigerian payments sector over the past week. Payment companies want to expand across sub-Saharan Africa, where only a third of adults have bank accounts. They are using Nigeria, the largest economy in Africa, as a starting point for their businesses. Lagos has become a centre for Africa's fintech sector. Interswitch, which has built most of the mobile apps for Nigerian banks, has become the dominant infrastructure for mobile payments in Africa. Visa's \$200m investment in the company has turned it into Africa's first real unicorn.

**Financial Times, 21 November 2019, p14**

### **Pawnbroker market – H&T being investigated**

There used to be myriads of pawnbrokers in Britain, but they disappeared following the rise of alternative finance such as payday lending. Now the Financial Conduct Authority is investigating H&T, Britain's largest pawnbroker, over its lending practices. The FCA is looking at how H&T assesses the ability of its customers to pay back unsecured loans. This reflects wider problems in the market: in September H&T competitor, Albemarle & Bond, closed all its 116 stores. Although pawnbroking is a tiny part of the UK consumer finance market – customers borrow around £300m annually – it tends to target those in the lower income brackets. Some 290 companies operate in the sector, with just seven controlling

four fifths of the business.

**The Daily Telegraph (Business), 21 November 2019, p4**

## **FMCG**

### **Beverages**

#### **Fever Tree falling out of fashion?**

Fever Tree, which has been highly successful due to the popularity of gin, has seen sales growth fall from 93% in 2017 to just 2% this year while market share has fallen from 42% last year to 38% this year. There are signs that sales of premium gin may have peaked. However, Fever Tree's US sales (expected to rise by 34% this year) and European sales (up by 19%) may indicate that the UK increasingly accounts for a smaller proportion of sales.

**Financial Times, 21 November 2019, p18**

#### **Naked wine – can it retain customers?**

Rowan Gormley, founder of Naked Wines, is stepping down as chief executive, having recently sold off Majestic Wine, which acquired Naked in 2015. There is some debate over whether this is a smart move because, while Naked has a fast-growing subscription business, Majestic was the profitable part of the operation. Gormley points out that Naked is set up as a winery rather than a wine retailer which means that it sells directly to customers. This model is particularly successful in the US where selling wine direct to consumers is more profitable than other places in the world. The problem with wine is that consumers can easily switch to another supplier with many consumers being unable to differentiate between products. Yet Naked's subscription business model relies on customer retention...

**The Daily Telegraph, 22 November 2019, p4**

#### **Amazon launches own-brand wine**

Amazon has launched its first own-label wine brand called Compass Road. The range, comprising five wines, primarily targets the German market. It follows Amazon's unveiling of its first spirit label, a gin called Tovess. In previous years Amazon has launched own-label lines in other products such as household, beauty and coffee but has had limited success. Analysts have yet to be convinced that the Compass Road wine range will be any more successful.

**The Grocer, 23 November 2019, p42**

#### **Seedlip – in high spirits with no-alcohol**

Seedlip, created just four years ago by brand designer Ben Branson, has been a huge success. Despite receiving a lot of flak, probably because Britain has a strong drinking culture, the no-alcohol drink has taken off to the point that it has attracted a raft of imitators. Spirits are the fastest growing

segment of the low- or no-alcohol market and Seedlip's sales have risen by 107% over the past year. Branson is keen that Seedlip should continue to break new ground and be first to market: "We need to be faster than the consumer, faster than the buyer and faster than the bartender. This way when we launch things it sticks".

**The Grocer, 23 November 2019, pp40-41 (Woolfson)**

## **Food**

### **Meat substitutes see China as next big market**

Impossible Foods and Beyond Meat, meat substitute companies, are looking to the Chinese market. China is the largest consumer of meat in the world and its demand for proteins is rising. Beyond Meat will start production in the country next year while Impossible Foods is investigating partnerships there. Alternative meat sources are in demand due to events such as African swine fever, which has killed many of China's pigs and forced up the price of pork and other meats. Other plant-based protein companies are targeting China while Chinese companies are also looking for alternative proteins.

**Financial Times, 20 November 2019, p20**

### **Beyond Meat trademarks Beyond Mince**

Beyond Meat is to register the trademark "Beyond Mince" at the UK's Intellectual Property Office. It has already registered Beyond Burger and Beyond Sausage but is not yet using Beyond Mince in any other market. When the new product launches in the UK, it will be competing with the likes of Quorn, Linda McCartney's and others.

**The Grocer, 23 November 2019, p47**

## **Household**

### **Bloo – recyclable plastic down the toilet**

Bloo has introduced its first toilet cleaning block with a 100% recyclable plastic basket. The ProNature toilet rim blocks are part of the brand's "more sustainable future" strategy. Parent company Henkel wants all its packaging to be reusable, recyclable or compostable by 2050.

**The Grocer, 23 November 2019, p42**

## **Tobacco**

### **UK cigarette imports down**

Smoking in Britain continues to decline with volumes of cigarettes coming into Britain falling by 47% in the 12 months to the end of September compared with the same period ten years ago. Back in 2010 a fifth of adults smoked but now just 15.3% do so. Meanwhile e-cigarettes are becoming more popular, with 7.1% of the population vaping. At the same time the future of e-cigarettes is being called into question by the incidence of lung disease and action in the US to reduce vaping. While the US Health Department has decided not to go ahead with plans to cut nicotine levels in cigarettes at the moment, it

is likely instead to focus on the "youth e-cigarette crisis", according to analysts at stockbroker Liberum.

**The Times, 22 November 2019, p50**

## **Government and public sector**

### **Google to restrict political ads**

Google is shaking up the rules governing political ads by dictating that political advertisers will only be able to target people by age, gender and general location. The rules will take effect before 12 December when the UK general election takes place. The move reflects increased concerns over misinformation around elections, with regulators scrutinising misleading content. Google's action may prompt Facebook to follow suit; but Facebook has caused upset by saying that it will allow political advertising even if it is misleading. Google will continue to allow contextual advertising by political advertisers, which means that ads can be served based on what people are viewing online.

**Financial Times, 22 November 2019, p8**

### **Big Four enjoy rising spending**

The UK government's spending on all forms of consultancy has risen over the past few years. Central government is the most lucrative, having spent £300m on the Big Four firms last year. The Cabinet Office places the figure for consultancy and the broader industry at closer to £1.5 billion. Yet there is no guarantee that government is getting value for money. The English National Health Service became more inefficient despite spending more on consultants, according to a study published this year. For now, Whitehall, which suffers from high staff turnover, continues to be dependent on external consultants.

**Financial Times, 26 November 2019, p12**

## **Health and pharmaceuticals**

### **WHO report reveals level of child inactivity**

A new analysis from the World Health Organisation claims that children's physical health, brain development and social skills are being damaged by a lack of physical exercise. Four out of five 11- to 17-year-olds around the world are not taking the recommended hour a day of moderate-to-vigorous exercise, it says. The lack of exercise is attributed to a focus on academic performance; unsafe roads; and the rise of "digital play": entertainment on phone, tablet or computer. The study found that children were inactive regardless of whether they came from a rich or poor country. In the UK 75% of boys and 85% of girls were inactive. Worldwide 85% of girls are inactive vs 78% of boys. The reasons for gender differences vary. The study looked at activity between 2001 and 2016.

**bbc.co.uk/news, 22 November 2019**



### **Workplace wellness – shifting attitudes**

Forward-thinking employers are investing in services to help their employees have healthier lifestyles. This year's *Britain's Healthiest Workplace* awards reveals that bad health at work is on the rise. Sir Cary Cooper of the University of Manchester, points to factors that are leading to greater pressure on employees but admits that many more companies are investing in wellness programmes which have moved from a "nice-to-have" to a "big strategic issue". He argues for a shift from "eye-catching physical interventions" to more structural ones such as mental well-being. There should be as much emphasis on having managers with people skills or "emotional intelligence" as on technical skills, he says. This supplement includes a range of articles covering diverse aspects of health in the workplace.

**Financial Times (Health at Work), November 2019, pp1-58**

### **Concerns over data as Google eyes Fitbit**

Google is trying to buy Fitbit, but politicians and privacy campaigners are unhappy and want regulators to block the deal. They fear that Google will use the acquisition to boost its healthcare business by harvesting data from the 27m users of the health tracker. The move is widely seen as Google's attempt to catch up with the Apple Watch by acquiring a wearables company. Apple had 15% of the global market in Q2, shipping 5.1m watches while Fitbit had 10%, selling 3.5m watches, according to IDC. The market leader is Xiaomi, the Chinese company.

**Financial Times, 22 November 2019, p18**

## **IT and telecoms**

### **UK tech investment at record levels**

Pro-remain group Tech for UK has warned that leaving the EU customs union would damage the UK tech industry. Yet investment in the UK tech sector has reached a record high, according to the annual *State of European Tech* report from Atomico. UK tech companies have received \$11.1 billion so far this year, well ahead of Germany with \$5.4 billion and France with \$4.8 billion. Although there may have been an impact on established tech companies investing in Britain, fast-growing, agile software and fintech startups are faring well. The report says that the UK is the single largest source of billion-dollar VC-backed tech companies in Europe.

**The Daily Telegraph, 21 November 2019, p5**

## **Leisure and tourism**

### **Targeting the Santa market**

At this time of year families head to Rovaniemi in Finnish Lapland to visit Father Christmas. Here they can visit his office, take reindeer sleigh rides and post letters from Santa Claus's Main Post Office. But

now it has competition: Christophe Risenius, a Frenchman, has plans to turn Björkliden in Swedish Lapland into a centre for visiting Father Christmas. He believes he can provide more of a "real Christmas, not like in Rovaniemi, where it's more of a mass product". Rovaniemi, which is a city, already has two Santa-themes parks and may soon have a third. By contrast, Björkliden is so far north that it has guaranteed snow. The Lapland Christmas market is currently worth £350m.

**The Sunday Telegraph, 24 November 2019, p19**

## **Materials and mining**

### **3D-printing space rockets**

Researchers at the University of Maine have built an 8-metre boat in just 72 hours using a huge 3D printer. To date 3D printers have generally been used to make small objects, such as prototype models, but now a new generation of outsize printers promises to churn out much bigger items and to do so faster. This could dramatically reduce the time and cost of building things like boats. The most difficult thing will be to print metal objects, but one solution is to deploy large robots using welders. Relativity Space, a Los Angeles company, is using robots to build parts for space rockets. It hopes eventually to use its system (called Stargate) to print a rocket on the surface of Mars.

**The Economist, 16 November 2019, pp72-73**

## **Media**

### **Disney+ launches but what next for tech?**

Disney+, Disney's TV-streaming service, was launched this month with a "massive" marketing campaign. By the end of day one, some ten million people had signed up to a service that enables viewers to watch Disney's back catalogue as well new content. The increased competition will benefit consumers but will make it tougher for media companies that are ploughing billions of dollars into their services. It is likely that firms who aggregate their services into a bundle with simple interfaces could be the winners. Consumers will become increasingly confused by the volume and choice of content and do not want to have to search for shows across multiple platforms. A major question is what the tech giants plan to do next. The general view is that they have only just got started and that it wouldn't be beyond them to start buying up media firms.

**The Economist, 16 November 2019, pp62-64**

### **Media mix modelling**

Big brands may spend a lot of money finding out which are the best channels to invest in but not all brands can afford to do this. Thinkbox (the marketing body for commercial TV), along with various partners, has analysed the media spend of 50 brands and used the data to create a tool

showing what the optimal media mix could be, depending on six variables. TV is found to be the least risky channel but then it might not be the best for brands who are willing to take a risk!

**marketingweek.com, 22 November 2019**

## Internet

### Google still has big lead in US search

eMarketer forecasts that Google will have more than 73% of US search ad spending this year. This is down by less than 1% on 2018, but by 2021 Google is expected to have lost 2% share. Amazon will benefit the most, having been the second-largest seller of search ads in the US since 2018, when it overtook Microsoft. Overall search ad spending is expected to grow strongly, rising by 18% this year, with double-digit increases through to 2021. Search is predicted to retain 43% share of the total digital market through to 2023.

**emarketer.com, 18 November 2019**

## Music

### Music up thanks to live music events

The music industry added £5.2 billion to the UK economy in 2018 thanks to live music which grew by 10%, according to research from UK Music. Meanwhile overseas visitors to shows and festivals rose by 10% and employment in the live music industry reached a record high. It seems that people are enjoying the live music experience a lot more due to the better facilities and food on offer. Revenues from exports – overseas music sales – have risen to £2.7 billion. Other research suggests that the UK's music streaming market could double in size by 2023.

**The Times, 20 November 2019, p45**

## Social media

### Facebook – bogus accounts

There are record numbers of fake accounts on Facebook, which is a problem for a company whose financial health rests on user growth (it currently boasts a monthly user base of 2.45 billion). Yet Facebook itself estimates that duplicate accounts make up 11% of monthly active users while fake accounts make up 5%. Some believe the total to be much higher. Facebook's growth is far less impressive once the dubious accounts are factored in. Yet, without external, independent auditing, it is impossible for investors and advertisers to know how many users there really are. Facebook will need more transparency or face accusations that its share price and ad rates depend on dodgy data...

**Financial Times, 20 November 2019, p12**

## Packaging

### Tackling black plastic

UK supermarkets are making progress in removing black plastic from their own label packaging.

Morrisons claims to have become the first to eliminate it altogether. Yet brands have not done enough, according to Louise Edge, head of Greenpeace's ocean plastics campaign. Wrap is about to publish a report detailing the actions taken by the 86 businesses that have signed up to its Plastics Pact. It claims that brands are already making progress with black packaging, which is to be eliminated, or made detectable, by the end of 2019. Yet it is clear that not all members are going to meet this target. This article looks at how brands are responding and focuses on Unilever, Pladis and Procter & Gamble.

**The Grocer, 23 November 2019, pp12-13**

## Retailing

### Aldi ad tops Christmas league

Aldi has the top-performing Christmas ad this year, according to an analysis from Kantar. Its ad, featuring Kevin the Carrot and Russell Sprout, was among the top-performing ads for six out of eight metrics. It ranked top in terms of emotional impact, differentiation and brand building. John Lewis and Waitrose's ad featuring Edgar the Dragon, came out on top for enjoyability and making people feel emotional, with a score of 96 and 100 respectively. These two measures are regarded as essential for creating branded memories and for long-term brand building. M&S Food and Tesco scored the best for people remembering the brand, scoring 92 and 95 respectively. By contrast, both Asda and Iceland have failed to resonate with the public this year.

**marketingweek.com, 22 November 2019**

### Nestlé trials facial recognition payments

Nestlé is trialling face recognition payments at Nestlé Market, a concept supermarket in Barcelona. Users download the Face to Pay Nestlé Market app, register their details and a facial image. To check out of the store, they must take a selfie with a camera connected to a POS terminal, which then compares the image with the stored one. The supermarket sells Nestlé-branded goods.

**nfcw.com, 14 November 2019 (Clark)**

### Black Friday deals not all they seem?

A new study by Which? suggests that just one in 20 items sold as a promotion on Black Friday is good value for money and that the goods are cheaper at other times of year. Which? found that only 5% of the products it tracked from Black Friday last year were cheapest on the day while 74% were cheaper or the same price during the six months afterwards. While Which? found that no retailers were actually breaking the law, they believe that consumers might be confused. Another analysis by *The Times* of 100 products on Amazon, found that prices can fluctuate by up to 260% in a year.

**The Times, 26 November 2019, p3**

## Services

### **London at top for global guest spend**

People who stay in Airbnb properties will spend around £1.4 billion in UK restaurants and cafes this year, up by 33% on 2018, according to the company. Airbnb's mission is to make people feel that they can belong anywhere, which includes sampling the local foods. London enjoyed the highest Airbnb guest spending (£573m) among 70 cities this year. Airbnb guests spent 31% of their trip budgets on food while visiting the UK with 45% of this spend taking place in the vicinity of where they were staying.

**londonlovesproperty.com, 13 November 2019**

### **Royal Mail to focus on parcel business**

Royal Mail has warned of a loss at its UK business, while predicting that the volume of letters sent within the UK could fall by up to 9% in the second half of 2019. With the growth of online shopping and emails replacing letters, Royal Mail has had to adjust its business to suit the digital age. This has meant focusing more on parcel delivery: "We are on our journey to becoming a parcels company that sends letters, from a letters company that sends parcels" says chief executive Rico Back. But the company has problems, such as a unionised workforce that might go on strike. The company is expecting a boost from the coming election and the use of postal votes.

**Financial Times, 22 November 2019, p19**

### **Deliveroo expands events services**

Deliveroo is to assign a "dedicated event co-ordinator" to corporate clients. This is the latest service from the Deliveroo for Business division. It also plans to work with businesses to "design and create tailor-made events and experiences". Deliveroo for Business's catering order volumes rose by over 110% this year compared with 2018 and it has already organised 9,500 corporate events in the UK.

**The Grocer, 23 November 2019, p7**

## Transport and travel

### **Weaponisation of travel**

Political situations have led to the so-called "weaponisation" of travel in the form of travel bans and boycotts around the world. The boycott of South Africa ended when apartheid was abolished in 1994 and tourism now accounts for 10.3% of jobs in the country. California has banned state-funded and state-sponsored travel to some states that are discriminating against LGBT people. China has banned travel agencies from selling package trips to South Korea because of its missile deal with America. Sometimes reputation is a key driver of travel decisions: businesses cancelled events at the

Dorchester Hotel group (owned by the Sultan of Brunei) in response to homosexuality laws in Brunei. Sometimes bans can backfire because they have been initiated by politicians rather than people who still need to travel. For example, face-to-face meetings are something that the events industry can't do without.

**Conference & Incentive Travel, Winter 2019, pp42-46**

### **The durability of aircraft-carriers**

Aircraft-carriers are growing in number, but can they survive? In the past few years they have been used in the war in Afghanistan and Iraq. Yet, accurate, long-range missiles, being developed by Russia and China, mean that the carriers must remain at least 1,000km away from shore to be safe, which means that their warplanes cannot reach the shore without refuelling. Carriers could still be useful against countries that don't have modern missile systems. It is possible that drones could be used to fly longer, riskier missions without human pilots, while allowing the carriers to stay out of range. Even so, aircraft-carriers might eventually be replaced with smaller, cheaper and even unmanned systems which can be deployed more widely and in riskier situations.

**The Economist, 16 November 2019, p16**

### **EasyJet to be first with net-zero flights**

EasyJet says it will become the first major airline to operate net-zero carbon flights by offsetting all jet fuel emissions. It will do so by planting trees or avoiding releases of additional CO<sub>2</sub>. The initiative, which will cost around £25m in the next financial year, exceeds the pledges of rival airlines, such as BA parent company IAG which has promised to be carbon-neutral by 2050. There is increasing pressure on the airline industry to tackle its environmental impact. The International Civil Aviation Organization has launched an offsetting programme, but campaigners say it doesn't go far enough. EasyJet is also working with Airbus to develop electric and hybrid planes for short-haul flights.

**The Guardian, 20 November 2019, p41**

Written by CIM's Knowledge Services Team

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