

Cutting Edge: Our weekly analysis of marketing news

4 December 2019

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

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Marketing trends and issues

Advertising

UK adspend up in 2020...

UK adspend will be amongst the fastest growing in the world next year, according to Group M which predicts a rise of 6.7%. Meanwhile, it expects adspend to grow by 7.8% this year, the same as in 2018. The UK ad sector has expanded by 55% since 2013, placing it fourth in the world by size. Growth has been driven by digital brands such as Facebook, Netflix and Google who have spent millions on promoting their services.

marketingweek.com, 2 December 2019

...as are price rises

The World Federation of Advertisers (WFA) predicts that TV advertising prices will rise by 6.6% globally next year while online video costs will grow by 6%. However, price rises will be smaller for other traditional channels. Offline media will experience overall price rises of 5% and online media (including online video) 5.2%. In the UK, price rises may not be so high, with predictions for TV prices to grow by an average of 2.7% and online video by 3.7%. The research was conducted across 50 markets.

marketingweek.com, 2 December 2019

Big tech accounts for 5% of global adspend

Eight big tech companies have spent £25 billion on advertising this year, representing 5% of global adspend. They have increased their share by 1%. Facebook and Google dominate the online ad market as channels in their own right, but they are increasingly spending heavily on their own ads to promote their products. Other top tech advertisers are: Amazon, Netflix, eBay, Liberty Media, Uber and

Booking.com.

The Daily Telegraph, 2 December 2019, p3

Agencies

A decade of advertising

Campaign looks back over a decade of advertising in which traditional agencies have struggled with the transition to non-traditional media channels and disruption to their own business models due to digital. There has been a raft of acquisitions and mergers over the decade as agencies responded to the rising dominance of the FAANGS. On the upside, the last ten years has seen a rise in the number of women in senior roles with diversity and equality being major themes. Adam & Eve/DDB has been named "Advertising Agency of the Decade", a title that it also won at the start of the decade when it was just a two-year-old start-up!

Campaign, December 2019, pp18-29 (Lee)

Brands and branding

Co-branding

Co-branding has become commonplace as a cost-effective way of reaching additional consumers. It has pros and cons: on the one hand it can create a stronger brand for both companies; but on the other hand it could encourage competition, dilute the strength of the brand and cause confusion. Examples of successful co-branding include Apple and MasterCard to promote Apple Pay and Versace and H&M for the "Versace for H&M" collection. Co-branding often includes combined brand logos or ads featuring both brands. This article looks at the pros and cons of co-branding, examines the essential features and sets out some legal considerations.

lexology.com, 1 October 2019 (Lackert et al)

Conferences and events

IACC first to get sustainable event standard

The 2019 International Association of Conference Centres (IACC) Europe Knowledge Festival, held in Brussels in October, has become the first to acquire the Event Industry Council's Sustainable Event Standard. Attendees consisted of the top 1% of small- to medium-sized conference venues in Europe, America and Australia. Facilities at the event included: water stations with compostable and recyclable cups; signage, including badges printed on sustainable materials; and green transport options. The conference culminated with a session in which attendees set out changes that they would make to boost sustainability. These included creating an online repository of advice and case studies on all aspects of sustainable venue activities.

Association Meetings International, December 2019, pp32-33 (Lancaster); <http://www.iacconline.org/iacc-sustainability-initiative>

Creating a greener event

The events industry tends to create a lot of waste and gathering a lot of people together in one place is not an environmentally friendly activity. Here are eight ways in which events can become eco-friendlier and less wasteful. They include doing away with disposable freebies and instead giving away items that can be eaten, such as branded mince pies; choosing a venue that is easy to get to rather than a more exciting one that might be harder to access; avoiding flying and making public transport easier; and keeping the event paper-free.

Conference & Incentive Travel, Winter 2019, pp28-29 (Williams)

Customer relations

Customer loyalty and digital attachment

There are various factors affecting customer loyalty, but it has been difficult for researchers to determine which of these provide the greatest opportunities for marketers to focus on. Evidence suggests that psychological attachment is a key element in the development of loyalty towards a business or brand. This study uses Belk's theory of self-development to look at customer loyalty formation and to explain why customers form attachments to digital possessions. The authors suggest three propositions for how digital self-development will impact the marketplace, word-of-mouth and customer loyalty in the future. They identify opportunities for developing more accurate metrics.

Journal of Marketing Analytics, Vol 7(4) December 2019, pp220-233 (Bischoff et al)

Law

Colour trademarks

Trademarking colours is a tricky area, but colours can improve brand recognition, which is why brand owners are increasingly using unusual colour marks

to protect their brands. Over the past three years, 43 colour marks have been filed at the UK IPO but just five have so far been registered. Colours must have acquired distinctiveness and be well represented in the trademark application process. Even when they are successfully registered, the brand owner does not always win in court. This article, which first appeared in *World Trademark Review*, looks at the conditions for trademarking colour and offers some advice. It discusses some high-profile examples: Cadbury's purple; Glaxo vs Sandoz; and Red Bull vs EUIPO.

lexology.com, 1 October 2019 (Smith)

GDPR – a positive note for marketers

Despite concerns over GDPR, organisations seem to be upbeat about its effects. Almost half of respondents to the DMA's *Data Privacy: An Industry Perspective*, survey reported some optimism about the impact of GDPR on their business. GDPR has apparently helped to build customer trust in marketing and in the way in which businesses are handling their data. This in turn is reframing the relationship between businesses and their customers. Most marketers (78%) said they wanted the UK to retain access to the "Digital single market" after Brexit while 72% are concerned about the difficulties in exchanging data between the UK and EU after Brexit. Some 60% of marketers believe that the best data protection policy for the UK in the future should be stricter than today's GDPR!

dma.org.uk, 12 November 2019

Marketing

Econometrics

As marketers are increasingly under pressure to justify their budgets, they are turning to econometrics as a way of measuring marketing's effectiveness. Many big companies are using econometrics to measure the link between marketing and media activities, consumer behaviour and sales. Here is how some of the major brands are using econometrics. They include Samsung, Direct Line, Diageo and Audi. M&S uses econometrics in three ways: for a strategic understanding of marketing activity; a tactical understanding of campaigns; and for understanding what its competitors are doing. An effective econometrics model has a positive impact but there are various downsides, not least the cost. The consensus seems to be that marketers should use econometrics alongside other methods.

Marketing Week, November 2019, pp34-35 (Vizard)

Poor marketing holds back tech start-ups

Tech start-ups should embrace marketing both for short- and long-term success but knowing which channels to choose is tricky. In fact, poor marketing is one of the main reasons that start-ups fail, according to research last year by CB Insights which

revealed that lack of market demand was the top reason for failure (42%), followed by running out of money (29%) and inadequate marketing (14%). Experts offer some broad-brush marketing advice on what tech start-ups should or should not do.

The Times (Raconteur: Accelerating Tech Startups), 28 November 2019, p12

Market research

Spotting fake polls

There are numerous examples of fake polls or selective use of polling data – four examples are cited here – so could this be the beginning of an epidemic? Social media is making the creation of fake polls easier as rules guiding legacy organisations do not apply online. Here are some suggestions for helping to spot a fake poll. For example, does the report tell you who conducted the poll and who paid for it, how it was carried out or how many respondents were involved? ESOMAR has compiled some guidance entitled *FAQs on opinion and election polls*.

researchworld.com, 21 November 2019 (Raben and Frankovic);

<https://www.esomar.org/uploads/public/knowledge-and-standards/documents/ESOMAR-FAQs-on-opinion-and-election-polls.pdf>

Global market research 2018

ESOMAR has released some top-level figures on the size of the global market research market as part of its *Global Market Research 2019* report. The industry achieved a worldwide turnover of nearly \$80 billion last year. Some 50% of European countries have reported a decrease in their market research industry yet they still account for 85% of all turnover. The region showing the biggest growth was Asia-Pacific (up 3.7%) while the biggest decline was seen in the Middle East (down 9.2%). Europe's growth rate was -2.1%. The report also found that there has been a rise in the amount of quantitative research.

esomar.org, 3 December 2019

Apprenticeships

The apprenticeship levy, introduced in Britain in 2017, mandated that employers with an annual salary bill of over £3m should pay 0.5% of it into a national apprenticeship scheme. Creating an approved apprenticeship scheme is hard and the research industry has traditionally regarded market research as a graduate profession. It wasn't until this year that a trailblazer group for the research industry was formed by Louise Maycock, head of talent at Ipsos MORI. It has 15 member organisations. Ipsos MORI had previously shown an interest in expanding its intake beyond the graduate model. This is a move in the right direction as the industry seeks to open up to a more diverse group of people.

research-live.com, 25 November 2019 (Bainbridge)

Public relations

Writing a great story

A great story is both persuasive and memorable and far better than relaying a bunch of facts and figures. Storytelling is an excellent tool for PR and marketing, but it isn't easy especially when trying to create a story to promote a product or service. Everyone has a different idea about what makes a good story. Here are five ways to overcome barriers: start by forgetting the chronology; don't be squeamish about admitting to weaknesses or setbacks since these make the story more authentic; stories need to be about people, perhaps an employee or customer, rather just the business; keep the language straightforward; and change the point of view or use an analogy.

prdaily.com, 2 December 2019 (Crenshaw)

Sponsorship

Mixed information – sponsorship evaluation

How do sponsors decide whether it is worth continuing with a controversial sponsorship? Research on sponsorship tends to focus only on the effect of positive or negative sponsorship information on consumer attitudes to the sponsor brand. However, sometimes mixed (both positive and negative) information is available which influences consumer evaluations. This study, among students at a German university, seeks to investigate how positive, mixed and negative sponsorship information, and the strength of that information, influence consumer attitudes. The results are intended to help sponsors evaluate their sponsorship investments and whether they should exit the sponsorship of a controversial area.

International Journal of Sports Marketing and Sponsorship, Vol 20(4) 2019, pp603-616 (Dick)

Agriculture, fishing and forestry

Going meat-free could harm biodiversity?

Agricultural experts at Edinburgh University and Scotland's Rural College claim that going meat-free could harm the very biodiversity needed to maintain a healthy ecosystem, that veganism would not improve land use and that many farmers would suffer as a result. Professor George Simm says that livestock consumption, "should be seen as part of the solution and not the problem". A separate article reports on plans to breed environmentally friendly cattle which can grow faster, eat less and reduce their carbon footprint. Experts expect that improved breeding methods could cut livestock emissions by a third.

The Times, 29 November 2019, p42 (two articles)

Report identifies outdated attitudes to women

A new report claims that "outdated attitudes" are preventing women from pursuing successful careers

in Scottish agriculture. The Women in Agriculture Taskforce report, which was commissioned by the Scottish Government, says that women's contribution to agriculture has been undervalued or unseen. It makes four major recommendations: to create an environment that empowers women; to enable women to have access to skills development opportunities; to challenge cultural norms that view men as the natural heirs to an agricultural business; and to develop an equality charter for Scotland.

fwi.co.uk, 29 November 2019 (Tasker)

ASA bans vegan ad

The ASA has banned a vegan poster campaign because it claimed that eating meat was worse for the environment than all forms of transport. The posts, which appeared in Scotland in June, were challenged by the National Farmers' Union in Scotland. Official figures show that transport is responsible for more emissions (26%) than livestock farming (6.9%).

The Daily Telegraph, 30 November 2019, p10

Building industry

Builders merchants – falling sales

According to the Builders Merchants Building Index (BMBI) merchants' sales for Q3 2019 fell by 0.8% in value year on-year, the second quarter of decline. This was mainly caused by a 4.7% decrease in timber and joinery, which is the second biggest category. John Newcomb, Builders Merchants Federation CEO, points to the differences between heavy and light product sales, suggesting that building projects are being finished but that fewer new ones are being started. He explains that the industry has been hit by political, economic and climate factors, all of which have had negative effects for some time. An upturn is not expected until next year.

theconstructionindex.co.uk, 28 November 2019

Businesses and strategy

Lego Serious Play

For those who don't like traditional team-building exercises, Lego Serious Play could be an alternative. It is designed to encourage managers to adopt alternative ways of visualising and tackling complex problems. A trademarked system under licence from Lego, it involves trained coaches giving managers Lego parts so that they can make models. It was developed in the 1990s by Johan Roos and Bart Victor, who wanted to shake up conventional corporate strategy discussions. Some people are sceptical about the value of Serious Play and the potential for its manipulation by senior management.

Financial Times, 25 November 2019, p18

Tackling innovation blockers

Despite the vast amounts being spent on internal venture capital, incubators and accelerators, research suggests that they aren't getting results. This is because companies don't tackle the day-to-day behaviour that detracts from innovation. These can include badly run meetings; a lack of opportunity to speak out; and the belief that doing things in a different way will be inefficient and expensive. This problem can be addressed using interventions called "BEANS" (behavioural enablers, artefacts and nudges) that help to identify and breakdown the "innovation blockers". The authors describe various BEANS that DBS Bank, the Tata Group and other companies have used to enable innovation. They also explain how organisations can create their own BEANS.

Harvard Business Review, Vol 97(6) November-December 2019, pp92-101 (Anthony et al)

SME exporters outperform non-exporters

London SMEs that only sell into the domestic market perform less well than those that export their goods and services, according to research conducted for UK Export Finance (UKEF), the UK's export credit agency. London-based SMEs that focus on the domestic market grow at 5.6%, compared to 11.4% growth for those that export. Some 60% of SMEs around the UK cite finance, notably late payments, as the main barrier to exporting. Other challenges to prospective SME exporters include procedures and paperwork and the length of time they have to wait to be paid by foreign buyers. UKEF, a government organisation, helps companies to make the most of opportunities in the international market.

London Business Matters, Issue 160 November 2019, p20

Tech start-up funding

Tech start-ups around the world receive millions in funding from investors. Digital media is still the largest sector in terms of numbers of start-ups (20.7%) and it has a huge lead over fintech (8.7%). However, there are reports that early-stage funding is beginning to shift into other industries, such as manufacturing and AI. This infographic analyses the tech start-up ecosystem in terms of early-stage growth funding; share of start-ups by sector; geographical spread of unicorns; and sectors that receive the most funding.

The Times (Raconteur: Accelerating Tech Startups), 28 November 2019, pp8-9

Charities and NGOs

Corporate-charity partnerships

Corporate-charity partnerships are shifting from a funder-recipient relationship to something more interdependent. A 2018 report, entitled *Building More Impactful Corporate-charity partnerships* by think tank NPC, revealed that 91% of businesses regarded boosting corporate reputation as the main

factor driving engagement with charities while for 92% of charities resource generation was the driving factor for the tie-up. A major fear is that the partnership trend could start to crowd out other charities. Another competing trend is the growth of the B-Corporation, an ethical business. Ultimately, understanding each other's business model is critical for a long-lasting relationship. Case studies of WWF-UK and Unilever, and Parley and Adidas are included. Save the Children's partnership with GSK is also mentioned.

Third Sector, November-December 2019, pp44-49 (Lepore)

Charities lacking in digital skills

The Lloyds Bank *UK Charity Digital Index 2019* reveals that only 56% of charities have the full digital skills required for 2019. It has found that 9% of charities do not have some of the most common skills needed to communicate digitally with supporters; 19% lack the skills needed to update software; and 20% can't respond digitally to customer inquiries. Some 13% (26,000) of charities have had almost no digital activity at all this year, up by 10,000 on 2018. Lloyds warns that charities are missing opportunities by not having digital skills. The most tech-savvy charities are younger organisations that have sprung up over the last decade. Charities are urged to recruit the right skill sets.

[charitydigitalnews.co.uk](https://resources.lloydsbank.com/businessdigitalindex/), 29 November 2019 (Lepper); <https://resources.lloydsbank.com/businessdigitalindex/>

Durable consumer goods

Gunmakers under pressure...

American Outdoor, the US's second-largest gunmaker is to split its business between its Smith and Wesson gun unit and its outdoor products business, which sells knives and fishing equipment. Many banks won't do business with firearms companies while the insurance market is tightening up on firearms; and retailers, such as Walmart, are restricting gun sales. All of this is putting pressure on gunmakers. American Outdoor and Sturm Ruger are also facing pressure from shareholders for significant changes to be made. This month's Supreme Court decision to allow a lawsuit against Remington, a rifle-maker, could hurt the company and its fellow gunmakers even if the case fails...

Financial Times, 27 November 2019, p14

...as are toy guns

Parents have the dilemma of whether to give their children a toy gun for Christmas or to give them a more ethical and environmentally friendly (but unwelcome) alternative. The foam-blasting Nerf gun, owned by US toymaker Hasbro, is the category leader. Its success has been noted by New Zealand company Zuru, whose range of X-shot blasters is providing serious competition. Meanwhile an industry of counterfeit foam bullet makers is

threatening to erode Nerf's market lead on ammunition sales. Now Hasbro is fighting back by launching cross-branded guns based on video games *Fortnite* and *Overwatch*.

Financial Times, 2 December 2019, p24

Economy

Household value growth slowest since 2008

According to the Office for National Statistics, UK household net worth grew at its slowest rate (0.6%) since 2008 last year. The household sector, which measures the wealth of the nation rather than GDP, represents the largest part of the UK's balance sheet. Much of the slowdown is attributed to the property market: house prices rose at their slowest annual rate (2.5%) for over five years last year.

The Times, 29 November 2019, p56

Oxford is top city for economic wellbeing

London has slipped down the ranking as the best place in the UK to live and work. Oxford came in first place for the fourth consecutive year while Reading was in second place and Southampton third. The report, from PwC and think tank Demos, measures cities against criteria deemed by the public to be important to economic wellbeing, such as jobs and health. The report says that wealthier cities are seeing lower scores in housing affordability and commuting times, which probably accounts for London being 16th on the list. Bradford is the most-improved city although this is due to jobs, work-life balance and skills mainly among the over-25s.

cityam.com, 12 November 2019 (Robertson)

Education

Recognising HE qualifications globally

Many graduates aren't allowed to take up jobs overseas because their professional qualifications are not recognised. It is estimated that 220m students are doing higher education qualifications globally, with over four million doing so outside their home regions. Some countries have agreed to recognise qualifications in their own region, such as Europe, while others have negotiated bilaterally. But now the Global Convention on the Recognition of Higher Education Qualifications is calling for all countries to recognise each other's qualifications "unless substantial differences can be shown".

Financial Times, 29 November 2019, p4

Energy and utilities

Solar-powered trains?

Although many electric trains already benefit indirectly from solar power, a new idea – connecting solar panels to the railway line – means that trains could be powered more efficiently. Network Rail is currently working on a project with Imperial College London and Not-for-Sunbeams, a not-for-profit. The

initial trial of solar panels is taking place next to the railway line at Aldershot. Lineside solar electricity is likely to be cheaper than that taken from the grid. Around 40% of Britain's rail system is electrified and Network Rail is the largest single user of electricity. The solar power concept could be extended elsewhere. Indian Railways has solar power fitted to the roofs of its trains, which produce enough electricity to run fans and lights but not enough to power the trains.

The Economist, 23 November 2019, p82

Npower's losses mount

Npower's losses have risen to €167m for the first nine months of the year, up from a €71m loss last year. It has been steadily losing customers which totalled 3.86m at the end of September, down from 4.01m at the start of 2019. The Big Six energy suppliers, which have dominated the market since privatisation, are facing competition from cheaper entrants to the sector which now have around a quarter of the market. Npower has struggled ever since 2015 when it received a record fine of £26m for customer service issues. The price cap, which was introduced at the start of 2019, has also forced the big suppliers to reduce costs.

The Times, 29 November 2019, p59

Environment

The ethical shift

Businesses have traditionally been all about profit and keeping shareholders happy but now many companies are putting purpose above profits and staff and communities above shareholders. A new type of sustainable business is leading the way but "change has to be radical and transformational", according to Katie Hill, a spokesperson for B Corp, the ethical certification body. The B Corp movement has tended to be represented by small organisations, but they are not always effective at driving large-scale change. Now there are a growing number of multinational B Corps as businesses become increasingly aware of consumer demand to demonstrate a social purpose. The movement has also led to the rise of a new breed of purpose driven consultants, although, for now, they remain very much at the edge of mainstream business.

The Guardian, 25 November 2019, p36

Discount supermarkets poor on plastic

The cheaper supermarkets have not been doing their bit to reduce plastic according to a report from the Environmental Investigation Agency and Greenpeace. It reveals that seven out of ten major UK supermarkets have actually increased their plastic footprint. Only Waitrose, Tesco and Sainsbury's have managed to reduce their use of plastic while Asda, Aldi and Lidl have been the least effective at doing so. Fiona Nicholls of Greenpeace

accuses supermarkets of "putting profit before the environment". Over the past year supermarkets were responsible for 58.3 billion pieces of plastic packaging, almost one million tonnes more than the previous year. Waitrose and Morrison emerged as the best performers when ranked for five criteria.

The Daily Telegraph, 28 November 2019, p15

Fashion

Digital clothing for social media

Fashion designers are beginning to sell "digital clothing" which allows people to look good online in outfits that they can never wear or touch in the real world. The trend is being espoused by The Fabricant, a Dutch fashion house, and Carlings, a Norwegian retailer. Customers can send in a photo of themselves and the designers will dress them digitally so that they can show off their luxury garments on social media. Digital fashion proponents argue that it allows the creation of a new business model in a fashion industry that hasn't changed for 100 years. It also reduces fashion's carbon footprint. A digital dress called "Iridescence" was purchased for \$9,500 at a charity auction in San Francisco in May!

The Times, 25 November 2019, p21

H&M to rent out clothing

H&M is trialling clothing rentals to help counter criticism of the fashion industry's contribution to waste and pollution. Its flagship store in Stockholm will hire out clothes for 350 Kroner (£29) a week to members of its loyalty scheme. Banana Republic and Urban Outfitters have previously launched rental services, a market that is worth an estimated \$1 billion globally.

marketingweek.com, 2 December 2019

Financial services

Big tech is moving into banking

It looks as if the big technology players are about to take on the fintechs, with each of the GAF A companies launching initiatives in this space. This year Amazon and Apple have introduced credit cards; Facebook has announced a new payment system and Google says it will offer current accounts in America from next year. Although relatively small initiatives, the trend could eventually reshape the finance industry and, as Big Tech starts to develop customer relationships, banks could lose out. Andrei Brasoveanu of VC firm Accel, believes that banks could end up being like utilities, by "providing low-margin financial plumbing". Meanwhile, digital start-ups could also suffer: while regulators have so far seen new entrants to the sector as a welcome force for change, all this could change if the big tech companies muscle in...

The Economist, 23 November 2019, pp72-73

RBS launches digital bank

Royal Bank of Scotland has launched Bó, a London-based digital bank that aims to take on the other “neobanks”. The bank, which in Danish means “to live well”, was not launched with a great deal of fanfare mainly because most of its customers are RBS employees who are helping to test it. This isn’t the final product, but it is hoped that Bó will demonstrate that banks, and RBS in particular, can maintain long-term relationships with customers.

The Times, 28 November 2019, p49

TSB to shut 15% of branches

TSB is to close 15% (82) of its branches in a bid to return to profit. This forms part of a three-year strategic plan which includes focusing on small business lending. The action is being taken by a new management team appointed following an IT disaster last year in which thousands of customers were unable to access their accounts for days.

Financial Times, 26 November 2019, p18

FMCG

Beverages

Beer trademarks at record high

Last year the number of UK trademarks registered for beer increased by 6%, reaching a record high of 2,419. This is a rise of 89% in five years and reflects the growth of craft beers as well as the trend for alcohol-free beers. Some of the large breweries have also been launching craft beers which each require their own trademark. RPC, a law firm, warns that as the number of beer trademarks rises, so will the likelihood of legal disputes. Manchester-based Cloudwater Brewery recently had to rebrand its Good Call Soda after Heineken claimed that the name infringed its trademark registered for Fosters for a TV ad campaign.

lexology.com, 25 November 2019 (Kulcsar)

Food

Fake steak

Redefine Meat, an Israeli start-up, uses 3D printing to create meat alternatives that provide the same sensory experience as eating real beef. Another company attempting a 3D printed steak is Novameat Tech SL, a Spanish start-up. Ground meat alternatives (such as sausages and burgers) have been around a while, but it is more challenging to replicate a juicy cut of meat because scientists must recreate layers of thin muscle fibre and fat. The two companies plan to supply customers, such as restaurants and meat distributors, with the necessary cartridges and printers. The fake meat market has reached an estimated \$14 billion in annual sales and is predicted to grow to \$140 billion by 2029, according to Barclays.

Bloomberg Businessweek, 25 November 2019, pp14-16

Beanz meanz truffles

Fortnum & Mason is selling a chocolate truffle that tastes of beans on toast, to mark it being the first UK stockist of Heinz products in 1901. Heinz Baked Beanz Truffle is sold with a glass cover on a plinth. The “chocolate” is made out of baked beans and sourdough toast covered with a white chocolate shell and toasted breadcrumbs!

The Times, 29 November 2019, p29

Olive oil wins taxi ad battle

Filippo Berio, a supplier of olive oil, was forced to abandon its advertising on the side of London black cabs after Transport for London decided that the oil was an HFSS (high in fat, sugar or salt) product. Mayor Sadiq Khan has imposed a ban on advertising such products on London’s public transport. Now, after a three-month battle, the brand has won the right to advertise on London cabs once more.

The Grocer, 30 November 2019, p39

Tobacco

Vaping in China – up in smoke?

E-cigarette start-ups are having a tough time around the world but now even China, the world’s biggest tobacco market, is pushing back against vaping. On 1 November it banned online sales and is considering a ban on vaping in public places. This is unusual because it has not imposed this ban on traditional cigarettes. The move will worry tobacco companies which are relying on vaping as a successor to conventional smoking. Despite the new regulations, various start-ups, such as RELX Technology and Shenzhen Xuewu Technology, are hoping to persuade China’s 300m smokers to switch to alternatives. They are using a strategy which has been controversial in the US, namely, to launch flavoured vapes. A third of China’s population smokes and e-cigarettes could be a way for them to quit but the fear is that they will be a “gateway” for children to start smoking, even more than in the US.

Bloomberg Businessweek, 25 November 2019, pp16-18

Government and public sector

Law has lagged behind political advertising

This year’s general election offers the greatest opportunity for political parties to dodge the facts (as seen with the Conservative’s so-called factcheckUK service on Twitter). This election will be the least regulated “in living memory”, according to *The Economist*. It is estimated that a half of all political ad spending will be online (up from two-fifths in 2017). Although political campaigns are regulated offline (TV ads, for example, are limited to party political broadcasts) parties can broadcast as much as they want online. Targeting is a particular issue since people in different constituencies are likely to see different messages. The law simply

hasn't kept up and there isn't any one body that regulates political advertising. The ASA regulates advertising but doesn't cover politics while the Electoral Commission regulates finance but not advertising.

The Economist, 23 November 2019, p29

Health and pharmaceuticals

Children and smartphone addiction

According to a series of studies by King's College London, a quarter of young people under the age of 20 exhibit smartphone usage behaviour that could be classified as an addiction. It concluded that 23% of young people have symptoms of PSU or problematic smartphone usage which could have serious implications for mental health and day-to-day functioning. They found a consistent link between PSU and poor mental health. It isn't yet known whether it is the smartphone or the apps that are addictive but there is a need for public awareness.

The Daily Telegraph, 29 November 2019, p16

Sweden losing its taste for sugar?

Confectionery shops on the Swedish side of the border with Norway are doing great business because their sweets, chocolate and soft drinks are selling for around half the price of those in Norway. The tax on chocolate and confectionery in Norway has been steadily rising (last year it rose by 83%). Sugar consumption has fallen by 27% over a decade, probably due to the tax. By contrast, Public Health England says that sugar consumption in Britain rose by 2.6% between 2015 and 2018. Norway, which has been imposing a sugar tax since 1922, has a "very successful voluntary partnership" with Norwegian and some international food and drinks companies. However, the food and drink industry is lobbying for the sugar tax to be scrapped.

The Guardian, 23 November 2019, pp22-23

IT and telecoms

Gender bias in the tech world

Men and women are different shapes and therefore have different requirements, something that Silicon Valley has yet to recognise. For example, VR headsets are more likely to make women sick, probably because most women have pupils that are closer together than headsets' default setting. One explanation is that men control the design in most companies and entrepreneurs (most of whom are male) will often build things to address personal needs. Male-dominated product design and engineering teams will use data to make decisions but fail to identify trends based on gender differences. This design bias needs to be addressed for ethical, safety and business reasons. Women represent 50% of the population and make 70% to

80% of consumer-spending decisions which means they could be worth \$40 trillion a year. Things are beginning to change and, for the companies that get it right, "femtech" start-ups for example, there could be rich pickings...

The Economist, 23 November 2019, p18

Leisure and tourism

Online travel booking abandonment

New research indicates that global online travel booking abandonment rates reached 90.74% this year (January to October). Cruise and ferry websites suffered the greatest levels of abandonment (97.01%) according to the study from SaleCycle. This compares with hotel bookings at 84.63%, where a much simpler booking process is involved. The rate tends to be higher than the retail average abandonment rate of 84% probably because people take longer to make decisions about travel purchases. The research also looked at abandonment rates across the year, identifying a dip in January (a time for people booking summer holidays) and a peak in August (the end of the summer holiday season).

thedrum.com, 29 November 2019 (Feeley)

Amazon to stream Premier League

Amazon Prime Video is to begin livestreaming 20 top English football games every season. Amazon will use the service to help boost its Prime subscriptions. The initiative is being backed by a media campaign which includes ads across ITV, Sky, BT Sport and other channels as well as on public transport. Amazon will be challenging Sky and BT's dominance of Premier League football, which is an expensive exercise and it is not known whether this will be a short-term strategy or whether Amazon is in it for the long term.

The Guardian, 30 November 2019, p18

First golf club to ban plastic tees

The Royal North Devon Golf Club near Bideford in Devon, England's oldest golf course, is to ban plastic tees because they are "more likely to harm the birds and animals". From 1 January the club will only sell wooden tees in its shop while extra "tee bins" will be provided. It is believed to be the first club to ban plastic tees.

The Daily Telegraph, 28 November 2019, p15

Materials and mining

Diamonds in the doldrums

The diamond industry is having a tough time which shows no signs of abating, according to Liberum Capital Markets. This year has seen an oversupply of rough diamonds and overcapacity in polished stones combined with falling prices. The diamond midstream – the link between the mines and the

jewellery stores – is suffering the most. With oversupply, a tightening of finance and unprofitable traders, the outlook is bleak. Meanwhile, small miners, such as Gem Diamonds Ltd and Lucara Diamond Corp, have experienced the lowest valuations in years. De Beers has launched various initiatives, which include investing more in advertising to attract customers.

mining.com, 2 December 2019

Media

Books

British Library – more is less

The British Library's latest billboard gets a thumbs up from Sanjiv Mistry, executive creative director of McCann London. He comments on how complicated messages have become: toothpaste can't simply clean teeth but must instead contain whiteners or breath fresheners. Even libraries and museums cannot be simply libraries and museums. But the British Library's billboard is "brilliantly simple". It offers single words in black print on a white background promoting its shops, café, events and exhibitions. Only the third line indicates that this is a library offering: "The whole wealth of human knowledge, endeavour and experience to date".

thedrum.com, 29 November 2019 (O'Brien)

Film

UK cinema advertising thriving

This year the global box office takings for just seven blockbuster films have amounted to \$1 billion which has resulted in an "advertising boom" as brands fight to get a piece of the action. Digital Cinema Media (DCM), which sells 80% of cinema advertising in Britain, is predicting a record-breaking year with double-digit growth for cinema ad revenues. Big spenders include Apple, McDonald's, Samsung and Amazon. GroupM predicts that UK cinema advertising will exceed the £200m mark this year. In fact, cinema adspend will grow more than any other traditional media in the UK in 2019. Cinemas has also become a safe place for advertisers who are concerned about being placed to inappropriate online content.

The Guardian, 2 December 2019, p44

Games

Google could face a streaming struggle

Google launched its new game-streaming service, Stadia, on 19 November. Microsoft's xCloud service is due to launch next year and Amazon is also believed to be developing a service. While streaming a film or song is relatively straightforward, games must react instantaneously because players don't want annoying delays. The old way of distributing games via disks or downloads was cheap while high end gaming in the cloud is not. Google does not

have a background in gaming and must build a customer base from zero. It has also struggled to attract publishers, offering just 22 games at launch.

The Economist, 23 November 2019, pp68-69

Newspapers

DGMT acquires the i

The Daily Mail and General Trust (DMGT), the second biggest owner of national newspapers in the UK, has acquired the newspaper and website of the *i*. It gives DMGT a 29% share of national newspaper market and the deal will be examined by the Competition and Markets Authority. However, News UK, Rupert Murdoch's newspaper empire, has around 36% of the market. Lord Rothermere, chair of DMGT, says that the company will invest in inews.co.uk, which has around 300,000 daily unique users and made an operating profit of £11m last year.

The Guardian, 30 November 2019, p46

Video

Video streaming bad for the environment

The growing volume of video streaming has implications for the environment. Digital technologies produce 4% of global greenhouse gases with energy consumption rising at the rate of 9% a year, according to The Shift, a French think tank. It claims that in 2018 online video streaming emitted as much greenhouse gas as Spain does in a year, which is 1% of all global emissions. Netflix on its own makes up 12.6% of all internet traffic and the huge size of video files makes them a key user of energy. iSize Technologies, a London-based AI firm, is trying to downsize and compress video files so that they don't use so much energy.

The Daily Telegraph (Business), 23 November 2019, p33

Packaging

You can trademark a wine bottle in the EU

Wine bottles come in many different shapes, which can reflect the wine's provenance and heritage. Under European law, in order to protect the shape of a product or its packaging as a trademark, it must be distinctive rather than generic and shouldn't result from the nature or function of the product. This makes it hard to trademark a wine bottle. A case back in May involving Vinicola Tombacco and Bottega revolved around the latter's gold bottle. The EU's General Court found that the additional elements of Bottega's trademark (the letter B and "flame" design), gave it a distinctive character. It also ruled that a bottle is not essential for liquid products which can be stored in a variety of receptacles; this means that the shape is not dictated by the nature of the product. This is good news for other wine makers who need to protect their brands.

lexology.com, 29 November 2019 (Pignot)

Canning the wine

Canned wine is becoming more popular in the UK. Greencroft Bottling has responded by investing £2m into the UK's first large-scale canning line in County Durham. Canned wine start-up Zeitgeist Union has already launched its first products in the UK but some in the industry are not convinced that canned wine will become a "massive player".

The Grocer, 30 November 2019, p38

Retailing

Black Friday – is it worth it?...

Is Black Friday really good for retailers? The event gained its name because it was the day when stores made a profit leading up to Christmas but most of it takes place online. Although physical retailers might have some opportunity to capture the attention of shoppers, many consumers may just be looking in-store before buying online. In fact, most of the growth this year is expected to take place online which won't help physical retailers. Some small, independent retailers avoid Black Friday altogether by closing their shops on the day. Over 60% of people are expected to participate in the event this year, up from 57% last year, according to Kantar. Many retailers may feel that Black Friday is just not worth it but can't afford to ignore it!

The Daily Telegraph (Business), 27 November 2019, p8

...increasingly brands don't think so...

Marketing Week comments briefly on the stand that some brands are taking against Black Friday. A small backlash is extending beyond sustainable brands such as Patagonia and Allbirds, to the likes of GiffGaff, which has been encouraging people to think about using recycled phones. Meanwhile, Just Eat is eschewing discounts in favour of giving money to charities.

marketingweek.com, 1 December 2019

...but this year sees record payments

Barclaycard, which handles almost £1 in every £3 spent in the UK, has reported that payments before 10am on Black Friday were up by 12.5% compared with last year. Growth in payments between 1pm and 2pm was 9% higher than in 2018 as office workers shopped during their lunch break. Payments amounted to 1,184 per second, a record for Black Friday. While retailers are expecting a record £2.5m in sales, PWC says that three-quarters of purchases would have been made online.

The Times, 30 November 2019, p9

Pets at Home bucks retail trend

Pets at Home has responded to the threat of online competition by reducing its prices and offering additional services such as pet pedicures and dog walking. Peter Pritchard, who became chief executive in April, says the strategy is working. The

company has announced a 7.8% like-for-like sales rise in the six months to 10 October.

The Times, 27 November 2019, p45

Sports Direct in upmarket name change

As from January Sports Direct is to be renamed Frasers Group by owner Mike Ashley as he seeks to leave behind the company's "bargain basement" image. Despite this, the 450 Sports Direct stores will retain their name and branding. Ashley plans to launch a series of upmarket versions of House of Fraser, which he acquired in 2018. The company says the name change will "elevate its retail proposition across all channels".

Financial Times, 26 November 2019, p13

What can you do in-store? – attracting Gen Z

Although many new brands have chosen a digital-only route to market, research suggests that Gen Z would still rather visit physical stores. Brand strategies for attracting this "key online spending demographic" into stores include workspaces, wellness events and even laundry machines in one New York store. Introducing new activities into a retail space has certain legal implications. This article summarises a few of them.

lexology.com, 28 November 2019 (Edwards and Ellis)

Services

Compass points to fewer eating in canteens

Compass Group, which provides food for business canteens, says that fewer people are eating its food because international companies are reducing their workforces. It has warned of a possible 3,000 redundancies in its own global workforce. Compass, the world's largest catering group which operates in 45 countries, admits that the economic situation in Europe is becoming more challenging, mainly due to Brexit. Nevertheless, the company has reported positive full-year results, with revenue up 6.4% year-on-year and operating profit up by 4.7%.

The Times, 27 November 2019, p45

Commercial drone market takes off

The drone market is booming, and Barclays estimates that the value of the commercial drone market will rise from \$4 billion in 2018 to \$40 billion in five years' time. Now thousands of developers are building apps for drones to operate on a common platform. DJI a Shenzhen-based consumer drone manufacturer, has an estimated 70% share of the global market. It has its sights set on the commercial market and commercial purchases of its product have risen by 80% over the past year.

Financial Times, 28 November 2019, p16

eBay – divestments but failing to grow

Last week eBay said it would sell its ticket exchange, StubHub, to Viagogo. eBay has a recent history of selling off businesses which aren't directly connected to its central sales platform, having previously sold PayPal and MercadoLibre, both of whose share prices rose as a result. eBay, on the other hand has failed to use the divestments to grow its own business. Despite trying to attract younger shoppers through various initiatives, its third-quarter earnings have been poor. Although the number of buyers has risen, its gross merchandise volume has fallen by 4% over the past year, which is unusual at a time when US e-commerce sales are rising. Competing platforms such as Amazon and Facebook's Marketplace are probably taking eBay's business.

Financial Times, 27 November 2019, p12

Transport and travel

Can GM regain China with new raft of EVs?

China, the world's largest automotive market, has suffered from a slump in sales thanks to its slowing economy and the trade war with the US. China is GM's largest market by sales, so it too is suffering. Mary Barra, the company's CEO, has a turnaround strategy which involves the introduction of around 20 new or updated models (including EVs and hybrids) which she hopes will change its fortunes in China and other challenging places. But GM is facing stiff competition in China especially from foreign and local carmakers that are introducing new EVs. The Chinese Government has invested over \$60 billion in the country's EV industry as it tries to lower its reliance on foreign energy sources and to reduce pollution.

Bloomberg Businessweek, 25 November 2019, pp12-14

UK car production in decline

In October Britain's car production fell by 4% compared with September, continuing a period of decline which has taken place in 16 out of the last 17 months. This year production is down by 14% compared with the same period last year. The figures come from the SMMT whose chief executive, Mike Hawes, is concerned that the UK's "global competitiveness is under threat" and argues that the industry needs to work closely with government to ensure frictionless trade, especially with the EU. In October around 84% of cars made in the UK were exported. Production for the British market fell by 10.7% in October vs 2.6% for the export market.

Financial Times, 28 November 2019, p2

Carbon offsetting – but is it greenwash?

EasyJet has become the first major carrier to begin offsetting its carbon emissions, beating initiatives previously announced by BA and Air France (See Cutting Edge 27 November). This reflects the trend for airlines to respond to the so-called "flight shame" movement. Yet airlines are still being accused of "greenwashing" by using offsets rather than reducing their emissions. Greenpeace has called EasyJet's initiative a "jumbo-sized greenwash". Carbon offsets can be purchased by polluting companies, but some offsetting takes a long time and is not effective. Airbus is trying to develop a hybrid electric aircraft with a model due to be tested in 2021. An alternative is the use of low-carbon fuels in existing aircraft. Iata has a goal of one billion passengers flying by a mix of conventional and sustainable fuel by 2025. Currently the costs are too high, and it looks as if carbon off-setting is the only solution for the foreseeable future.

Financial Times, 25 November 2019, p13

Most popular car – could lead to SUV shaming

People are buying SUVs in such numbers that they have become the most popular car. Professor Karel Williams of Alliance Manchester Business School believes that part of the SUV's popularity is down to "smart marketing" by manufacturers. Drivers can have a bigger car on their driveway for very little extra cost. Felipe Munoz of automotive research firm Jato says manufacturers are creating a problem for themselves as regulators tighten up emissions rules. Moody's predicts that manufacturers could face total fines of £10 billion unless they produce greener cars. SUVs could be targeted in the same way as diesel vehicles are now and "SUV shaming" could become the latest trend...

The Daily Telegraph (Business), 29 November 2019, p8

Written by CIM's Knowledge Services Team

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