

Cutting Edge: Our weekly analysis of marketing news

11 December 2019

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Telling a good story

Brands should learn how to tell a good story that embodies what they are and what they are about, says Simon Cook, MD of Cannes Lions. A key theme at next year's Cannes will be "storytelling at scale", chosen to "remind people that it's still about the ideas at the end of the day". But how can a brand stand out when there are so many different channels to choose from? Cook thinks it is all about putting forward something you believe in and want to be known for. He cites the example of Nike's Dream Crazy 2018 campaign featuring Colin Kaepernick. Authenticity carries both cultural and emotional capital and consumers will be able to spot a fake within seconds. When creating advertising, brands should ask whether they are providing content that "adds to the conversation" or are they "just throwing content into the conversation" says Wyclef Jean, president of the 2020 Cannes Lions Entertainment Lions for Music jury.

The Times (Raconteur: Future of Media & Entertainment), 5 December 2019, p6 (Gagan)

Comparative advertising

Last year the number of internet price comparison complaints handled by the ASA rose by 111% year-on-year. While brands are entitled to use comparative advertising to tackle competition, brands should understand what is or is not permissible. Comparative advertising, which explicitly identifies a competitor or products, is subject to certain laws which derive from the EU Directive on Misleading and Comparative Advertising. This was implemented by the UK in the

form of Business Protection from Misleading Marketing Regulations 2008. This article summarises the rules on comparative advertising using some examples.

lexology.com, 3 December 2019 (Finnegan et al)

Agencies

A year of turmoil

As part of *Campaign's* review of the year, this article considers "Adland's existential crisis". This year the ad industry has started to reevaluate the role it has played in Baby Boomer conspicuous consumption. A new, less materialistic generation has taken its place and agency staff increasingly want to work for companies that have the same values as their own. Ad groups are suffering from a lack of connection with the new marketing landscape which is dominated by social media companies and management consultancies. Meanwhile "brand purpose" is challenging agencies as they increasingly come under investor and public scrutiny. It has also been a year of "woke washing" and declining public trust. Agencies have been trying to adapt to environmental issues and social change, such as diversity and flexible working. Protest activism will also present a key challenge in 2020. To cap it all, the prospect of a no-deal Brexit could trigger the first UK ad recession in a decade.

Campaign, December 2019, pp34-36 (Tylee)

M&C Saatchi accounting problem hits profits

M&C Saatchi is suffering a worsening crisis due to serious accounting problems which could date back to 2014. The company has reported that profits could fall by between 22% and 27% compared with last year. Since splitting with the Saatchi brothers, the agency has expanded beyond advertising into PR and talent management. It intends to restructure



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its British office with the aim of a saving £6m a year from 2020.

The Times, 5 December 2019, p47

Big groups seek recovery but what will work?

The chief executives at the head of struggling advertising giants WPP and Publicis have very different ideas about how to revitalise their businesses. Arthur Sadoun, CEO of Publicis, is investing in data and technology to help brands “take back control” of their customer relationships. Mark Read, CEO of WPP, is trying to reduce debt, sell assets and bring together WPP’s traditional and digital operations. But will these strategies be enough to help tackle the changes that are transforming the world of advertising?

Financial Times, 4 December 2019, p19

Brands and branding

Lego still building brand using same bricks

Lego sells 75 billion bricks every year, has a four-part film franchise and eight theme parks. As a brand it could easily have gone the same way as the Cabbage Patch Doll or Furby. Yet, despite its plastic bricks not having been redesigned since 1958, it continues to grow. Lego has done the right thing by continually thinking ahead and its openness to partnerships, media and sustainability have allowed it to remain relevant. This article includes an analysis of three Lego ads.

Campaign, December 2019, pp72-75 (McGonagle)

Brand architecture

Brand architecture is about the “organisational strategic framework of a brand’s complete offering” as opposed to portfolio architecture which is the organisational framework of a company’s range of brands, products and services. In an age of countless options and consumer choices, brand architecture helps brands to stop being purely reactive and to adopt a more future-facing response. It helps to lay out a path for innovation and growth. The author looks at the “magic” of brand architecture and cites the example of Campbell’s Soup Company, which needed to adopt an organisational framework (brand architecture) so that it could take advantage of new opportunities.

ama.org, 2 December 2019 (Murtell)

Conferences and events

How much should technology play a part?

As events get bigger and more sophisticated, so event technology has become better. The question is whether to spend budgets on technology or human interaction. *C&IT* together with Hawthorn, an event production company, gathered together some planners from around Britain to discuss event technology. Delegates agreed that nothing can replace face-to-face contact and a personal

connection. Good planners should be able to make use of the space and create a great event. Flexible venues appear to be popular and it is possible to use VR to visualise what an event space will look like. However, one of the most important aspects to consider is the legacy of the event. The participants also discussed the issue of the north/south divide.

Conference & Incentive Travel, Winter 2019, pp36-37

Combatting isolation and loneliness

With loneliness and social isolation a major problem in many countries, can face-to-face meetings help? Online meetings can make it easier for people to connect but there is a big difference between online and face-to-face. There are simple things that meeting planners can do to make meetings more inclusive, such as roundtable discussions, special interest groups or micro-presentations. Some event spaces lack central meeting points and fail to get people talking to each other. Ideas include clustering chairs and tables into smaller groups and being creative with the lighting.

Association Meetings International, December 2019, pp18-19 (Lancaster)

Customer relations

Emotional intelligence and cross-border CR

The role of emotional intelligence has been largely ignored when it comes to research on cross-border customer relationships. The authors propose a model that looks at the links between exporters’ emotional intelligence and relational performance. The model is tested on data from 262 Greek exporters. The results suggest that higher levels of exporter emotional intelligence boost communication and social bonding with the importer while reducing distance and conflict in their working relationship. Relational performance is positively influenced by communication and social bonding but negatively affected by distance and conflict.

Journal of International Marketing, Vol 27(4) December 2019, pp58-80 (Leonidou et al)

Personalised marketing in decline?

A Gartner report predicts that 80% of companies which have invested in personalisation technology will abandon personalised marketing within five years due to poor ROI and/or the dangers of customer data management. Some marketers (27%) believe data is the main obstacle to personalisation due to weaknesses in data collection, integration and protection. There are also issues such as declining consumer trust and regulatory scrutiny. The report has prompted debate, with some arguing that customers prefer personalised comms. A study by Selligent Marketing Cloud found that 71% of consumers believe personalisation to be very important while 51% said they would share personal data to gain a more personalised experience.

decisionmarketing.co.uk, 5 December 2019

Law

Cookie consent

Over the years regulatory authorities have been providing guidance on how to comply with the EU's ePrivacy Directive and specifically the use of cookies. In 2018 the GDPR introduced a stronger concept of consent and in October the CJEU set out some key aspects of cookie consent obligation. If you are still in any doubt as to what this entails, this article provides an overview of current practices and practical recommendations for compliance.

lexology.com, 5 December 2019 (Ustaran)

Marketing

Trends for 2020

Marketing Week looks at eight key trends that will affect marketing in 2020. They include abandoning the title of CMO in favour of something that better reflects the needs of the customer and the company; engaging with politically-active consumers by using the language and principles of activism (think Greta Thunberg and Extinction Rebellion); looking for new ways to elicit loyalty at a time when loyalty schemes have hardly changed since the 1990s; and new, more holistic and "less brash" approaches to sponsorship.

marketingweek.com, 9 December 2019

The benefits of agile marketing

Jascha Kaykas-Wolff, CMO of Mozilla, is an advocate of agile marketing which he thinks could solve the difficulty that some marketers have of communicating to the rest of the organisation. He personally uses the agile system to ensure that marketing's goals are in line with those of Mozilla. He has set up small teams to address the company's top marketing priorities which he believes will have a significant impact on the company's key performance indicators. Here he speaks to eMarketer about the benefits of agile marketing. The interview forms part of eMarketer's report on the future of the CMO.

emarketer.com, 2 December 2019

What you need to know about content audits

How do you organise and keep track of all the content you create? Content audits are basically a planning resource for future content creation with analytics identifying which content to create, update or delete. They not only help to monitor content from a variety of sources – blog posts, social media and web pages – but also show how this content impacts the audience. They can also provide insights into how to achieve higher conversion rates. Here is an example of a content audit template; advice on how to run a content audit; and some content audit tools.

blog.hubspot.com, 4 December 2019 (Carmichael)

Public relations

Organisations are perceived to be less ethical

Six studies examine how people's ethical judgments are influenced by whether the unethical action is being performed by a person or an organisation. They reveal that: people believe organisations to be more unethical than individuals even when both are performing identical behaviours; and that this effect is explained by people's beliefs that organisations do more harm when behaving unethically and are more blameworthy. The research also looks at how these perceptions appear across different kinds of organisations and how they lead to varying punishments. Therefore, although society and the law often treat individuals and organisations as equally blameworthy, people believe for-profit organisations' behaviours to be less ethical. The implications for reputation management and punishment are discussed.

Journal of Business Ethics, Vol 160(1) November 2019, pp71-87 (Jago and Pfeffer)

Tufts the latest to abandon Sacklers

Tufts University on the outskirts of Boston, is to remove the name of its major donor, Sackler, from its departments. The Sackler family owns Purdue Pharma which makes the painkiller that has been blamed for the US opioids crisis. The Sackler family, which has donated billions to colleges and arts institutions in the US and UK, is embroiled in numerous lawsuits. Most institutions have not removed the Sackler name although the Louvre in Paris is one of the few that has. The V&A in London has suffered high-profile protests because of its involvement with the Sacklers.

msn.com, 5 December 2019

Peloton ad accused of sexism

Peloton, the exercise bike brand, has been criticised for its Christmas ad which has been called "sexist" and "dystopian", like something out of Netflix's *Black Mirror*. The ad, entitled "The Gift That Gives Back", features a man giving a Peloton bike to his wife after which the woman says that the bike has changed her for the better. While many people took to social media to criticise the ad, others said it was an "over reaction". Some people even thought it was a marketing stunt to attract attention. Social media sentiment towards Peloton, which had been positive in previous months, has dipped, according to Refinitiv's Eikon social media monitor. (See also under Beverages)

msn.com, 5 December 2019

Agriculture, fishing and forestry

Hazelnut taking over Italian countryside?

The Umbrian countryside is being transformed by hazelnut plantations because of the huge popularity

of Nutella, the nut-and-chocolate spread made by Ferrero. The company has made a deal with a local farming consortium to use 700 hectares for hazelnut growing by 2023. This will increase the area devoted to hazelnuts in Italy from 70,000 to 90,000 hectares. However, there is growing opposition: campaigners point to the 30 litres of water a day needed for each tree plus the use of pesticides and fertilisers. On the Alfina plateau there are fears that the chemicals will drain into Lake Bolsena. Ferrero argues that olives, grapes and apples require even more chemicals...

The Economist, 30 November 2019, p36

Cosmic apple stays fresh for a year

The Cosmic Crips apple, which can stay fresh in the fridge for up to a year, has just made its debut in US grocery shops. It has been developed over a period of two decades by Washington State University and Washington State farmers have the growing rights over the next decade. The apple, which maintains its flavour and texture for over a year, has been produced through "cross hybridisation" rather than genetic modification. The fruit has been retailing online for \$39 for four or £7.50 each!

The Guardian, 2 December 2019, p33

M&S launches more vertical herb farms

M&S is to expand its vertical herb farms to six stores across London, having successfully trialled the concept at its Clapham Junction outlet. The farm units, which are supplied by Infarm, a German start-up, are remotely controlled with data being sent to a platform which "learns, adjust and continuously improves" to enable each plant to grow better than the previous one. M&S says that the farms are changing people's perceptions of M&S Food as sustainable and local.

The Grocer, 7 December 2019, p7

Building industry

Data-sharing project

Sir Robert McAlpine and 25 other construction companies have signed up to a data-sharing platform. The Construction Data Trust will collect and analyse project data to help find areas for improvement. The data will be anonymised, and all the companies will have a say on how it is used. McAlpine CEO Paul Hamer, who has been leading the initiative, would like to see more collaboration within the industry. He has called for trade bodies to merge so that the industry is more united when communicating with government.

constructionnews.co.uk, 9 December 2019 (Price)

Drone rules change to facilitate use on-site

The use of drones on construction sites is about to become easier. New rules will allow long-distance aerial surveys of infrastructure such as power lines or highway construction. Acting head of the CAA's

Innovation Team, David Tait, says "Enabling everyday drone flying beyond visual line of sight is a game changer, providing the opportunity for unmanned vehicles to monitor critical infrastructure, make deliveries and support our daily lives in an efficient and environmentally friendly way". Tech start-up, sees.ai, is developing technology that will enable drone operators to fly drones from a central control room. It is focusing on construction and infrastructure, having already worked with Skanska and Atkins.

constructionenquirer.com, 10 December 2019 (Prior)

Businesses and strategy

Going freelance

The number of workers in the self-employed sector has risen from 3.3m in 2001 to 4.8m in 2017, according to the ONS. Freelancers offer a growing opportunity for businesses to have access to a workforce at a time when they might not want to take on fulltime people. Instant Offices looks at the factors that have led people to give up a permanent job to become freelance or self-employed.

London Business Matters, Issue 160 November 2019, p38

Management research – misleading?

A new book entitled *Management Studies in Crisis: Fraud, Deception and Meaningless Research* by Dennis Tourish, highlights the flaws in management research. He argues that much modern research is created to appear in leading academic journals because academics are judged according to their output and business schools on their ability to attract prolific scholars. This has led to a bias towards studies with "headline-grabbing" results, resulting in inconsistencies and errors and the use of too little data to allow for independent verification of the findings. This is compounded by the practice of converting somewhat trivial findings into long-winded theoretical statements.

The Economist, 30 November 2019, p67

How ESG creates value

Businesses are inextricably tied up with environmental, social and governance (ESG) issues, and a strong ESG proposition can create business value. This article starts by examining what each of the elements of ESG mean and how they are intertwined. Most research suggests that a high ESG proposition correlates with higher returns on equity but there is a lack of understanding of why ESG links to value creation. The article continues by examining five links to value creation: top-line growth; cost reductions; reduced regulatory and legal interventions; higher employee productivity; and investment and asset optimisation.

mckinsey.com, November 2019 (Henisz et al)

Charities and NGOs

Giving through social media

This year Instagram became the second major social media platform (after Facebook) to enable users to make donations to charities within the app. Social media is becoming increasingly important to charities as mass marketing and direct debits have been producing lower returns. Safe Haven for Donkeys, a donkey sanctuary, raises around £3,000 a month via Facebook. UK operations director, Wendy Ahl, says that engaging with people and developing relationships is key. Kathryn Toner, head of individual giving at Cancer Research UK, advises charities to establish clear objectives for each social media post. Joe Doyle, director of direct marketing at UNICEF, points out that social media is also useful for encouraging people to share information or sign a petition. The benefits of raising money from social media far outweigh the negatives, says Nikki Bell, a fundraising consultant.

Third Sector, Issue 848 November-December 2019, pp58-59 (Cooney)

Crisis and Cisco in tech partnership

A partnership between Crisis, the homelessness charity, and Cisco, the tech firm, involves looking at ways in which homeless people can be supported by technology. Cisco's network of over 4,000 IT business; 10,000 developers; and education networks will be asked to come up with ideas to tackle three challenges: how technology can help connect the homeless to jobs; how they can tackle digital inclusivity for the homeless; and how technology can help Crisis to improve its processes.

charitydigitalnews.co.uk, 6 December 2019 (Lepper)

Economy

UK manufacturing contracts for 7th month

The IHS Markit/Cips purchasing managers' index (PMI) for manufacturing fell to 48.9 in November, marking a seventh month in which it has been below 50, the mark which separates expansion from contraction. Employment in manufacturing has also fallen for an eighth month and factories are losing workers at their fastest rate since September 2012 due to cost-cutting. The fall in export orders has been among the steepest for seven years, exacerbated by the combination of a delayed Brexit and the General Election. Meanwhile the eurozone has also been suffering from declining manufacturing activity, with Germany at the bottom of the table. Only Greece and France enjoyed an expansion.

The Guardian, 3 December 2019, p42

Education

Britain moves up maths ranking

Britain has moved up the OECD global maths ranking to 18th among 70 countries, compared with 27th in 2015, when the study was last undertaken. For the first time the UK has "performed statistically significantly above the OECD average", according to researchers. Reading has also improved, though less significantly, with the UK now ranking 14th instead of 22nd in 2015. The OECD warns that, despite making some progress, Britain is still well below average for aligning needs with educational resources (teachers and materials). It will also take "a very long time" for the UK to catch up with the best in the world. Asia heads up the table with countries such as China, Singapore and Hong Kong.

The Times, 4 December 2019, p4

Business schools turn to play as teaching tool

Business schools often use play as a teaching tool with some featuring Lego bricks in management lessons (See also Cutting Edge 4 December, Business & Strategy). Another concept is Escape Rooms, which help to make the learning more immersive. Competition between business schools for the best MBA students, and corporate training investment, are driving the trend for play in business education. Play also has the potential to give students wider skills than those traditionally associated with MBAs.

Financial Times, 2 December 2019, p19

Investor interest in corporate training

Skills shortages in the UK have resulted in increased institutional investment in corporate and vocational training businesses. Workforce planning and people development have become a high priority as 50% of large businesses; with 45% of medium ones struggle to fill jobs. The Apprenticeship Levy, now in its third year, has pushed the topic of skills shortages and learning up the corporate agenda. The number of apprenticeship providers now exceeds 2,300, while the training provider market in general is expanding rapidly alongside tech advances such as AI and micro-learning. This article focuses on investor activity in skills and training. Separately the *FT* looks at how companies are failing to make full use of Apprenticeship Levy funds.

<https://www.grantthornton.co.uk/en/insights/the-uk-skills-and-training-sector-an-investment-haven/>, 27 November 2019 (Giles); **Financial Times, 10 December 2019, p2**

Energy and utilities

Storing renewable energy

The energy supply generated by solar and wind power is intermittent but storing clean electricity is difficult. According to Bloomberg NEF, total investment in storage could reach \$5.3 billion this

year, although at present just 1% of renewable energy is matched by storage. The battery industry faces several barriers, including safety and regulations. Even if these obstacles are overcome, lithium-ion batteries will eventually reach their limits. Alternatives are being developed, such as: Energy Vault's concept of capturing power generated from dropping heavy blocks; and Form Energy's electrochemical alternatives.

The Economist, 30 November 2019, pp66-67

Environment

BP ad campaign accused of greenwashing

BP has been criticised for its latest global ad campaign which claims to be "working to make energy cleaner". Critics want the campaign withdrawn because it gives the misleading impression that the company is shifting towards renewables. ClientEarth, an environmental group, says the company has, "put up a shiny green facade for the public" even though over 96% of its annual spend is on oil and gas. It says the campaign is in breach of guidelines on environmental communications and advertising as issued by the OECD. It has filed a 100-page complaint to the OECD with the aim of banning fossil fuel companies from advertising unless they carry a tobacco-style health warning.

decisionmarketing.co.uk, 5 December 2019

Fashion

Luxury goods – an outmoded business model?

Sales of luxury goods have risen by around 6% a year since 1996, according to Bain and are expected to be worth €281 billion this year. The industry has high costs, such as marketing and rents in prestigious locations. Size matters and LVMH, which dominates the sector, has managed to expand by double the industry's growth rate over the last two decades. Mergers between luxury goods companies offer few advantages in terms of synergies or cost-cutting but analysts say that brands perform better as part of a conglomerate. However, future mergers could be restricted by the limited number of luxury heritage brands available. There are challenges for marketing too: it is having to evolve to attract Millennials who are more concerned about sustainability. Luxury has survived by encouraging people to buy beautiful things they may not need but can this business model survive?

The Economist, 30 November 2019, pp63-64

Tackling clothing waste

Fashion label Raeburn makes coats out of old transit blankets, t-shirts from military parachutes and totes from safety jackets. The company, which Christopher Raeburn launched ten years ago at London Fashion Week, debuted with an outerwear collection made from a parachute. Its aim is to

divert some of the fashion industry's waste from landfill by repurposing surplus goods and an ethos of: "Raemade, Raeduced, Raecycled". This year the company boycotted Black Friday by closing its website and pop-up store to encourage people to "start buying less, but better".

Wired, January-February 2020, pp42-43

Ted Baker – high inventories, low shares

Inventories at Ted Baker represented 36% of sales last year; at Superdry, which is also experiencing problems, they were just 22% of sales. Compare this with Next and Inditex which have inventories in low double digits. Meanwhile Ted Baker's shares have fallen by more than 75% since January and it has issued four profit warnings this year. The latest blow to the company is the resignation of chief executive Lindsay Page, who was only appointed in April following a misconduct scandal involving previous incumbent Ray Kelvin. Analysts believe that price discounting has hit the retail sector, particularly Ted Baker's clothes which are relatively expensive.

Financial Times, 3 December 2019, p12; bbc.co.uk/news, 10 December 2019

Financial services

Retailers could save by ditching cash

UK retailers could save over £7m a year each by abandoning cash and moving to card and digital payments only, according to the *Global Payment Trends Report*. Cost savings would be made in areas such as accepting cash at the tills and transporting it to the banks.

The Daily Telegraph (Business), 4 December 2019, p3

Big retailers offering expensive credit

A *Times Money* investigation accuses companies such as Next and Argos of selling expensive credit to shoppers, using schemes that can charge up to 30% interest, as a way of boosting their profits. Other companies, such as M&S and JD Sports, are linked to "buy now pay later" finance firms as a way of offering instant credit. Recent Bank of England data suggest that consumer debt levels have risen to a record £225 billion.

The Times, 3 December 2019, p1

Wearable payments

The volume of transactions conducted using wearable devices has risen eightfold in Europe over the past 12 months, according to Mastercard. Most wearable payments are being made in Australia. In Europe the Netherlands accounts for 33% of wearable transactions, followed by the UK (18%) and Switzerland (8%). The volume of wearable transactions in Europe is 19.5 times higher than in North America. The data include active wearable devices with a battery as well as passive devices,

such as bracelets, rings and regular watches.
nfcw.com, 2 December 2019 (Clark)

FMCG

Beverages

Milk alternative drinks have "health halo"

According to a study by Action on Sugar, many drinks containing alternative milks are less healthy than those made with cow's milk. Many coffee shops are not labelling drinks with alternative milks to show just how much sugar they contain. Starbucks' gingerbread latte with oat milk contain 14 teaspoons of sugar, the equivalent of 17 custard creams. Action on Sugar found that consumers are choosing cow's milk alternatives because of the "health halo" effect of vegan options. It wants the sugary drinks tax to be extended to milky drinks and those with added syrup.

The Daily Telegraph, 3 December 2019, p9

Aviation Gin responds to Pelaton ad

Aviation Gin, a US brand owned by actor Ryan Reynolds, has taken a pop at Pelaton's much-criticised Christmas ad. The gin ad features the actress who plays the wife in Pelaton's "The Gift that Gives Back". She is seen having a cocktail with friends, one of whom tells her: "You look great by the Way". On his Twitter account Ryan Reynolds made the comment: "Exercise bike not included". The ad has been watched 3.7m times on the actor's YouTube page. (See also under PR)

marketingweek.com, 8 December 2019

Tiny Rebel rejects Portman ruling

The Portman Group has ruled against Tiny Rebel, the Welsh craft brewer, for a second time in three years. It says that the company's Cwtch cans will appeal to under-18s due to their teddy bear design. In 2017 the brewer was forced to rebrand and relaunch, at an estimated cost of £30,000, when its previous can had been condemned for appealing to children. The Portman Group can only make recommendations and this time around Tiny Rebel has declined to comply. The Portman Group says it will alert retailers and the police about the ruling.

The Grocer, 7 December 2019, p39

Cosmetics and toiletries

Birds Eye offers competition eau de toilette

Birds Eye has produced a limited edition eau de toilette which consumers will have a chance to win. "Ahoy by Captain Birdseye" will contain the scent of grapefruit, mandarin and patchouli, with 50 bottles being made available.

The Grocer, 7 December 2019, p40

Beauty group is busy saving the trees

Brazilian cosmetics group Natura is encouraging farmers to preserve trees in return for making more money than they would if they chopped the trees down. Natura uses butter from the ucuuba seeds to make soaps and moisturisers. By sourcing sustainable ingredients from the rainforest to make beauty products, it hopes to achieve positive social, environmental and financial outcomes. Natura, which owns Body Shop and Avon, has invested over \$1.5 billion in businesses across the Amazon since 2011.

Financial Times (Special report: Conservation: Amazon), 5 December 2019, p2

Food

Christmas dinner to cost more

Christmas dinner will be more expensive this year thanks to the rising cost of turkey, pork and Brussels sprouts. According to Mintel analyst Rutika Ghodekar, the weather is to blame, with a combination of high temperatures in the summer and heavy rain. Christmas dinner is likely to cost 3% more than last year and 12% more than in 2017. The good news is that the cost of Yorkshire puddings is down by 3% and traditional Christmas pudding by 9%.

Financial Times, 3 December 2019, p13

High sugar goods to go to the top shelf

Retailers, including Tesco, Sainsbury's and M&S, are conducting trials which involve placing high-sugar products on the top shelf and promoting healthier products to see if people can be nudged into healthier habits. The trials are being overseen by the Consumer Goods Forum and the results measured by experts at Oxford University. If they turn out to make shopping baskets healthier without impacting sales, then they will be rolled out across the country. Tesco has launched a raft of nudge techniques at 50 of its London stores, such as removing non-seasonal confectionery from displays and introducing displays with offers on fruit and veg.

The Grocer, 7 December 2019, p4

Tobacco

US legal proceedings hold up cannabis market

Cannabis legalisation in the US is slowing down and to date just 11 states have approved "full recreational use" by adults. Various factors have contributed to a slowdown in the industry, not least the legal situation. The marijuana industry has spent \$3.8m on federal lobbying in the US, in the hope of lifting restrictions. In September the House of Representatives passed the Safe Banking Act, which would stop regulators punishing banks that lend to legitimate cannabis companies. The potential market is huge, and some companies are readying themselves, but regulation has some way to go. In a separate article the *FT* reports on how the cannabis

sector struggles to obtain insurance.

Financial Times, 6 December 2019, p27; Financial Times, 5 December 2019, p16

Government and public sector

Conservatives ramp up social media ads

Last week the *FT* reported that the Conservative Party had launched 2,603 new ads on Facebook within just 24 hours. Up until then the Tories had spent relatively small amounts on Facebook and Instagram ads; while Labour and the Lib Dems have spent over £1m on social media since the beginning of November. It appears that the Tories are using a similar tactic to the Vote Leave campaign in the run up to the Brexit referendum, when £1.5m was put into digital ads the week before the vote.

Financial Times, 3 December 2019, p2

Snapchat benefits from political advertising

Snapchat has attracted \$5.4m in political advertising this year, with \$3.6m being generated in the past three months alone, according to the Center for Responsive Politics. The social media platform, which is used by over 200m (mainly young) people, enables advertisers to target specific groups, hence its popularity among political advertisers.

marketingweek.com, 8 December 2019

Challenge over political parties' use of data

The Open Rights Group, a data rights organisation, is taking legal action against the Conservatives, Labour and Liberal Democrats over their use of personal data. A letter to the political parties cites breaches of the Data Protection Act and has asked them to stop processing data immediately. This follows complaints from three people who had requested their data from the parties and had received unsatisfactory responses. Ravi Naik, a human rights lawyer, says the parties have provided "almost no information or insight into what they are doing with this personal data".

The Guardian, 9 December 2019, p13

Health and pharmaceuticals

Novartis shifts to "transformative innovation"

Novartis, a European pharma company, is looking to shed some of its assets and instead focus on advanced medicines that are more targeted and are likely to play an increasingly important part in health. Last month Novartis acquired the Medicines Company, maker of a cardiac drug. Under CEO Vas Narasimhan, the company has been buying up small companies with a view to having 25 blockbuster drugs in the pipeline. Pharma companies have been laggards when it comes to digital transformation, but Novartis is keen to use data and digital technologies to boost productivity and offer new

services.

The Economist, 30 November 2019, p65

IT and telecoms

Huawei finds ways round US restrictions

The US Government, concerned that China's Huawei will use its dominant position for spying or sabotage, has restricted US firms in their dealings with the company. Despite sales of Huawei's phones plateauing outside China, the company seems to be in good health with revenues up by 24% year-on-year for the first nine months of 2019. This is partly because some American companies, such as Microsoft, have licences to sell to Huawei, and partly because tech firms have found loopholes via their international supply chains. However, the US Department of Commerce is drawing up much stricter rules which could inflict greater damage on the company. Huawei may have pre-empted this by sourcing fewer US components.

The Economist, 30 November 2019, p64

NFC powers VR patch

A prototype "epidermal VR" patch powered by NFC, has been developed at Northwestern University in the US. The patch connects wirelessly to a touchscreen interface, transmitting the pattern of touch on the screen to the patch. It could be used in a wide range of gaming, entertainment, communication and medical applications. For example, people with prosthetics could wear VR shirts that can communicate touch with their fingertips, or gamers could wear VR suits in addition to headsets, to become more immersed in the game.

nfcw.com, 27 November 2019 (Clark)

International telecoms standards

International Telecommunications Union (ITU), standards, which usually take around two years to be adopted, are influential in creating the rules for how technology is developed and used. Chinese companies, which are increasingly influencing these international standards, are gaining market share around the world in areas such as facial recognition and visual surveillance. This forms part of a deliberate policy by China to boost its AI sector. In Zimbabwe data on millions of African faces will be sent to CloudWalk, a Chinese facial recognition company, to help train the technology. Concerns over developments, such as smart street-light videoing capabilities, have raised concerns among civil liberties organisations. Some critics point to a lack of transparency at the ITU, where decisions are often reached without the participation of civil society and consumer protection organisations.

Financial Times, 3 December 2019, p16

Leisure and tourism

Better off kids exercise more

Wealthier children are getting more exercise than children from poorer backgrounds, according to Sport England. Just 42% of children from poorer homes do 60 minutes' exercise a day compared with 54% from better-off homes. There is also a gender gap, with around half of boys doing the recommended minimum amount of exercise vs two in five girls. Black and Asian kids are also less likely to be doing enough exercise. However, the overall figures have improved slightly compared with last year (46.8% in 2019 vs 43.2% in 2018). *The Active Lives Children and Young People Survey*, conducted among five- to 16-year-olds, was carried out by Ipsos MORI for Sport England.

bbc.co.uk/news, 5 December 2019

Media

Books

Audiobooks up as are shelfies

Sales of audiobooks rose by 194% in the five years to 2018, according to the Publishers Association. The rising popularity of this format reflects the changing ways in which people consume books. Although sales of printed books made up 80% of the print and digital UK book market last year, sales of physical books have fallen for the first time in five years (down by 5.4%). Consumer e-book sales fell by 2% in 2018, reflecting a slow decline in the format. As people's attention span gets shorter, they are looking for snippets of information or "snackable content". Vending machines dispensing passages from classic novels are springing up; although other machines dispensing whole books are being placed near schools and transport hubs. We are seeing the rise of the "shelfie" trend which involves taking photos of one's bookshelves as a way of eliciting the approval of others.

The Daily Telegraph, 3 December 2019, p25

Film

Cineworld sales down

Cineworld, the cinema chain, reports that full-year revenue has fallen by 9.7% for the 11 months to 1 December year-on-year, while box office takings will be down by 12.8%. The chain attributes the decline to delays in blockbuster films such as *Avatar 2* which has been postponed until 2020.

The Daily Telegraph (Business), 4 December 2019, p3

007 product placement

The first trailer for the new James Bond film has finally been released and has already been watched by millions of people. Product placement has been a central element in the Bond films right from their inception and Bond has always been a "labels man".

Early tie-ups include Pan-Am, Smith & Wesson and Aston Martin. Lately the producers have focused on luxury items. Countries also compete to be a Bond destination, some offering tax breaks if they are selected: Norway paid £4.2m to be included. The new film, *No Time to Die*, will act as a shopfront for both its product and backdrop partners.

The Guardian, 7 December 2019, p27

Internet

Creating better online review systems

Online ratings and reviews help to influence customer decisions. A growing number of organisations have created their own review ecosystems to inform customers about their products and services. Good systems give buyers confidence and result in higher sales and returning customer numbers. However, many systems are inadequate because they don't have enough reviews, or the reviews aren't helpful. The authors suggest ways in which organisations can enhance their review platforms, such as drawing reviews from other platforms, hiring reviewers or offering incentives. They can also set rules for reviewers and use moderators to help combat fraudulent reviews.

Harvard Business Review, Vol 97(6) November-December 2019, pp122-129 (Donaker et al)

Music

Boomplay enjoys boomtime in Africa

Spotify dominates the global music industry but in Africa it is available in just five countries. Boomplay, launched in 2015, is a Chinese service which is installed on Hong Kong-based Tecno phones. Boomplay has responded to the need for an "African-centric music streaming service" that provides legal and licensed music as well as helping artists to earn royalties. By April this year it had attracted 44m active users and was being called the "African Spotify". It has faced barriers such as a population that is largely unconnected to the internet and unreliable payment systems although there is a flourishing fintech sector. Now the service is gaining traction with Africans in Europe and beyond.

Wired, January-February 2019, p44

Newspapers

DMGT enjoys rising profits

DMGT, owner of *The Daily Mail*, has seen underlying profits rise by 19% thanks to digital advertising growth, particularly for *MailOnline*. DMGT recently bought the *i* newspaper for £50m with a view to investing in the website.

Financial Times, 6 December 2019, p20

Social media

TikTok to take on social media giants

TikTok, the viral video app owned by China's ByteDance, plans to challenge established social

media companies and is ramping up spending across the US. TikTok has grown to one billion active users since launching in the US two years ago. Its users, who are highly engaged, spend 250 to 300 seconds on the app per session which could be attractive to advertisers. On the other hand, it has less granular data on its users than other social networks. Blake Chandlee, who oversees US ad partnerships, is encouraging brands to adopt TikTok's "very different advertising proposition". Inevitably there are concerns over whether user data could be sent back to China.

FT Weekend, 7-8 December 2019, p15

Television

Sky to build new film studio in north London

Sky is to build its own Hollywood-style film studio in Elstree, north London which is due to open in 2022. Sky Studios Elstree, as it will be known, will spend £3 billion on productions over five years. Sky hopes to ramp up both TV and film production as it competes with Netflix and Amazon. Over 200 films and 120 high-end TV shows were made in the UK in 2018, at a cost of over £3 billion. New production space the size of four new Pinewood Studios, will be required for the UK over the next 15 years, according to a report last year from Lambert Smith Hampton, a property firm.

The Guardian, 4 December 2019, p41

Video

B2B turns to video advertising

Forecasts suggest that 82% of online traffic across consumer and business will be video by 2022 so it is no wonder that video adspend is on the increase. The trends that influence consumer video advertising translate into the B2B video marketing arena mainly because they derive from "human behavioural truths", according to Ian Whittle, innovation officer at AMV BBDO. Yet, although the techniques and technology are available, B2B lags behind consumer in the video space. B2B video innovation does exist as Shell and SAP have demonstrated. Consumer trends, such as vlogging and live-streaming and the use of influencers and platforms like TikTok, present prime opportunities for B2B marketers. Video is becoming an important path to purchase for many B2B buyers.

The Times (Raconteur: Future of Media & Entertainment), 5 December 2019, p10 (Ibrahim)

Packaging

Seasonal packaging

Starbucks marks the festive season with cups covered in Christmas motifs coloured red and green. Holiday packaging is big business for retailers and marketers. Beer companies produce sampler packs with special seasonal brews and cosmetics companies offer advent calendars which allow

customers to try a different product for each day. Packaging plays an essential role in the sale of holiday products, with 46% of consumers preferring to physically hold the product before purchasing it. This article offers some advice on packaging a seasonal product to help it stand out on the shelves and appeal to the festive shopping spirit.

ama.org, 2 December 2019 (Heisler)

Tic Tac wins trademark shape case

In a recent case, the Court of Turin in Italy, confirmed the validity of Tic Tac's packaging shape as a trademark and ruled that "Bliki" mints, produced by Czech company Mocca Spol (with an almost identical container), had infringed the trademark. The case provides a legal precedent for shape trademarks in the food industry in Italy. Most cases of this sort focus on the shape of products but this one focused on the food container.

lexology.com, 6 December 2019 (Rombola et al)

Retailing

Cart abandonment emails

Basket abandonment emails remind shoppers of what they have abandoned and give them an easy route back to purchase. They have some of the best opening rates among marketing emails with an average opening rate of 43%. Last year the travel industry had one of the best opening rates (49.3%). Cart abandonment emails have an average conversion rate of 2.9% and the best-performing examples use a combination of good design, smart use of data and persuasive content. Here is some advice for creating a compelling email using examples from air travel and fashion.

thedrum.com, 6 December 2019 (Charlton)

Independent department stores

The 131 independent department stores in England and Wales are having a tough time trying to adapt to online competition, high business rates and declining footfall. Cheaper retailers, such as Primark, despite not being online, are taking over the role of traditional department stores while many beauty brands choose to have their own premises. Independents also find it hard to match the constant discounting of the larger chains. The number of department stores in England and Wales has declined by 245 since 2012, according to the Local Data Company and more closures are likely. Store owners want the Government to impose the same taxes on online operators, such as Amazon, as they themselves have to pay, to level the playing field.

The Daily Telegraph (Business), 5 December 2019, p4

Services

A second Deliveroo ad banned

A Deliveroo TV ad has been banned for being misleading. The ASA said that the ad, which showed a woman diving into a Deliveroo bag to take out multiple orders, suggested that people “could order food from different restaurants to be delivered together”. The ad received 300 complaints, the third highest number this year. Ads for GoCompare and Cheltenham Fireworks received a greater number of complaints. In September the ASA banned a Deliveroo ad that implied that the company’s delivery service was “unrestricted throughout the UK”.

bbc.co.uk/news, 4 December 2019

Ocado wins automated warehouse contract

Ocado, well-known for food delivery, is entering the sphere of automated warehouses for retail. It has landed a contract to build the online business of Aeon, the largest supermarket operator in Japan. The deal will give Ocado access to Japan’s online grocery market worth \$35 billion. Ocado’s win is significant because it shows that its robotics and software technology is acceptable in a market that is quite different from the UK, Europe and US. Japan has an ageing population and grocery shopping is done in smaller amounts than the average order value (£106) in the UK. However, the country has a labour shortage which means that automated services will become more valuable to it.

FT Weekend, 30 November-1 December 2019, p1

Transport and travel

Electric car sales up 228%

Sales of pure electric battery cars rose by 228% in November year-on-year, with some 4,652 being registered. Pure electric or hybrid cars sales accounted for a record 10.2% of the market last month, according to the SMMT. Its chief executive, Mike Hawes, believes that the increased sales are down to car makers offering a greater range of electric cars rather than to Government incentives. The top 20 car makers spent a record £70 billion on R&D last year. Despite the positive trends, the overall new car market declined by 1.3% in November.

cityam.com, 5 December 2019

Swedish start-up to build electric trucks in UK

Volta, a Swedish start-up, is to build electric trucks in the UK. The trucks, which will be battery-powered, are intended for the urban delivery market. The company plans to manufacture a prototype together with its UK partner, Prodrive, in Banbury. Volta has an advantage over established truck makers because it does not own factories that are already set up for traditional engines which means it doesn’t have anything to “unlearn”, according to Kjell Waloen, CTO. Volta hopes to demonstrate its technology in London in the first instance.

The Daily Telegraph (Business), 4 December 2019, p3

Space exploration – the new frontier

Space exploration will be worth \$1.1 trillion by 2040, according to Morgan Stanley. Nasa is trying to send men to Mars, which requires vast sums of money, hence its reason for opening up to commercial opportunities. Already the International Space Station is being made available to private astronauts including tourists, as part of the vision to encourage businesses to participate. Initial trips to the space station will cost \$50m for the flight plus \$35,000 a night in “hotel” charges. Big players, such as Elon Musk, Jeff Bezos and Sir Richard Branson, have been operating for some time, but now a raft of smaller companies are using the space station. Made in Space has used the station to produce the first ever manufacturing device made in space, a 3D printer.

The Daily Telegraph (Business), 4 December 2019, p8

Written by CIM’s Knowledge Services Team

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