

Cutting Edge: Our weekly analysis of marketing news

18 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

ASA launches short advice videos

The Advertising Standards Authority (ASA) has introduced a series of videos to support businesses by setting out advertising rules in an easily assimilable form. The first series, which focuses on prize promotions, offers tips to SMEs on how to run prize draws, competitions and giveaways on social media. It gives advice on how to comply with advertising rules and to avoid complaints. There are five short videos.

<https://www.asa.org.uk/advice-and-resources/cap-bitesize.html>

The link between "buzz" and ad success

Many Super Bowl advertisers regard generating "buzz" as a key marketing objective but "buzz" as a campaign objective should not be restricted just to big events. Some years ago, researchers (Hogan, Lemon, and Libai, 2004) estimated that word-of-mouth (WOM) could potentially triple the value of advertising through a "ripple effect". This study confirms that there is a close relationship between WOM and advertising success. It examines this relationship in terms of campaign objectives and measurement of ad performance.

Journal of Advertising Research, Vol 59(4) 2019, pp433-439 (Fay et al)

Eye tracking reveals misleading assumptions

How do you know how effective your ad campaign has been? Ultimately a campaign must help marketers achieve the results they need for their company. Mike Bartles of Tobii Pro, an eye-tracking company, explains how eye tracking is an objective,

quantifiable way of measuring what captures people's attention. If the eye is resting on a certain section of the screen, there is good chance that the person has processed the information but is this the correct assumption? Research by Tobii Pro and Kargo reveals that, while viewability of ads is 100%, memorability is poor at just 1.3%. This suggests that, while viewability might be high, the customer might not be looking at the ad. It also reveals that ads on Instagram, which have just 50% viewability, have a much higher effectiveness rate of 10.8%.

dmnews.com, 10 December 2019 (Romeyn-Sanabria)

Agencies

Lord Saatchi leaves M&C Saatchi

Maurice Saatchi, along with three non-executive directors (including Lord Dodds, author of *House of Cards*), has quit as executive director of M&C Saatchi following an accounting scandal and a plummeting share price (See Cutting Edge 11 December). The departure of Lord Saatchi illustrates the extent of the crisis within the company, although the board room departures have been attributed to differences of opinion over the direction of the company. Chairman Jeremy Sinclair says the company is already implementing the recommendations of a PwC report.

The Daily Telegraph (Business), 11 December 2019, p1

Brands and branding

Pitching into politics – a risky business

Most large companies have avoided the issue of Brexit because it is so divisive. Burger King's ad on the side of a London bus, "Another Whopper on the side of a bus", was regarded as a dig at Vote Leave's referendum campaign. Marmite's advertising has been so successful that its "Love it or hate it" campaign has been associated with Brexit – it asked



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consumers whether they wanted a “hard breakfast” or “soft breakfast”. Although brands are careful not to be seen taking sides, Charles Vallance, chairman of VCCP, says that “there is no greater risk to an advert than indifference” and that “all strong communication has an element of election bravery and risk to it”. Christopher Ward, a British luxury brand, likes to stand out and isn’t “afraid to be a little bit racier than some”, according to co-founder, Mike France.

Financial Times, 12 December 2019, p19

A place on the board for chief brand officers

Brand identity is thought to be the biggest asset owned by a company. Traditionally it has been the remit of marketers and brand teams to oversee brand identity. Yet branding is “so much more vital and all encompassing” and there should be constant vigilance when assessing the risk to a brand. Research from Reuters suggests that 82% of investors would like companies to have a strong brand. A company should have a chief brand officer, argues Robert Jones, professor of brand leadership at the University of East Anglia. Chief communications officers and CMOs are increasingly being included on boards. Such organisations will have an advantage over those “who don’t place a value on their brand”, says Emma Kane, CEO of Newgate Communications. So far, just a few large companies have appointed chief brand officers or chief reputation officers.

The Times Raconteur, Brand Reputation & Risk, 12 December 2019, p3

Conferences and events

Hemp event

How about holding a corporate meeting in the middle of a cannabis field? That is exactly what industrial hemp producer Kannaway did in August this year. The event, which took place in Poland, was an incentive for a group of Kannaway’s distributors but it also had an educational purpose. It included an explanation of hemp processing and a chance to experience the product’s applications. Hotel rooms contained welcome notes printed on hemp paper and there were hemp-themed welcome gifts such as CBD-infused wine and a hemp shampoo bar. Meanwhile, the visit to the hemp field, with its pungent aroma, created a “truly immersive experience”!

Conference & Incentive Travel, Winter 2019, pp18-20 (McCorkell)

Consumer behaviour

Learning from teens – OK Boomer?

“Ok Boomer”, an expression that took off on TikTok this year, reflects the attitude of the under 30s who are tired of being told how to behave and think by the Baby Boomer generation. This is important for marketers too, especially when considering

digital channels. Here are a few things that marketers can learn from the OK Boomer meme. Tips include: not making assumptions; embracing feedback; relinquishing creative control; not taking yourself too seriously; and championing imperfection.

thedrum.com, 16 December 2019 (Aslam)

Customer relations

Customer service as a marketing tool

Customers no longer base their loyalty on price or product alone: how they feel after interacting with customer service can have a greater impact on future purchase decisions. As businesses increasingly compete on customer service, marketers have a huge opportunity to use “effective problem resolution” as a tool for increasing loyalty and potentially sales. Not only are customers likely to interact with a company again if their issues have been successfully resolved, but they may influence others to do so as well.

CRM Magazine, Vol 23(10) 2019, pp20-23 (Britt)

Law

Tackling brand copycats

A Brief Guide to Parasitic Copying by the British Brands Group (BBG) is a new legal guide intended to help food and drink companies tackle the problem of copycat brands. According to BBG director John Noble, copycat products are on the increase “with Aldi but also Lidl the prime exponents”. As well as misleading consumers, it is harming brands which don’t know how to address the problem. The guide advises companies to put protection in place for their products well in advance of when they launch. They are also advised to find an IP expert to help them.

The Grocer, 7 December 2019, p4;

<https://www.britishbrandsgroup.org.uk/>

Advertising in China

Selling to Chinese consumers has become a firm objective of many international companies but China has strict consumer protection laws which can cause problems. One area that both international and Chinese companies often slip up on is advertising. This article gives a brief overview of certain areas which should be considered when thinking about advertising in China: the legal framework; the consequences of not complying; and best practices for companies to minimise the risk of penalties.

mondaq.com, 11 December 2019 (Roos)

Legal risks of interfering with product reviews

Over 75% of consumers check online reviews before purchasing something and it is estimated that £23 billion of UK spending is influenced by online reviews every year. Good, positive reviews can help to encourage consumers to make a purchase but there must be a strong temptation for retailers to skew

product reviews to make them appear more attractive. This article looks at some of the legal implications of changing, deleting or interfering with online reviews. It also examines the recent furore about “fake reviews” over which the CMA is taking action.

ttlsolicitors.com, 10 December 2019 (Collie)

Registering sound marks

This has been the “year of the sound identity”, according to *Marketing Week*. Many brands have set about registering unique sounds (jingles and “mogos” or musical logos) as trademarks but it isn’t easy. There are two main barriers to overcome when trying to register a sound as a trademark: the problem of representing it graphically and making it distinctive. The fashion industry is making some progress with sound registrations. For example, Burberry has recently joined up with Apple to link itself to musical talent. Since most people have some kind of virtual assistant, there is likely to be an expansion in the number of aural brands.

lexology.com, 11 December 2019 (Cole)

Marketing

Marketing effectiveness

It is difficult to define and demonstrate marketing effectiveness. Although campaigns may appear popular, their effect on customer behaviour and financial performance can be different. PR stunts and award wins don’t necessarily translate into rising sales. At a recent *Marketing Week* roundtable event in partnership with Neustar, a group of senior marketers discussed the topic. They agreed that a strategic approach to measuring marketing awareness is the basis for overall improvement. Bringing different disciplines together is a key factor as is knowing exactly what to measure.

marketingweek.com, 10 December 2019 (Cuddeford-Jones)

Bringing futurism to marketing

David Johnson is a futurist who brings together the output from various disciplines (such as economists and social scientists) to decide in which direction the world is heading. He currently teaches the tools of futurism at Arizona State University. In this interview he discusses how marketers can develop a futurist mindset; the downsides of following trends; traits that make people great futurists; and the timeless value of a great story.

ama.org, 10 December 2019 (Heisler)

Look to the future, not short-term

Harvard Business Review’s tip of the day is based on an article entitled *How Marketers Can Overcome Short-Termism* by Christine Moorman and Lauren Kirby. Marketing is often seen as a tool for making immediate gains but having a short-term mindset can lead to falling returns. In order to focus your

team on the future, firstly ensure that you allocate time every week for considering the longer term, such as reflecting on brand-building and customer relationship goals. Secondly, make the case for investment because the more you can demonstrate the impact of marketing, the greater are the chances of additional resources. Thirdly, build more value into offerings rather than simply competing on price. Ultimately, planning for the future will create a basis for long-term growth.

hbr.org, 16 December 2019

CIM launches new apprenticeships

To achieve diversity of thought within marketing requires opening up to people from different backgrounds which means looking beyond traditional education. Now CIM, in collaboration with a group of brands, has developed two new apprenticeships which can take recruits from Level 3 marketing assistant (A Level equivalent) all the way to Level 7 (Master’s degree equivalent). The apprenticeships have been approved by the Institute for Apprenticeships.

marketingweek.com, 9 December 2019

Market research

Research league table

MRS’s *Research Live Industry Report 2020*, which incorporates the latest league tables for the industry, also covers gender pay gap reporting and the state of the research sector from the perspective of clients and agencies. The top 100 agencies produced a turnover of £3.627 billion in 2018, with year-on-year growth of 3.9%. The top ten agencies accounted for 56.5% of total turnover while the overall UK research supply industry grew by 0.7% to £5.078 billion. The UK is the largest supplier of market research and insight in Europe, generating more than 40% of total output. The industry’s gender pay gap is 19.5% in favour of males, which reflects the national average.

<https://www.research-live.com/industry-report/>
December 2019

Public relations

The hostile brand environment

At no time in history have brands had to exist in such an unpredictable market, with the balance of power shifting to a digitally connected public and a more hostile environment. One small mistake can lead to negative headlines within a matter of minutes, leading to a crisis for the brand. The on- and off-line environment requires a “360-degree approach to crisis management” says Michelle Du-Prat, executive strategy director at Household. While a lot of publicity, even bad, can benefit some brands (KFC’s FCK campaign and subsequent apology when it ran out of chicken, for example), brands should be proactively mitigating risk rather than being constantly caught out, according to Ashley

Bendelow, MD of Brave. In such a busy environment, consumers will look for excuses to ditch brands and limit their choice. This is an era for truth and transparency, according to Fergus Hay, CEO of Leagas Delaney.

The Times Raconteur, Brand Reputation & Risk, 12 December 2019, p5

Hallmark apologies for gay ad removal

Hallmark Cards has apologised after it removed an ad featuring a same-sex couple. The ad, which was for wedding planning site Zola, was removed from the Hallmark channel but will now be reinstated following reaction on social media as well as criticism from the press and US political figures. The ad had been pulled following calls from lobby group One Million Moms, part of the American Family Association.

marketingweek.com, 15 December 2019

Pushing the boundaries can pay off...or not

Pelaton's controversial ad in which a young woman is given an exercise bike by her husband was parodied in a subsequent ad by Aviation Gin featuring the same actress. (See Cutting Edge 11 December). Pelaton's ad succumbed to an "unusual and troublesome type of marketing mistake". The difficulty in attracting attention at this type of year leads brands to push the boundaries, although in some cases this turns out to be the right thing to do. Nike's "Believe in something" featuring Colin Kaepernick, was controversial but ultimately "brave rather than offensive". Brands and agencies that know what they stand for are often appreciated for being provocative. However, ads can provoke an unintentional backlash as happened with Dove's Facebook campaign which showed a black woman turning white as she changed her t-shirt.

Financial Times, 12 December 2019, p11

Sponsorship

Effect of rival football team branding

This study examines what the authors refer to as "directional-contamination," which is a consumer's response to advertising branded with a rival team after advertising branded with the home team has already been shown. Participants in the study, which used functional magnetic resonance imaging (fMRI), were shown three different categories of ads: not affiliated with sports, affiliated with a sports team of which the participant is a fan, and affiliated with rival teams. The results suggested that fans were likely to experience a significantly reduced neural response to sponsors that support both their preferred sporting club and a rival sporting club.

Sport Marketing Quarterly, Vol 28(4) 2019, pp209-221 (Martin et al)

Agriculture, fishing and forestry

French wine looks beyond

The French wine industry is threatened by climate change. In the Bordeaux region the annual average temperature has risen by more than one degree Celsius since the 1980s. Commercial producers of Bordeaux wine are usually restricted to just 13 types of grape but seven new varieties have been approved by the winemakers' union to address climate change. Bordeaux's Science Institute of Vine and Wine is pioneering new grape varieties and a new vineyard initiative called VitAdapt, is cultivating 52 grape varieties. The one-hectare plot is being used to monitor how environment factors are affecting the soil and the vines.

Wired, January-February 2020, pp124-133 (Warner)

Brazil overtakes US for soyabeans

Brazil's new soyabean crop is likely to yield 25% more in early 2020 than the US's latest crop; this will be the first time that the US will have had a smaller crop than Brazil. The US soyabean sector has been hit hard by the trade war with China, which is the main importer of its oilseed, while bad weather has taken a further toll on the crop. Demand for Brazilian soyabeans has also helped to boost their price.

Financial Times, 11 December 2019, p29

Building industry

Bamboo for infrastructure projects

China is the largest producer and processor of bamboo, but the bamboo market is still a niche one with a total value of slightly under \$40 billion. The country exports \$2.2 billion-worth of bamboo products a year, mainly to the EU. Yet 110m tonnes of the crop goes to waste every year. Ye Ling, founder of Xinzhou Bamboo, sees a big opportunity. His company, which has invented a new process for making bamboo products, is developing products for railway carriages, storage tanks and houses. Replacing traditional materials with bamboo could be a way of tackling "emissions-intensive infrastructure" says Charlotte King of the International Bamboo and Rattan Organisation (Inbar)

FT Special Report, Circular Economy, 5 December 2019, p3

Innovation trends

The Autodesk University expo in Las Vegas revealed some of the innovations about to impact the construction industry. They include 3D-printed concrete; a robot dog that can carry up to 14kg and is sturdy enough to walk across construction sites; VR health and safety – transporting workers into

unusual environments where they can identify dangers; hyperloop – low-pressure tube transport which could connect distant cities within minutes; a robot that can scan and measure construction sites autonomously; and modular construction.

constructionnews.co.uk, 16 December 2019 (Rowland)

Cellular Agriculture crowdfunds to scale up

Cellular Agriculture, a UK company that has developed lab-grown meat, has launched a crowdfunding campaign to allow it to develop its technology so that it can deliver cultured meat at scale. It plans to license the technology to large companies rather than making its own products. Cellular Agriculture harvests some of the cells from animals but does not use the whole animal.

The Grocer, 14 December 2019, p15

Businesses and strategy

Nurturing employee entrepreneurs

Some companies are happy to inspire their employees to strike out and launch their own businesses. Startup Propercorn (now called Proper) has seen ten staff establish their own startups. Acquiring experience of someone else's startup can be just the thing for young entrepreneurs because it offers experience of how an entire company operates, from branding and supply chains to team building. Proper co-founders Cassandra Stavrou and Ryan Kohn are now helping entrepreneurs who are not ex-staff by offering them mentoring, desk space and a chance to experience the Proper culture. There are downsides to this model such as when the founders discover they have created a rival, as Starling bank did when its CTO, Tom Blomfield, launched an app-based bank called Monzo in 2015!

The Sunday Times (Business & Money), 8 December 2019, p9

Board gender quotas

This month the Dutch government voted to introduce compulsory quotas for women on company boards after other measures had failed. Seven European countries have now introduced mandatory measures in this respect but how much difference will it make? The threat of fines (Italy) or delisting (Norway) have produced some results. Companies with more women in the boardroom seem to work better but there has been no apparent impact on company performance and there is no advice on what represents "best practice" when selecting women. Some even argue that the boardroom is the wrong thing to focus on because it is simply a symptom of workplace gender inequality. Nevertheless, doing the right thing is important to company investors, especially those concerned with environmental, social and governance (ESG) performance. (See also Economy)

The Economist, 14 December 2019, pp54-55

UK R&D expenditure

The annual R&D expenditure statistics from the ONS (*Business enterprise research and development UK: 2018*) covers annual spending and related employment in R&D. It reveals that R&D expenditure performed by UK businesses has risen every year since 2012, reaching £25 billion in 2018, up by 5.8% on 2017. Aerospace had the largest increase in spend last year (up by 14%) while the East of England exhibited the largest growth in regional expenditure (up 9.9%). Despite the continued growth in overall R&D spend, the report highlights areas of concern, such as falling funds from overseas (down by 20% since 2014) and a fall in R&D spend in Scotland and some regions of England.

ncub.co.uk, 11 December 2019 (Ismail)

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/bulletins/businessenterpriseresearchanddevelopment/2018>

Charities and NGOs

UK fundraising trends

The Status of UK Fundraising 2019 Benchmark Report, a survey of 1,000 charity professionals, has found that organisations that meet or exceed their fundraising goals, exhibit three features. It also identifies some important fundraising trends that charities should know about when planning their strategies for the following year. However, it emphasises that there is more work to do to address diversity, equality and inclusion. The report was produced by Blackbaud Europe and the Institute of Fundraising.

charitydigitalnews.co.uk, 12 December 2019 (Green);
<https://www.asa.org.uk/advice-and-resources/cap-bitesize.html?>

Giving Tuesday

Giving Tuesday, the annual social media campaign which took place on the 3 December this year, was first launched in the US in 2012 as a reaction to Black Friday and Cyber Monday. Now more than 70 countries take part. The Charities Aid Foundation, which oversees the initiative in the UK, says that £7.8m was raised last year in the UK alone. Here are four practical tips to help a charity make the most of the day.

Third Sector, November-December 2019, p61

Durable consumer goods

Time's up for clock face

It is expected that, by the time Gen Z retires, the majority of young people will not be able to use a conventional clock, according to a YouGov survey. Younger people struggle to tell the time using the hands on a traditional clock face. Some 22% of 18- to 24-year-olds (Gen Z) say they have difficulty

telling the time in this way while nearly one in five 25- to 34-year-olds admit to the same problem. This is bad news for traditional watchmakers in Switzerland, where the industry accounts for 15% of GDP. The trend is attributed to the rise of smartphones and smartwatches.

The Times, 11 December 2019, p15

Economy

Britain slides on gender equality

The UK has slipped down the world ranking for gender equality, falling from 15th to 21st place. This is according to the World Economic Forum's (WEF) latest report which measures the gap between men and women in terms of political influence, economic gain, and health and education. Although the gap between the sexes has narrowed this year, the WEF reckons that it will take 99.5 years for women to achieve parity with men. Britain's ranking means it is behind some developing countries and most rich ones. The top three countries for gender equality are: Iceland, Norway and Finland.

bbc.co.uk/news, 17 December 2019, pp54-55

UK labour market overview

The UK employment rate was 76.2% for August to October 2019, up by 0.4% year-on-year, according to the ONS *Labour market overview, UK: December 2019*. Although this is a record high, the employment rate has remained fairly flat over the past few quarters. UK economic inactivity was estimated to be 20.8% for the period, down by 0.2% year-on-year. Meanwhile estimated average weekly growth in earnings in Britain has slowed to 3.2% for total pay and 3.5% for regular pay (1.5% and 1.8% when adjusted for inflation).

ons.gov.uk, 17 December 2019 (Leaker)

Education

European business schools

European business schools are faring well – applications for full-time MBA courses have risen by 63% this year – with growth in demand being generated by international applications. By contrast, most MBA courses in the US are in decline which has been blamed on rising costs. The most proactive schools are investing in new degree programmes, such as Masters in Management (MiM). HEC Paris tops the league table, having overtaken London Business School this year. France now has more schools in the top 25 than any other country. This supplement, which presents a ranking of the top 95 business schools in Europe, includes articles on US and Asia-Pacific business schools, gender diversity, sustainability in Nordic countries and funding in France.

FT Business Education, European Business Schools Ranking 2019, pp1-46

Environment

Circular economy – plastic sachets

Green Antz Builders, a social enterprise, has found a way of turning the single-use plastic sachets, which are washed up on the Philippines' beaches, into bricks which can be used to build schools and homes. The company pays people to gather up the sachets which originally contained shampoo, detergent and other household products. Green Antz is part of the circular economy model, which reuses or recycles materials and products. Plastic sachets, which were designed to be used by people on low incomes, have become an environmental scourge because they are not economical to recycle. New technologies, known as chemical recycling, might provide solutions but are currently too expensive. Both large and small businesses are working on various solutions.

FT Special Report, Circular Economy, 5 December 2019, p2

Fashion

Demand vs sustainability

A new report entitled *Understanding and Influencing the Customer Journey of Fashion*, from law firm Penningtons Manches Cooper and Retail Economics, examines purchasing and key trends in fashion retailing. These include the continuing increase in online sales, the influence of social media, customer demand for something new, and the shift towards conscious consumption and extending the lifetime of fashion. The need for "fresher fashion faster", combined with the growing numbers of ethically minded consumers, makes the environment more complex and compounds the problems for struggling retailers. The balance between price and sustainability has led to the rise of clothing rentals and pre-owned markets as shoppers and retailers extend the life of clothing before it goes to landfill.

<https://www.penningtonslaw.com/news-publications/latest-news/2019/fashion-customers-want-to-purchase-more-from-retailers-with-strong-environmental-practices-but-the-price-has-to-be-right>

When tech meets fashion

Tech entrepreneurs with no background in the clothing industry are entering online fashion with apps and alternative ideas on online selling. Thread, which combines fashion with technology, uses a custom algorithm called Thimble to match product lines with active customers. Another company, Drest, targets the high-end luxury market by putting clothes on an avatar of the customer who is placed in fantasy settings. Meepl, a Zurich tech company, has an app that measures the body and then matches people with companies whose clothes will fit them. It wants to improve sustainability by reducing the amount of clothing that is returned. As high-street stores continue to struggle, it is likely

that we will see an increase in businesses using technology to boost their fashion offering.

Financial Times, 9 December 2019, p14

Financial services

The shift from pure P2P

P2P lending prospered after the financial crisis of 2008 but only a few lenders, such as British lender RateSetter, remain in the market. Between 2013 and 2015 the stock of P2P loans rose fourfold in Britain and ninefold in America, but the high cost of acquiring customers has curtailed further growth. To reduce acquisition costs, some P2P platforms are cross-selling different types of loans. Zopa, for example, obtained a banking licence last year while others are embracing "white-label" products. The shift from pure P2P has given rise to the term "marketplace lenders" (MPL) to label the former P2P firms. These are well-positioned for growth, but the sector will be challenged by competition from FinTech startups, a slowing economy and increased regulation.

The Grocer, 7 December 2019, p76

Curve signs up wearables

Curve, the banking platform that allows customers to integrate multiple cards and accounts into one smart card and app, has partnered with Garmin, Fitbit and Sony's Wena pay. The move will allow users of wearables to pay with any of their cards using Curve. Other advantages are: making all cards free when spending abroad; spending insights across accounts; and the "Go Back in Time" facility which allows the transfer of money between accounts up to two weeks after a purchase has been made in 31 EEA countries.

prolificlondon.co.uk, 13 December 2019 (Johnson)

Fintech cashes in across Asia

Financial technology is having a transformative effect across Asia as consumers take up digital payment platforms. Online lenders and other forms of banking have spread to south-east Asia, having already made incursions into China. The trend is also apparent in the Indian sub-continent with its population of 1.7 billion. Almost 800 fintech startups across Asia have received venture capital financing since December 2016: China leads the way with 266 fintech startups, followed by India with 190 and south-east Asia with 183. Many startups are proving to be serious competitors to established banks. Meanwhile banks are looking for partnerships. Citibank has partnered with Paytm to launch India's first physical unlimited cash back credit card. However, established lenders have the problem of deciding which startups are likely to survive in this highly competitive market.

Financial Times, 13 December 2018, p9

FMCG

Beverages

Craft – it's all about quality

"Craft" has become an important trend in the world of drink but is it just a marketing ploy? Starting out as a term used by small independent breweries and distilleries, craft has gradually become diluted as larger producers adopt the concept. Craft started out with a "homage to heritage" which was all about having an evocative name, such as Bathtub Gin, (redolent of the prohibition era in the US). While adding the word "craft" to a drink will differentiate the brand, experts believe that the most important factor will always be quality. Although branding is an important factor for consumers, they will always choose the drink with the best taste, says Nick Ravenhall, MD of Atom Brands.

The Times Raconteur Wine & Spirits, 11 December 2019, p3

Craft beer – keeping an independent image

Tiny Rebel, the craft brewer, recently had a run-in with the Portman Group after the latter said the brewer's "Cwtch" ale can would appeal to the under-18s. (See Cutting Edge 11 December). This reflects the growing gap between craft brewers, who regard their brightly coloured cans and packs as indicative of their independence and appeal, and the Portman Group, which is funded by big brewers. Since it only requires one consumer to make a complaint, craft beer could be lining itself up for trouble with the drinks watchdog. Yet creativity and design are great ways for craft beers to show who they are. Many outfits are so small that brewing, selling and marketing are all done by the same people. It may be hard for the Portman Group to represent such a broad spectrum of players in the industry...

The Grocer, 14 December 2019, p19

Food

Happy "vegmas"!

Key Christmas food trends include veganism, vegetarianism and gluten intolerance. In a recent Tesco survey, 57% of participants said that accommodating dietary requirements is the main reason for looking for food alternatives while 6% would choose a vegetarian or vegan option rather than the traditional turkey. In online and social media, people are expressing concern about offering their guests alternative options while conversations about "vegan Christmas" are beginning to outpace those about "vegetarian Christmas". As veganism moves out of its niche status, supermarkets and food brands are vying to be part of the scene. Brands are advised to tap into the growing demand for veganism and create inspiring content. They should also establish relationships with vegan and

veggie communities to keep the conversation going. However, they are also reminded not to forget the meat-eaters!

wearesocial.com, 12 December 2019 (Cervi)

US court rejects veggie burger term outlawing

A US federal court in Arkansas has dismissed attempts by the meat industry to ban the term "veggie burger". Five US states, including Arkansas, had banned plant-based foods from being labelled as burgers or sausages as a way of supporting cattle farmers. In Arkansas this legislation has been blocked following a challenge by a leading manufacturer of plant-based food, Tofurky Company. Those who support the legislation argue that consumers are confused by the use of words associated with meat, but opponents say it challenges freedom of speech.

The Sunday Telegraph, 15 December 2019, p23

McDonald's targets vegan market

McDonald's is to incorporate vegan food into its menus from the new year. Its Veggie Dippers, which have been accredited by the Vegan Society, will appear in both adult and Happy Meals. Their introduction follows an 80% rise in the sale of vegetarian options.

The Daily Telegraph, 11 December 2019, p8

Tobacco

Rizla infusion cards in response to ban

Imperial Tobacco is launching "mentholated" infusion cards ahead of next year's ban on menthol and flavoured tobacco products which takes effect in May 2020. The new product, which is part of the company's Rizla brand, can be placed in cigarette packs or rolling tobacco to provide a menthol flavour.

The Grocer, 14 December 2019, p6

Health and pharmaceuticals

Labelling should change to reflect exercise

A new study from Loughborough University suggests that labelling food with the amount of exercise needed to burn off the calories could help people to eat healthier food. For example, a packet of salted crisps (171-calories) would require a 13-minute run or 26-minute walk to offset it. A bar of milk chocolate (229 calories) would need a 42-minute walk or 22-minute run. The study warns that there is little evidence that current nutritional labelling is helping to change eating behaviours since many people don't understand the meaning of calories.

The Times, 11 December 2019, p4

Advance planning among terminally ill

New research suggests that terminally ill patients who make arrangements for end-of-life care with

their doctors tend to outlive those who have not done so. The study, published in *BMJ Supportive and Palliative Care*, was carried out in Denmark. It found that 73% of those who have "advance care planning" were still alive a year later compared with 57% who do not have any arrangements in place.

The Daily Telegraph, 11 December 2019, p8

Start-ups target male fertility

Declining male fertility could become big business if a new raft of start-ups have their way. Legacy and Dadi offer kits for men to send their sperm to labs for testing and freezing while Yosperm and ExSeed use devices attached to smartphones so that sperm can be analysed at home. Venture capital firms, who have spotted the trend, are also getting in on the act. However, some experts question whether men who are not ill need to freeze their sperm. Around a third of fertility problems is attributed to men, a third to women and a third is unexplained.

Financial Times, 14-15 December 2019, p17

IT and telecoms

Mac Pro – cost may deter creatives

Apple's new desktop Mac Pro could set you back up to £53,887. The device, which has been nicknamed the "cheese grater" because of the shape of the holes in the side, was one of the last Apple devices to be designed under Sir Jony Ive, the British designer. The new Mac Pro is seen as an attempt by Apple to lure back creative professionals who have been leaning towards more powerful Windows computers. However, because of the cost, analysts predict that it will be a low-volume product.

The Times, 12 December 2019, p15

Ofcom to ban sales of "locked" phones

Ofcom plans to ban mobile phone companies from selling "locked" handsets. BT/EE, Tesco Mobile and Vodafone continue to sell phones that can't be used by other networks unless they are unlocked, which incurs a fee. Research suggests that around a third of people who have considered switching are deterred by this.

ofcom.org.uk, 17 December 2019

Interactive drinks bar

Cambridge Consultants has created an interactive NFC (near-field communications) drinks bar where customers can place their orders from their table using their smartphone. When the drink is about to be served, an alert is sent. Customers then place their phone on the bar which triggers a serving experience in which interactive bubbles on the bar identify the customers and the order. When the drinks are all on the bar, the bubbles burst signalling completion of the order.

nfcw.com, 10 December 2019 (Clark)

Leisure and tourism

Sport must respond to new trends

Sport has become a \$700 billion global industry. However, growth is dependent on the industry adapting to new trends, such as digitisation, big data, technology, and research into disciplines such as psychology, according to Inga Stasiulionytė, head of the MIT Sports Entrepreneurship Bootcamp. She has identified seven of the most important sports industry trends which include the importance of transforming big data into smart data and the personalisation of game experiences.

London Business Matters, Issue 161, December 2019, January 2020

Travel in a digital environment

The travel industry has changed hugely over the last ten years as consumers are constantly looking for something different. Recent research reveals that the customer's biggest "travel high" is at the moment of booking. The fact that the travel buying process is all part of the experience is a key marketing insight. Digital-first operations, from tour operators to online travel agents, can customise their positioning for different audiences "unencumbered by legacy structures and brand baggage". This article looks at the importance of data driven strategies and data science for informing customer needs.

thedrum.com, 16 December 2019 (Wheaton)

Materials and mining

Guinea mine could change iron ore landscape

A huge deposit of iron ore in the Simandou mountains of Guinea, discovered 17 years ago and valued at around \$230 billion, has proved notoriously hard to mine mainly because of its remote location. SMB, a joint venture owned by a consortium in which Guinea's government owns a 10% stake, recently won a tender for the mine. It will pay \$15 billion to develop the site which includes a railway to link the mine to a new deepwater port. China has a strong interest in the initiative through Shandong Weiqiao, an aluminium producer.

The Economist, 7 December 2019, p66

Jingye says it will take over British Steel

Jingye Group, the Chinese conglomerate, says its proposed takeover of British Steel is still on track. In November it had agreed to acquire British Steel for around £50m to save the collapsed business. However, a *Sunday Telegraph* report has since reported that the deal had fallen through.

marketingweek.com, 15 December 2019

Media

Film

UK cinema – new highs despite Netflix

Last year was the best for cinema attendance in the UK since 1971 when admissions rose to 177m. If the industry can exceed that number this year, then it could also beat its record box office sales of £1.3 billion in 2017. The success of the latest *Star Wars* film, *The Rise of Skywalker*, could ultimately be the deciding factor. The film boom has led cinema chains, such as Vue, to upgrade their venues with everything from booking systems to the actual cinema experience. Tim Richards, CEO and founder of Vue, believes that the future lies in two co-existing platforms: at home with subscription TV and streaming services and out-of-home with the big screen.

The Guardian, 16 December 2019, p39

Internet

Google – still reliant on advertising

This month Google founders Sergey Brin and Larry Page took their leave as president and CEO of Alphabet. Google, which was founded in 1998, now handles 2 trillion search queries a year and revenues have grown from \$3.2 billion in 2004 to \$136 billion last year. Yet Alphabet still relies on one major source of income, namely ads, which account for 80% of revenue. Its share of the online ad market has fallen slightly while rivals such as Amazon have seen their share rise. Microsoft, which has reinvented itself as a cloud computing firm, is now worth more than Alphabet.

The Economist, 7 December 2019, p69

CMA to tackle online ad duopoly

The CMA is to investigate Google and Facebook's duopoly in digital advertising. The two currently account for almost two thirds of Britain's online ad market, which is worth £13 billion. Regulators have been looking at how the tech companies' dominance affects advertisers who complain that the two companies use their massive cash and data resources to overwhelm competitors. The CMA is expected to suggest legal and political solutions for levelling the playing field. Regulators in the US and Europe have also been scrutinising the power of the tech giants.

The Sunday Telegraph (Business & Money), 15 December 2019, p1

Social media

ASA report on identifying paid influencers

The ASA has published its latest research report on paid social media posts, entitled *Labelling of influencer advertising*. It states that the minimum requirement for identifying a paid post is to use an

identifier such as #ad. This applies even if the brand has not been involved with the content of the post. Any commercial connection between the brand and influencer must be made clear. The report found that, although most people knew what “advert” or “ad” mean, fewer participants seemed to understand that “spon” or “s” were indications of advertising.

marketinglaw.osborneclarke.com, 4 December 2019 (Dunham); <https://www.asa.org.uk/resource/labelling-of-influencer-advertising.html>

How has Facebook performed this year?

At the end of 2018 eMarketer considered three major questions about Facebook in 2019: whether it can repair its image and regain user trust; whether its video initiatives can challenge the likes of Netflix; and what the shift from public to private sharing means for the company. It concludes that Facebook hasn't performed well on the first two and the answer to the third question is uncertain because change could take some time.

emarketer.com, 16 December 2019 (Williamson)

Television

BT moves to shorter TV contracts

BT is shifting from high-priced, long-term TV deals to greater flexibility as it seeks to compete with the likes of Amazon and Netflix. It is to launch a £25 monthly pass which allows sports fans to watch content, such as Premier League football, without a contract. Long contract periods are increasingly off-putting to customers and there is increasing demand in the market for more flexibility.

The Guardian, 12 December 2019, p47

Video

Changing share of video viewing time

Netflix and YouTube still lead the way when it comes to video for US adults but new services such as Disney+, HBO Max and Apple TV+ will increasingly fragment digital video viewing time. Emarketer predicts that both companies will suffer a fall in their share of daily video time over the next few years. While Netflix overtook YouTube as the most-watched video service last year, its share will begin to decline next year even though the time spent watching it may continue to rise. Its share of daily video time will peak at 27% in 2019 and fall to 25.7% by 2021. YouTube's share will also fall (from 23.4% to 21.7%). This will be the first year in which digital video will account for more than a quarter (25.4%) of all daily digital time.

emarketer.com, 10 December 2019

Packaging

Brands' packaging concerns

Packaging is becoming an increasingly important part of the way in which brands communicate with consumers. It is a channel that has the potential to

connect and stand out. At the point that the consumer makes a decision, known as the “zero moment of truth”, it is essential that the packaging is effective. Ken McGuire, research fellow at P&G and the named inventor on more than 50 US packaging patents, says that “It is all about disrupting that on-automatic behaviour people have when they shop”. This article explores three major brand packaging concerns: how to maximise impact; how to ensure consistent print quality; and how to tackle the sustainability challenge.

Flexotech, December 2019, pp38-39 (sponsored by Miraclon)

Smaller brands tackle plastic

Smaller brands are starting to take action on plastic packaging. Northern Bloc, an ice cream brand, is launching what it claims is the first-ever fully recyclable, biodegradable ice cream tubs in January. They are made from paper and an organic compound. Meanwhile Superfood Bakery is moving its baking mixes from resealable plastic pouches to cardboard boxes. Clarity & Co, a social enterprise, has expanded its soap range to include products that are completely plastic-free and labelled with 100% recyclable paper.

The Grocer, 14 December 2019, p55

Retailing

Retailers abroad – not all it appears

When CostCo, the US discount chain, launched in Shanghai in August, such was the response that it was forced to close. The largest 250 retail chains in the world operate in just ten countries on average and derive a quarter of revenues from overseas business. Yet many retailers have seen slow sales in international markets. Despite its size, even Walmart has found foreign expansion difficult. Foreign revenues can help to protect retailers when their domestic markets suffer, but global retailers often face competition from local rivals who might understand local consumer needs better than they do. Acquiring foreign companies doesn't always work either, as Walmart has found to its cost in India...

The Economist, 14 December 2019, p56

Sports Direct looks to move upmarket

Sport's Direct is to rebrand to Frasers but its sportswear outlets will retain their original name so it might not make much difference to shoppers. The rebrand forms part of chief executive Mike Ashley's vision of moving the retailer upmarket. He has plans for around six upmarket stores which will be branded Frasers as part of the House of Fraser chain which Ashley wants to turn into “the Harrods of the High Street”. The key to moving upmarket will be to attract third-party brands at a time when many labels are looking to increase the amount they sell

directly to consumers. Convincing luxury brands to appear on the shop floor next to own-label goods could also be challenging.

Financial Times, 14-15 December 2019, p20

Services

Restaurants – less of the bland brand

Mid-range dining chains have expanded to reflect the UK's penchant for eating out and experimenting with foods. But the mid-range model seems to be in trouble and several chains are in the process of being rescued or have gone under, such as Prezzo, Jamie's and Carluccio's. Over 1,400 restaurants have closed in the past year. Some attribute the trend to "nurtured bland, uniform brand values" and the failure to offer a unique proposition. Here is some advice for those who are seeking to create a restaurant brand that will achieve recognition, loyalty and longevity.

lexology.com, 12 December 2019 (Newsome)

CMA gives Amazon and Deliveroo a deadline

Amazon's minority stake in Deliveroo has been under investigation by the CMA since June. This has come as a shock to Amazon since it currently has no presence in the UK restaurant food delivery market. The CMA is concerned that Amazon's interest could damage competition in the market. It also shows that the regulator is becoming tougher on big tech deals; from now on acquisitions by big tech players are likely to be scrutinised carefully. The CMA has given the two companies five days to convince it that the link won't harm grocers, restaurants and consumers. Analysts are concerned that the CMA will turn its attention to "investments in small companies in small markets", which could lead to punishing legal fees...

**The Daily Telegraph (Business), 12 December 2019, p5;
The Grocer, 14 December 2019, p14**

British pub numbers on the rise

Pub numbers have risen in Britain for the first time in a decade. In March 2019 there were 39,135 pubs in the UK, up by 320 on 2018 and the first increase since 2010, according to data from the ONS. From 2010 to 2018 5,855 pubs were closed.

The Daily Telegraph (Business), 12 December 2019, p7

Transport and travel

UK businesses dissatisfied with infrastructure

New research reveals that UK businesses are even less satisfied with UK infrastructure than a year ago. The survey of business leaders by the British Chambers of Commerce (BCC) finds that 47% fewer businesses believe that the road network meets their needs compared with last year: 60% have experienced delays that have negatively impacted their business while just 24% of business leaders

agree that the rail network meets their needs compared with 34% in 2018. The BCC wants the new Government to deliver on promised investment in road and rail schemes and to give business a greater say in local decision-making. Most businesses believe that their views are not considered when infrastructure decisions are made.

London Business Matters, Issue 161, December 2019, pp42-43

First all-electric commercial plane test flight

The very first all-electric commercial aircraft has performed a test flight in Vancouver Canada, although it only lasted 15 minutes. The plane's motor was developed by magniX, an Australian engineering firm, in collaboration with Harbour Air, an airline. However, Harbour Air will have to wait at least two years before it can begin to move its fleet of over 40 seaplanes to electric power. Battery power is still a problem because a plane, such as that used in the test flight, is only capable of doing 100 miles on a lithium battery power. For now, however, this will be adequate for Harbour Air's short-haul flights.

The Guardian, 12 December 2019, p36

Written by CIM's Knowledge Services Team

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Cutting Edge: Our weekly analysis of marketing news

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www.tltsolicitors.com

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Contents

To fast forward click on the following links:

[Agriculture, fishing and forestry](#)

[Building industry](#)

[Businesses and strategy](#)

[Charities and NGOs](#)

[Durable goods](#)

[Economy](#)

[Education](#)

[Environment](#)

[Fashion](#)

[Financial services](#)

[FMCG](#)

[Beverages](#)

[Food](#)

[Tobacco](#)

[Health and pharmaceuticals](#)

[IT and telecoms](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Agencies](#)

[Brands and branding](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Customer relations](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Materials and mining](#)

[Media](#)

[Film](#)

[Internet](#)

[Social media](#)

[Television](#)

[Video](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)