

Cutting Edge: Our weekly analysis of marketing news

15 January 2020

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Ad questions: problem or benefit?

Some ads begin by asking the consumer a question and in answering the question the person is encouraged to consider past experiences and relate the ad message to themselves (self-referencing). This research uses self-referencing to measure how question phrasing (problem vs benefit) in advertising may affect consumers' concerns and its impact on persuasion. One of the key findings is that issue-concerned participants are more persuaded by a problem than a benefit-focused participant, while those with low concern about an issue demonstrate the opposite behaviour. Marketing planners might consider the findings when deciding on the most suitable phrasing for their campaigns.

Journal of Marketing Management, Vol 35(17-18) December 2019, pp1689-1709 (Ku et al)

ASA deems video to be advertising

The ASA has banned a video ad featuring England footballers Declan Rice and Mark Noble who are shown wearing West Ham shirts with sponsor Betway featured prominently. Even though the YouTube video was a prank, the footballer is just 20 years old and betting companies are not allowed to use under-25s in a "significant role" in advertising. The video ends with the tagline "Heed Your Hunch" and a GambleAware warning. Betway argued that the video was "editorial" rather than promotional, but the ASA said that it encouraged people to place a bet.

telegraph.co.uk, 8 January 2020

Ad banned for gender stereotyping

An ad from People Per Hour has been banned by the ASA because of the phrase: "You do the girl boss

things". The online platform for freelancers, which ran the ad in the London Underground last year, was banned because it reinforced gender stereotypes. The ASA also said that the phrase "We'll do the SEO thing" suggested that women were not good at using technology. People Per Hour has apologised and removed the word "girl" from the ad. This ruling follows a ban on ads showing "harmful gender stereotypes" which took effect in June 2019. Mondelez and VW were among the first to have their ads banned under the new rules.

bbc.co.uk/news, 8 January 2020

Agencies

The changing face of the business

It is difficult to predict what the coming decade has in store but there are some obvious trends which ad agencies might want to be aware of. It has been a decade when agency business models have come under threat and trust in brands is declining. The strategy of giving brands a "higher purpose" seems to have run its course; adopting a vague purpose is no longer enough in the face of greater consumer scrutiny. Agencies need to move brands away from "philosophical" purpose because: "When it's not possible for a brand to do good, being good at what you do is not a bad alternative positioning". Agencies must move away from just brand communications towards involvement in every part of the brand experience. With these thoughts in mind, seven agency CEOs offer their thoughts on the year ahead.

Campaign, January 2020, pp22-27 (Lee)

Client-agency – importance of clear feedback

The agency and client partnership can be complex. When it's not working well, the client may be reluctant to say something, and the agency loses its business without warning. A client should give their agency clear feedback at the time and not months



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after the event in question. Clients should also evaluate their previous relationships with agencies to see if there have been similar problems. The agency should also give feedback because the partnership breakup is rarely due to the actions of just one party. Here is some advice on giving actionable feedback.

ama.org, 6 January 2020 (Morris)

S4 makes Mexican acquisition

S4 Capital, Sir Martin Sorrell's company, is to buy Circus Marketing, a content agency based in Mexico City. He plans to merge it with Media Monks. Circus already has Netflix, Spotify, Facebook and Google among its clients.

The Times, 9 January 2020, p44

Brands and branding

Brand evangelism

Brand evangelism refers to the willingness of a customer to promote a brand following a "delightful customer experience". It is usually associated with happy customers that have experienced positive service encounters. However, it is possible for the customer to offer positive feedback on a brand even after a service failure; this is a phenomenon known as "service recovery paradox". To protect the brand's reputation, the service team will have to do such a good job that the customer is not just satisfied but delighted. Service failure can often produce a new opportunity to show off service skills and boost the customer's confidence. The author uses the example of mobile money transfer in Kenya to illustrate her arguments and discusses the concept of "perceived fairness" in service failure redress.

Marketing Africa, Issue 33 2019, pp34-37 (Ngahu)

Brands – the generational differences

The *Most Connected Brand* ranking by Opinionium Research illustrates how it is important not to stereotype generational preferences. The study shows that differences in age group choices tend to be driven by social, cultural and technological changes. One difference is how the word "brand" changes across the generations: for older people it represents a physical product or the shop you bought it from, but for younger people it might be a phone app or a streaming provider. This article focuses on five key trends taken from the study, some of which suggest wider societal variations between generations: brand activism; the global community and declining relevance of British brands; changing tastes and the influence of other cultures; historical brands adapting for the new age; and the disruptive influence of technology.

thedrum.com, 13 January 2020 (Eathorne);

<https://www.mostconnectedbrands.com/>

The Law of Attraction

Why do people pick one brand rather than another? It could be a matter of trust or loyalty or may be packaging or price. On the other hand, a brand may have a quality that simply attracts consumers because it resonates and encourages people to make decisions that might not be entirely logical. This is the "language of instinct" and the "Law of Attraction". Here are some tips to consider when trying to become a "brand of attraction".

thriveglobal.com, 8 January 2020 (Myers)

Consumer behaviour

Making choices for others

Most research on consumer choices focuses on the choices consumers make for themselves but they often make choices for other people. The authors construct a framework to address how marketers and policy makers should respond to this. Starting with two dimensions (the chooser's social focus and the consumer's consideration of consumption preferences) they identify four aspects of "choosing-for-others": gift-giving; joint consumption; everyday favours/pickups; and caregiving. Each relates to motives which affect consumer choices. The research is intended to be of practical application by marketers, consumers and policy makers.

Journal of Consumer Research, Vol 46(3) October 2019, pp407-434 (Liu et al)

Customer relations

Growth – continuing to meet expectations

Organisations have different growth indicators with varying KPIs but, whatever their achievements, they should not compromise quality in the pursuit of growth. Organisations are dependent on customers without whom they can't grow but keeping customers happy throughout the entire growth period is challenging. When businesses are starting up, they focus on attracting and retaining customers because customers contribute to growth. But as organisations start to move into the "corporate" phase, the excellence of, and attention to, a personalised service starts to diminish. The author argues that: "With growth comes the challenge of meeting customer needs in the same way as before", and gives some advice on meeting customer expectations as a company grows.

Marketing Africa, Issue 33 2019, pp56-59 (Gatharu)

AI – Connecting with consumers

Modern consumers aren't looking for good marketing; what they want is connection and AI is well placed to show marketers where they can connect to consumers. If there is enough data, AI can help to show what a consumer considers to be important. In this article, 12 members of Forbes Agency Council look at how AI can help marketers to make genuine connections with customers.

forbes.com, 8 January 2020

Direct marketing

New ICO code of conduct

The ICO is drafting a new code of conduct for direct marketing which will be published later this year. The code is designed to help direct marketing comply with GDPR as well as the 2018 Data Protection Act and the 2003 Privacy and Electronic Communications Regulations. The code, which aims to provide a "life-cycle" approach to planning, starts with a definition of direct marketing to help practitioners decide if the code applies to them. The draft is open to consultation until 4 March.

prolificlondon.co.uk, 9 January 2020;

<https://ico.org.uk/about-the-ico/responses-to-the-call-for-views-on-the-direct-marketing-code-of-practice/>

Law

GDPR – territorial scope

In November the European Data Protection Board (EDPB) produced its final guidelines on the territorial scope of the GDPR. The EDPB is an independent body which offers general guidance on EU data protection laws and their interpretation. In terms of territory, GDPR can apply to data controllers and processors from both inside and outside the EU. It is essential that data controllers and processors, especially those targeting the EU market, look carefully at their processing activities to decide whether their processing of personal data comes within the GDPR's territorial scope. This article suggests some questions that you should be asking if you are unsure.

internationallawoffice.com, 10 January 2020 (Sutherland)

Harry and Meghan's trademarks

Prince Harry and Meghan may have decided to leave the Royal Family months ago. The clue is in the trademark applications which they filed in the UK last June to protect the "Sussex Royal" brand. The filings cover over 100 items including teaching materials, emotional support groups, clothing and newspapers. This may have been a defensive move because, if the pair leave the Royal Family, they could lose their royal titles. "Sussex Royal" is not an official royal title and so there is unlikely to be any question over ownership of the trademark. However, Harry and Meghan's other trademark, "Sussex Royal The Foundation of the Duke and Duchess of Sussex", refers to royal titles and could prove problematical.

lexology.com, 9 January 2020 (Murdoch)

ICO fines Dixons Carphone for data breach

The ICO has fined Dixons Carphone for a data breach involving the personal data of over 14m consumers. The ICO said it had found "systemic failures" in the way that DSG Retail Ltd safeguarded personal data including "basic, commonplace security measures". The fine would have been much larger if the breach, which occurred between July

2017 and April 2018, had taken place after GDPR took effect in May 2018.

Financial Times, 10 January 2020, p19

Marketing

Creative thinking

How do you expand a market when everyone already has what you make? Austrian winemaker, Claus Riedel, managed to do just that. These days most people use different wine glasses depending on the type of wine, but until the 1950s they tended to use just one type. Riedel introduced the concept of having a different glass for each type of wine. In 1958 he launched the Burgundy Grand Cru glass at the Brussels World's Fair and in 1961 a full line of glasses for different wines. He grasped the opportunity to move the family glassware business away from competing in the general glassware market to a specialist line of business and built a market that hadn't previously existed. He also made consumers feel special in that they were part of the "cognoscenti". This is what one might call "clever" marketing.

Campaign, January 2020, p12 (Trott)

Market research

UK chooses Ipsos for online measurement

The UK standard for audience measurement on PCs, tablets and smartphones is overseen by UK Online Measurement (UKOM). Now it has appointed Ipsos to use its proprietary methodology to supply the standard from January 2021. The data is used to measure the audience of online ad campaigns, but Ipsos's methodology will measure the individual consumer rather than separate devices and browsers. This offers a more "joined-up" view of online audiences, according to Ian Dowds, UKOM chief executive.

prolificlondon.co.uk, 7 January 2020

Public relations

Political influencers

Influencers can have a strong impact on the way their followers and others regard politics. In November grime artist Stormzy, who has 1.3m Twitter supporters, called on people to register to vote in the December election. This new wave of influencers, which doesn't have a direct link with politics as politicians, lobbyists or journalists do, have only gained traction with the rise of social media. Whether people agree with their stance or not, they can help to publicise a national issue or conversation. Yet PR professionals may be wary of working with non-traditional influencers because they do not have to observe the same strict rules as, for example, journalists. The new wave of influencers presents a challenge as well as an opportunity for PR pros.

PR Week, January-February 2020, pp38-41 (Harrington)

Sponsorship

FA deals with gambling companies

Sports bodies have been warned that they are in danger of losing Government funding if they persist in entering into commercial deals with gambling companies in which the companies can stream sports events on their web sites. This follows the news that seven gambling companies will show FA Cup matches live to people who are registered to bet on their sites. Nigel Adams, sports minister, said that: "All sporting bodies that have links with sponsors across all sectors need to be very mindful of the impact that such deals have on vulnerable people". The FA says that it will review all media rights deals in 2024, when they expire.

Financial Times, 10 January 2020, p3

Just Eat places delivery driver in Love Island

Just Eat's two-year sponsorship of *Love Island*, the popular TV series, is characterised by a real delivery driver bringing food to the show's participants. "Get Stuck In", a series of adverts created by McCann London, shows delivery driver Derek playing to the spirit of the show with slow-motion entrances and flirtation with the women. Matt Bushby, Just Eat's UK marketing director, says that the 18 to 34s who watch the show are the, "young, urban consumers [who] are driving the growth of the food delivery sector".

thedrum.com, 13 January 2020 (McCarthy)

Agriculture, fishing and forestry

NT to replace livestock with trees

The National Trust plans to become carbon neutral by 2030 by replacing livestock with 20m trees. More than half the land currently used for grazing will be given over to trees. Many farm tenancies will be altered, when they are renewed, to reflect the reduced sheep and cattle numbers. The Trust has criticised the Government for failing to meet its goal of planting 5,000 hectares of trees in England by last March. However, it admits that its carbon-neutral target does not take into account emissions from the cars used by people to reach its properties!

The Times, 10 January 2020, p12

French brand wants fair trade

French food brand C'est qui le Patron (Who's the Boss) is due to launch its first product (eggs) in the UK this year. The brand is unique in that it pays farmers a premium for their products by charging a higher retail price. Established in 2016, it aimed to help financially strapped farmers in France, among whom there had been a high suicide rate. The brand also lets consumers have a say (through a questionnaire) with regard to the types of products, how they are produced and the price paid. The aim

is to achieve a fairly traded product throughout the supply chain.

The Grocer, 11 January 2020, p50

Building industry

Wates has five-year environmental plan

Wates Group aims to produce zero waste from on-site operations; to reduce carbon emissions to zero; and to have a positive impact on nature from all its operations by 2025. It has identified various initiatives to help it reach these goals which include shifting its commercial vehicle fleet to all-electric; eliminating single-use plastic from its operations and the supply chain; investing in sustainable building techniques; and creating sustainability placements for graduates and apprentices. Suppliers will also be expected to participate.

theconstructionindex.co.uk, 13 January 2020

Start-up targets sustainable construction

Biohm, a start-up, aims to "replace every harmful construction material with something sustainable and high performing" according to Ehad Sayed, who founded the company in 2016. It has developed Orb, a sustainable, carbon neutral building material which uses food or agricultural waste and mycelium insulation to create products such as sheet material and insulation. The waste it uses comes straight from industry rather than waste management companies. Biohm is also partnering with social enterprises, such as the Onion Collective, based in Somerset.

The Observer (Design), 12 January 2020, pp83-86

Businesses and strategy

Shared value – benefit to society and business

This paper looks at shared value (CSR that benefits both society and the business) rather than philanthropy (a focus on issues regardless of their link with the business's goals) in socioeconomically deprived areas. The case study focuses on a company that is an industry leader in paper and pulp manufacturing in Indonesia. It presents an organisational CSR framework for companies working in deprived areas. It identifies the need for principles of strategic CSR and philanthropic CSR to work "in parallel" to create a shared value that will benefit both the business and society. It also identifies the challenges associated with the creation of shared value.

Social Business, Vol 9(3) Autumn 2019, pp205-226 (Azmat et al)

When can data create competitive advantage?

It is sometimes wrongly assumed that customer data can give you a competitive edge. The more customers you have, the more data you collect and the better the product which attracts yet more customers. These "virtuous cycles of data-enabled

learning” may look similar to network effects (the product rises in value for users as more people use it, resulting in such a critical mass of users that competitors are shut out) but are not as powerful or long-lasting. However, they can help to boost competitive prowess in certain circumstances. For this to happen, the data must offer high and lasting value; be proprietary; create improvements that can’t be easily copied; and generate insights that can be quickly incorporated.

Harvard Business Review, Vol 98(1) January-February 2020, pp94-101 (Hagiu and Wright)

Women far off gender equality

Women are still “generations away” from achieving gender equality in the UK, according to the Fawcett Society, a women’s rights and equality charity. Its *2020 Sex and Power Index* reveals that women account for just 6% of FTSE 100 CEOs, none are women of colour and only 32% of FTSE 100 directors are female. Only 20% of the CEOs of social media companies and 21% of the editors of national newspapers are female. In sport, women leaders are also conspicuous by their low numbers. The report says that to bring about change, there will have to be “quotas, targets and policy interventions”.

marketingweek.com, 12 January 2020;
<https://www.fawcettsociety.org.uk/>

Charities and NGOs

Promoting diversity in the sector

The Institute of Fundraising has launched a campaign on social media with a New Year’s resolution theme for improving diversity in the charity sector. Fundraisers are encouraged to use the fundraising resolution hashtag to share their 2020 resolutions. Peter Lewis, IoF chief executive, has published a blog with a commitment to make the sector, “more equal, more diverse and more inclusive”. The IoF intends to publish a recruitment toolkit in the spring aimed at providing charities with, “more granularity as to how you can recruit a more diverse team”.

charitydigitalnews.co.uk, 8 January 2020 (Lepper)

Eliciting the right emotions

Charitable and prosocial organisations have different moral objectives and promote different positive emotions in people to encourage donations. But which positive emotion is the most effective for the objective in question? This research shows how the link between the moral “domain” of an emotion and the moral objective of an organisation influences prosocial behaviours. Charities that aim to increase care in society (such as disaster-relief) should use compassion in their campaigns while those promoting fairness and equality (human rights) should use gratitude. The studies show that using a positive emotion that aligns with the charity’s moral

objective boosts donations and preferences.

Journal of Consumer Research, Vol 46(4) December 2019, pp774-790 (Goenka and Osselaer)

Economy

Houses less affordable

House prices in Britain rose by 33% between 2010 and the end of 2019, much lower than the 188% rises seen in the 2000s, according to data from Nationwide. Meanwhile, wages have risen by just 20% over the decade. These days it takes the average worker 15 years to save for a 20% deposit on a home vs just ten years in 2009. House prices in London have risen by 66% over the last decade compared with a 2% rise in Northern Ireland and 8% in Scotland. Rather surprisingly, property investment has been less profitable than the FTSE 100, which rose by 39% and the FTSE 250 which was up by 135%, over the decade.

The Times, 8 January 2020, p36

UK growth at lowest since 2012

The ONS’s *GDP Monthly estimate, UK: November 2019* reveals that UK GDP grew by just 0.1% in the three months to November 2019. The services sector grew by 0.1%; production fell by 0.6%; and the construction sector rose by 1.1% for the period. Head of GDP Rob Kent said that: “Long term, the economy continues to slow, with growth in the economy compared with the same time last year at its lowest since the spring of 2012”. However, the trade deficit has narrowed as exports have grown faster than imports.

ons.gov.uk, 13 January 2020 (Scruton)

Labour productivity, Q3 2019

In its latest release on productivity – *Labour productivity, UK: July to September 2019* – the ONS reports that productivity, as measured by output per hour, rose by 0.1% compared with the third quarter of the previous year, following four quarters of contraction. While services labour productivity rose by 0.1% year-on-year, manufacturing productivity fell by 1.9%. Meanwhile, gross value added (GVA) grew slightly faster than the number of jobs.

ons.gov.uk, 8 January 2020 (Kent)

Education

Educational apps to be filed in China

In November China’s Ministry of Education published the Administrative Measures for the Filing of Educational Apps. This means that providers of educational apps and institutional users of educational apps must follow the filing procedures. The administrative measures are an indication that China is tightening up its controls on educational apps in the country. It is likely that other industry

authorities will introduce similar measures in the near future.

internationallawoffice.com, 10 January 2020

Energy and utilities

Creating unlimited clean energy

ITER (formerly the International Thermonuclear Energy Reactor) is trying to create unlimited clean energy at a site in Provence, France. The initiative, which involves collaboration by over 35 countries, is costing more than €20 billion. The process itself, which sees hydrogen atoms colliding at high temperatures in a machine called a tokamak, will produce energy to power turbines for electricity. This could help to solve the energy crisis, says Sarah Griffiths, a design engineer at ITER.

[Wired](#), January-February 2020, pp20-22

Environment

Corporate irresponsibility

The potential for marketing to promote sustainability is widely accepted. Yet little is known about the types of organisational conduct that result in a lack of progress in sustainability in the marketplace. Food waste can be seen an expression of irresponsible conduct (corporate "irresponsibility") as well as being one of the largest environmental problems in the EU, Sweden, and, especially the UK. This article discusses the concepts of sustainability and corporate irresponsibility in contemporary marketing thinking. It also looks at ways in which marketing strategies help to legitimise food waste generation in retail and examines three strategies for the "subversion of sustainability".

[Journal of Marketing Management](#), Vol 35(17-18) December 2019, pp1563-1583 (Yngfalk)

Tackling e-waste

Veolia's recycling depot in Southwark processes hundreds of tonnes of electronic waste (e-waste) and is one of the biggest facilities of its kind in the UK. E-waste is the fastest-growing part of domestic waste globally, according to the 2017 UN Global E-waste Monitor. Only 20% of e-waste is collected and recycled, with the rest going to landfill or traded illegally. Many of the materials in electronic devices are pollutants if they get into the soil. Last year the Basel Action Network revealed that the UK is the worst culprit for illegal e-waste exports to developing countries. This article looks at trends in the recycle, repair and reuse of e-waste.

[FT Weekend \(House & Home\)](#), 11-12 January 2020, pp1-2

Fashion

Superdry – wrong focus?

Superdry, which has reported a sharp fall in profits for the Christmas period, has warned that full-year profits could be between zero and £10m, much

lower than the £40m expected by analysts. Superdry founder, Julian Dunkerton, returned to the company last year to help turn the business around by focusing on full-price sales and reducing the number of promotions. Analysts at Liberum say that, while a full-price strategy is good for branded fashion companies, it only works with the right quality and range of products. Superdry may have been too "aggressive" with its stance.

bbc.co.uk/news, 10 January 2020

Financial services

Mastercard – sonic branding

Last year Mastercard unveiled its "sonic logo", a unique tune that customers hear when they interact with the brand online or at point of sale. Now it has launched an ad campaign which uses the sound in a single called *Merry Go Round*, sung by Nadine Randl, a Swedish singer. Raja Rajamannar, Mastercard's chief marketing and comms officer, says that: "Sound is our next frontier for brand expression and a powerful way for us to reach consumers through the passions that connect us all".

marketingweek.com, 8 January 2020

Dynamic CVV number from Deutsche Bank

Deutsche Bank in Spain has introduced a card in which the traditional CVV security number on the back is replaced with a small screen that displays a new CVV number every four hours. This will improve security especially during online shopping, according to Mastercard.

nfcw.com, 6 January 2020 (Clark)

FMCG

Food

Telling Impossible porkies?

Having had success with its "bleeding" veggie burger, Impossible Foods is now targeting pork with the launch of Impossible Pork. The company's CEO, Patrick Brown, says the company only wants to sell to those, "who would otherwise be buying animal-based productions". The company hopes that Impossible Pork, unveiled at the Consumer Electronics Show, will help it to break into the Chinese market, the largest consumer of fresh meat, especially pork, in the world. Impossible Foods hopes to launch in the UK, but GM foods are more strictly regulated in the EU than in the US.

[The Times](#), 8 January 2020, p3

Quorn to display carbon footprint on labels

Quorn claims to be the first meat-free manufacturer to obtain third-party certification (by the Carbon Trust) of its carbon footprint which will be placed on its food labelling. The new labelling will appear on

some of its products this year and its entire range by 2021. The meat-free industry is flourishing but some products have been criticised for being highly processed and far removed from natural, plant-based foods. Manufacturers have been ramping up efforts to give consumers more information about the environmental effects of their products, but this has proved problematic.

The Guardian, 10 January 2020, p21

Maltesers takes the biscuit

Maltesers is expanding into biscuits for the first time with the launch of Maltesers Biscuits which will have "malty bobbles". Mars has teamed up with Burton's Biscuit Company, which previously worked with it on biscuit launches including Galaxy, Mars and Bounty Soft Centres. Mars has made a number of innovative moves over the past year, including the launch of its first vegan chocolate.

The Grocer, 11 January 2020, p46

Household

Incense is having a luxury renaissance

Incense is back in fashion with luxury brands, such as Earl of East, selling various scented offerings. Laurent Lafon, co-founder of United Perfumes, argues that "incense has always been chic" except back in the 70s when the market was flooded with cheap, wood-based incense sticks.

FT Weekend, 11-12 January 2020, p4

Government and public sector

Digital campaigning – Trump vs Democrats

The US election is approaching fast and Donald Trump's digital team is busy gearing up for a new digital campaign. Revelations about his use of personal data (probably bolstered by the now collapsed and scandal-ridden Cambridge Analytica) to target certain demographics, have created concerns especially among Democrats. President Obama's 2008 and 2012 victories, which showed the power of internet campaigning, have since been eclipsed by the Republican victory. This article looks at how Democrats and their supporters are trying to learn from the 2016 campaign amid fears that many senior Democrats are "Digital dinosaurs" who prefer to put their money into television campaigns.

FT Weekend (Life & Arts), 11-12 January 2020, pp1-2

Health and pharmaceuticals

Medical devices, EU law and Brexit

The regulatory system for the over 500,000 types of medical and in vitro diagnostic devices on the EU market, is highly complex. They are classified under EU laws according to their degree of risk (low to high). With a few exceptions, medical devices can only enter the EU market if a Notified Body

establishes that it is compliant with legislation, in which case it achieves a "CE-mark". This article looks at recent developments in EU medical device law and the consequences of Brexit for the UK market.

European Pharmaceutical Review, Vol 24(6) December 2019, pp32-34 (Ranson)

CAP targets Botox ads

Both CAP and the MHRA have issued an enforcement notice to the beauty and cosmetics industry regarding social media ads promoting Botox. Under current rules Botox cannot be advertised to the public. CAP will review the Botox ads on Facebook using monitoring technology to flag them for removal. Advertisers who do not comply will be referred to the MHRA. Marketers and businesses are advised to review all their paid- and non-paid influencer marketing posts.

prolificlondon.co.uk, 10 January 2020 (Peachey)

Medical cannabis in the UK

The Medical Cannabis and Wellness exchange traded fund is being launched in Europe. Investors will be able to buy a stake in companies with legal operations in the medical cannabis market. The global market (medical cannabis products are legal in over 40 countries) is expected to be worth up to \$60 billion in a few years. Medical cannabis was legalised in the UK at the end of 2018 and the first cannabis drug for epilepsy, Epidiolex, has just been made available on the NHS. Its maker, GW Pharmaceuticals, is also trying to clear regulatory hurdles for Sativex, a drug used by MS sufferers.

Financial Times, 7 January 2020, p12

Meat substitutes may need health warning

Despite meat substitutes often being labelled "clean" and "green", they can have a detrimental impact on health, according to the Nuffield Council on Bioethics. Many such products are highly processed and contain lots of salt. It warns that: "The long-term health effects of consuming meat alternatives have not been established". It is also concerned that the products may contain as many calories and saturated fat as meat products. Council director, Hugh Whittall, calls for "transparency and accuracy in marketing and labelling".

The Times, 8 January 2020, p3

IT and telecoms

The chips are down for China

The chip industry has high barriers to entry because it requires expensive factories and the technology is highly complex. This is why China has so far lagged in its attempts to make its own chips. The huge amounts of money thrown at the Government's chip programme is targeting the wrong thing. Instead of trying to meet China's massive demand, it is trying

to catch up with the likes of Intel. China's biggest chip factory, SMIC, is about to produce chips that are only as sophisticated as Intel's were around a decade ago. Yet China accounts for a huge share of world demand for chips (PwC estimates the global market for chips will be worth \$575 billion by 2022). The Government might do better to encourage the design and manufacture of chips aimed at middle markets such as the Internet of Things and AI applications. This could help the country to win a place in the global supply chain.

The Economist (Technology Quarterly: Technology in China), 4 January 2020, (after p32) pp10-11

Virtual humans could take on service roles

Neon, a start-up funded by Samsung, has unveiled an "artificial human" at this year's CES which it claims can show emotions and intelligence as well as being able to speak and learn. Neon expects its virtual human being to be used in customer service and roles such as financial advisers, GPs and teachers. Although "deepfakes" (in which videos have been digitally manipulated to make it appear that someone is doing or saying something that they are not) have become common, synthetic humans take things to a new level by being completely artificially generated. Hour One, a company that makes synthetic avatars for advertising and e-commerce, can capture a subject's likeness in just 20 minutes. It is now working with social media influencers and celebs who could potentially appear in ads without having to spend time being filmed. In the future we could all have virtual doppelgangers...

The Daily Telegraph (Business), 8 January 2020, p4

Leisure and tourism

Darts aims high but can it succeed in the US?

In December Fallon Sherrock, a female player, became the first woman to win a match at the PDC World Darts Championship. The game is usually associated with "beer-bellied" men but has moved on to become the second-most-watched sport after football on Sky TV. The PDC is betting that its repackaging of the sport will help it to find a bigger audience overseas. Madison Square Garden in New York is due to host a PDC event for the first time this year. This will be interesting because darts has never previously been enjoyed as a spectator sport in the US. However, sponsorship of PDC events tends to be undertaken by bookmakers but in most US states gambling on sport is illegal. Without sponsorship money, the PDC will struggle to put on tournaments and offer big prize money.

The Economist, 4 January 2020, p19

Super Bowl trumped by political ads

The Super Bowl, which takes place next month, will see a battle between Michael Bloomberg and Donald Trump, who have each shelled out \$10m to

advertise for just 60 seconds during the event. The Super Bowl is viewed by 100m people and the ads shown during it – often humorous or innovative – are much anticipated. However, Super Bowl is usually devoid of political ads. Bloomberg, who is running for the Democratic presidential nomination, said his Super Bowl ad would try to "get under Trump's skin"!

The Daily Telegraph, 9 January 2020, p14

Ban on credit card use for gambling

The Gambling Commission is to ban people from using credit cards to place bets in its efforts to tackle problem gambling. Some consumers have tens of thousands of pounds of debt because of their use of credit cards. The ban, which applies to all online and offline gambling except lotteries that are for good causes, takes effect on 14 April. It follows reviews of the industry by the Commission and the Government. Some 24m adults in Britain gamble, and 10.5m do so online.

bbc.co.uk/news, 14 January 2020

Materials and mining

Palladium – more valuable than gold

Palladium is in such high demand that it has become more valuable than gold and prices have risen by around 25% since the start of October. The metal is used in catalytic converters on car exhausts to help turn toxic emissions into CO₂, water and nitrogen. It can also be used in hybrid cars. Yet there is only a limited supply of palladium from mines in Russia and South Africa. Carmakers could struggle to source enough it over the next few years and have begun to consider using other metals such as platinum and rhodium as substitutes.

Financial Times, 10 January 2020, p25

Media

Books

A good read – more independent booksellers

For a third consecutive year the UK and Ireland has seen an increase in the number of independent booksellers, according to the Booksellers Association. The numbers, which have risen from 868 in 2017 to 890 in 2019, are small but significant because they follow over 20 years of decline in the sector and 2019 was the worst year on record for retail. Meryl Halls, Booksellers Association's MD, says she will continue campaigning for the Government to protect bookshops and other stores.

The Guardian, 10 January 2020, pp16-17

Film

007 opts for non-alcoholic beer

James Bond has always been depicted as being in favour of a drink or two. Now an ad from Eon, the

film company which owns the rights to 007, shows Bond refusing a cocktail and instead choosing an alcohol-free beer while telling the barman, "I'm working". One branding expert believes this to be a "subversion" of the character and equates it with Paddington Bear who was shown refusing marmalade in favour of Marmite in a 2007 ad. The ad had to be withdrawn after Michael Bond, Paddington's creator, said that Paddington would never convert from marmalade. The Fleming estate does not seem to be as concerned at the prospect of a teetotal James Bond!

The Times, 10 January 2020, p17

Games

A defeat for smaller games developers

When games maker Kalypso Media Group (KMG) applied to trademark the word "DUNGEON", Wizards of the Coast, owners of the rights to *Dungeons and Dragons* games, opposed the application because they had previously registered DUNGEONS AND DRAGONS in the same EU trademark classes. Wizards won the case after KMG appealed to the General Court of the EU Intellectual Property Office (EUIPO). The decision means that Wizards owns some powerful trademarks; it can challenge any other parties applying to trademark names that contain either "DUNGEONS" or "DRAGONS". This is a blow for smaller games developers and publishers who will need to come up with new concepts to reflect their brand's title.

lexology.com, 9 January 2020 (Stafford)

Internet

IAB takes action on ICO RTB probe

IAB UK has produced a six-point action plan to help advertisers using real-time bidding (RTB) comply with data protection laws. The ICO is currently investigating the RTB industry, having given it until the end of January to comply with GDPR. It is concerned that advertisers are breaking data regulations because consumers' personal data could be broadcast through bid requests without consent.

marketingweek.com, 10 January 2020

Mobile dominates search in US

This year nearly two-thirds of people in the US are expected to search on their smartphones. Developments, such as the ability to search using voice or an image, have helped to transform search behaviour. The vast majority of the 242.5m US internet users who conducted searches monthly last year did so on smartphones, amounting to 64% of the population.

emarketer.com, 8 January 2020 (Perrin)

Music

Music streaming – Tencent benefits

In December a consortium headed up by Tencent said it would acquire 10% of Universal Music Group for €3 billion. The deal reflects the recorded music industry's recovery over the past few years. From being worth \$23.9 billion in 2001, sales of recorded music fell to \$14.3 billion in 2014. This was largely blamed on piracy due to the internet, but the internet has also improved things for the industry as streaming services have come online. The streaming industry is dominated by Spotify and Apple but others, including Google, Amazon and Tencent, are entering the market. The influx of new entrants and new customers will help to grow the market and boost companies such as Universal, which control the music that streaming companies must license. Tencent could profit from both areas.

The Economist, 4 January 2020, pp49-50

Social media

CMOs don't recognise value of social media

Some 31% of CMOs claim not to know the value of social media to their business, according to new research from Forrester. Yet social media takes up a large proportion of total ad spend: £85m is expected to be spent on it this year alone. The report advises marketers to use social tactics and technology to achieve wider marketing goals rather than just focusing on advertising.

prolificlondon.co.uk, 7 January 2020

Twitter to allow users to block replies

Twitter is to test new features including allowing users to block replies to posts using four different settings. The move aims to help people "feel safe participating in the conversation", according to a spokesperson.

marketingweek.com, 9 January 2020

Television

Quibi – short-form video has serious backing

Quibi, a new video-streaming platform, specialises in offering ten-minute episodes of TV, film and documentaries that are delivered to a smartphone. Although this may sound like a gimmick aimed at Gen Z, the quality of backers (they include Meg Whitman, the former CEO of HP, and Jeffrey Katzenberg, of Disney and DreamWorks) and amount of finance involved in the project suggest that Quibi is to be taken seriously. Launching in the US in April, advertising will play a key role and Quibi already has partnerships with brands such as Pepsi and P&G. But will people pay for it? While TikTok is free, Quibi will cost \$4.99 per month.

The Daily Telegraph, 10 January 2020, p5

Packaging

Shift from plastic packaging could be harmful

A new cross-party Parliamentary group report warns that swapping from plastic to other materials could harm the environment more than plastic itself. For example, glass bottles are heavier than plastic and therefore create more pollution during transport while paper bags have higher CO₂ emissions than plastic bags and cannot be reused. The Green Alliance report, entitled *Plastic Promises*, says that: "Over 80% of consumers think biodegradable or compostable plastic is environmentally friendly, but there is little understanding of what the terms mean and how the material should be dealt with". The confusion could harm the environment if compostable plastic is mixed up with conventional plastic.

[bbc.co.uk/news](https://www.green-alliance.org.uk/plastic-promises.php), 9 January 2020; <https://www.green-alliance.org.uk/plastic-promises.php>

Retailing

2019 worst recorded year for sales

Last year was the worst on record for retail, according to the BRC-KPMG retail sales monitor. Sales fell by 0.1% following growth of 1.2% in 2018. It is the first year in which retail sales have fallen, although December saw a sales rise of 1.9% probably thanks to Black Friday. BRC CEO, Helen Dickinson, believes that an uncertain future due to Brexit could be affecting sales. She identifies challenges for retailers such as productivity; rising wages; recyclability of products; and reducing waste.

[marketingweek.com](https://www.marketingweek.com), 9 January 2020

Debenhams closes 19 stores

Debenhams is closing 19 stores this month as part of its turnaround plan announced last year. This is just the first of many closures with 50 planned in total. The UK high street lost a total of 140,000 jobs last year as fewer people shopped in physical stores and the cost of running large premises rose. Shoppers are also reducing their expenditure on clothing and household goods. Department stores are struggling, and even John Lewis made a loss in the first half of its financial year. House of Fraser is also experiencing difficulties under the ownership of Mike Ashley.

[The Guardian](https://www.theguardian.com), 4 January 2020, p39

Sales at Argos lack festive spirit

Sainsbury's sales fell by 0.7% over Christmas: although supermarket grocery sales rose by 0.4%, general merchandise fell by 3.9% in the three months to 4 January. Argos, the UK's largest toy retailer, accounts for two-thirds of this but has suffered due to the toy market contracting by 10%. Sainsbury's aims to reduce annual costs by £500m

over five years by closing some Argos stores, reducing support for its bank and ramping up investment in digital.

[Financial Times](https://www.ft.com), 9 January 2020, p19

Services

Hotel insolvencies reach record high

Last year the number of hotels becoming insolvent reached a five-year high. Insolvencies rose by 60% in the year to September accounting for 144 sites, up from 90 sites in 2018. The hotel sector has suffered from a slowdown in the economy; a fall in overseas visitors; and competition from online booking platforms and Airbnb. Higher business rates and costlier food and drink are also contributing to the downturn. Peter Kubik, a partner at UHY Hacker Young which compiled the figures, warns that hotels that can't fund change are in danger of being left behind.

[The Guardian](https://www.theguardian.com), 6 January 2020, p41

Last MacDonald's-free county about to go

Campaigners in Rutland have lost their battle to prevent McDonald's from opening a fast-food outlet in the historic town of Oakham. Rutland, Britain's smallest county, has prided itself on its lack of fast-food chains. Its local tourist board website even promotes the fact that it is the only county in England without a McDonald's. By contrast, younger residents of the town welcome the chance to eat somewhere cheap. Planning officers have given the go ahead for a 24/7 drive-through pending council approval.

[The Times](https://www.thetimes.co.uk), 8 January 2020, p3; [The Guardian](https://www.theguardian.com), 13 January 2020, p3

Transport and travel

Electric cars on upward trend

Sales of electric cars (pure electric and hybrids) now account for 7.3% of the market. The Tesla Model 3 even appeared on December's top ten best seller list. Grant Shapps, transport minister, refers to 2020 as the year in which the electric car goes mainstream. However, data from the SMMT show that ownership of pure electric cars is some way off the mainstream. Last year 37,850 pure electric cars were sold, representing just 1.9% of the market. The SMMT is concerned that the Government will not keep to its commitment of offering cash handouts to electric car buyers, and that car manufacturers will target other European countries that have better recharging infrastructure and incentives.

[The Times](https://www.thetimes.co.uk), 7 January 2020, pp34-35

Government funding could rescue Flybe

Following the news that regional airline, Flybe, is on the brink of collapse, the Government is considering some short-term funding to help prop it up. This will

be in addition to the proposed reduction in air passenger duty (APD) on domestic flights. Flybe operates over half of the UK's internal flights outside London. Although the Government has shied away from bailing out companies in the past, not wishing to set a precedent, the importance of Flybe in, "delivering connectivity across the whole of the United Kingdom" has been recognised by Boris Johnson. However, Doug Parr of Greenpeace has referred to the cutting of APD as a "shocking decision", saying that the Government cannot claim to be a global leader in climate action while making carbon-intensive travel cheaper. This will be a contentious issue.

bbc.co.uk/news, 14 January 2020

Car sales fall in China

Car sales in China have fallen for a second consecutive year following a slowdown in the economy and the trade dispute with the US. Sales fell by 8.2% last year and 2.8% in 2018 and the world's biggest car market is about to enter a third year of decline. Electric vehicle sales are also slowing due to government subsidies being reduced last June by more than a half. Many EV manufacturers have been forced to cut production because they can't make a profit.

Financial Times, 14 January 2020, p6

Written by CIM's Knowledge Services Team

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Cutting Edge: Our weekly analysis of marketing news

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