

# Cutting Edge: Our weekly analysis of marketing news

22 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

#### Adland should move on from sadvertising

The age of the John-Lewis style "sadvert" could be over, according to Trevor Beattie, the advertising executive responsible for some famous campaigns such as Wonderbra's "Hello Boys". He believes that the sentimentality of John Lewis's ads since 2007 is no longer helping sales. The "acoustic guitar reworking of an old Aerosmith classic over some drippy passage-though-time generationally idea" has been one of the longest-surviving trends in advertising but has reached an end as "Adland has moved on", he says. He believes the industry has become "bland" and that agencies must find some new ideas.

**The Times, 17 January 2020, p24**

#### The power of storytelling

In this study, the authors look at the role of storytelling in advertising and participants' intentions to share what they have learnt about the product. The researchers tested the effects of storytelling in a radio ad for a fictitious brand of luggage. It used stories told by the founder and a customer followed by an ad which consisted simply of information about the product. The results show that stories can elicit more favourable emotional responses and intention to share through word-of-mouth than informational ads. This was particularly apparent among participants who heard the founder's story.

**Journal of Consumer Behaviour, Vol 19(1) January-February 2020, pp47-56 (Kang et al)**

### Brands and branding

#### Brand leadership

The amount of choice available to consumers can be daunting and consumers are fickle so what is the best way of building brand loyalty and achieving

leadership? Here are five key pieces of advice for achieving and maintaining brand leadership: knowing your product inside out; creating an easy process for consumers; offering valuable customer experiences; providing unforgettable quality; and maintaining a clear mission for employees.

**Marketing Africa, Issue 33 2019, p24 (Sudi-Maina)**

#### Most trusted brands

The first *Most Trusted Brands 2020* survey from Morning Consult is based on interviews in which respondents were asked: "How much do you trust each brand to do what is right?". The results, based on trust "a lot" responses, reveal that among the 25 most trusted brands in America, USPS has the highest score (42%) followed by Amazon (38.8%), Google (37.9%) and PayPal (36.5%). When asked: "How much do you trust each brand to do what is right?", 47.1% said they trusted Google "a lot" followed by Netflix (47%) and Amazon (46.6%). The survey found that Gen Z's average trust rating is ten points lower than that of Boomers. Younger people are also more likely to base their trust on a brand's ethical performance.

**morningconsult.com, January 2020**

### Conferences and events

#### Festivalisation

These days anything can be "festivalised", including books, food, drink, health and wellness. Brands find that festival partnerships are a good way to get close to consumers and hard-to-reach audiences. The events industry is awash with new events while experience ventures are "blurring thought leadership with branded content and entertainment", according to Lucie Greene of Light Years, a LA-based consultancy. Unique, niche experiences can be as effective as the mega-festivals, but it is important to "build a journey" rather than simply a one-day experience. Millennials and Gen Z are becoming



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fussier about what they consider to be an experience worth visiting. For brands, it is becoming harder to stand out in what has become a crowded space.

**Catalyst, Issue 1 2020, pp38-41 (Turner)**

## **Consumer behaviour**

### **Visual attention**

Visual attention studies can help marketers to better understand consumer behaviour at different decision stages. Understanding consumer judgement and decision processes has been aided through eye-tracking technology allowing visual attention to be studied in contexts, such as retail, TV, print, web usability and so on. The popularity of eye tracking has resulted in a rise in the number of studies on visual attention. This research involves an analysis of 201 articles highlighting the visual attention effect on consumer choices. The authors make proposals for future research into visual attention marketing.

**Journal of Marketing Management, Vol 35(17-18) December 2019, pp1710-1740 (Ladeira et al)**

### **Consumer disgust**

The Museum of Disgusting Food in Malmö, Sweden represents foods from around the world which many people might find revolting. People are invited to taste liquid with dead mice in it. There are also cubes of "hakarl" taken from toothpicks (an Icelandic delicacy). Visitors are issued with a sick bag and "chundering incidents" are recorded. People need a sense of disgust as an emotion but, in many cases, disgust is culturally conditioned. For example, many East Asians are horrified at the idea of strong cheese which means Britain's Stinking Bishop does not go down well. Disgust can also be influenced by genes, religious customs or a sense of immorality. The museum may not change how people think but it may help to overcome their revulsion for things if they see other members of their group doing something. People gradually learn to tolerate things that they may once have found disgusting.

**The Economist, 11 January 2020, pp53-54**

## **Direct marketing**

### **Code of practice – points to note**

Earlier this month the ICO published its draft *Code of Practice on Direct Marketing*, as mentioned in last week's Cutting Edge. It is over 120 pages long and covers not just e-marketing but newer tools such as social media and adtech. Although much of it refers to earlier guidance, there are important clarifications and updates especially in relation to in-app marketing, refer-a-friend schemes and social media marketing. This article emphasises some of the key points which should be considered by marketers.

**internationallawoffice.com, 17 January 2020 (Boardman and Fenelon)**

## **Law**

### **A case of bad faith**

In Hungary the trademark JAZZY PUB was registered seven years after an earlier trademark by Radio Jazzy. The Hungarian Intellectual Property Office (HIPO) annulled the later trademark on the basis that the JAZZY PUB applicant had been aware of the existence of the former mark and had therefore acted in "bad faith". Under Hungarian law, acting in bad faith has been prohibited for centuries. The decision also aligns with the European Court of Justice's case law, which states that "a finding of bad faith can be made if an applicant was aware of a prior mark when it filed its application".

**internationallawoffice.com, 20 January 2020 (Vida)**

### **Nintendo wins piracy case**

Nintendo has won a case in the England and Wales High Court which requires five major ISPs to block access to four websites that have been promoting the piracy of Nintendo Switch software. This type of ruling is common in the UK, where the promotion and sales of copied goods has resulted in over 1,000 URLs being blocked. However, the situation is quite different in the US where ISPs are protected from copyright infringement by the "safe harbour" provisions of the Digital Millennium Copyright Act (DMCA). Therefore, in the US Nintendo has had to rely on individual actions, such as cease-and-desist letters. The availability of pirated content does not appear to have declined despite Nintendo's efforts.

**lexology.com, 16 January 2020 (Nealon)**

## **Marketing**

### **SMEs – avoiding marketing mistakes**

Many SME owners and managers make the wrong assumptions about marketing which can result in expensive marketing mistakes and the conclusion that marketing simply doesn't work. Yet the most successful companies have great marketing departments. In order for marketing to work, you must think it through and get it right which involves adopting strategies that avoid expensive mistakes. Here are four suggestions for avoiding marketing mistakes before you embark on a plan that will help you to market effectively in the right channels.

**Marketing Africa, Issue 33 2019, pp72-73 (Siganga)**

### **Using emojis in marketing**

Emojis have become part of the common language – apparently some 92% of consumers use emojis online – and this presents marketers and businesses with an opportunity. *The Complete Guide to Emojis in Marketing* covers the history of emojis; emojis in communication and marketing; instant messaging and chat; social media ads; email; blogs and written content; and feedback. It concludes that emojis offer brands an opportunity to be fun and closer to their target market. They give you a chance to

speak in the language of that market and to differentiate yourself from other businesses but beware of overusing them!

<https://www.einsteinmarketer.com/emojis-in-marketing/>, 13 January 2020 (Barney)

### **Marketing's main challenge is trust**

In a new survey the DMA asked its Awards judges what the most important thing to consider as a marketing professional is. The largest percentage (59%) said "reinforcing customers' trust" while 52% said "understanding customer wants and needs". Meanwhile 94% said that "intelligent marketing" was an essential part of the data and marketing industry. When asked what this meant, 90% said it was "the future" while 65% said it was "the reality" of the industry. According to DMA MD Rachel Aldighieri: "By putting the customer first, brands can not only better understand their needs and wants but also help build sustainable relationships based on trust".

[prolificlondon.co.uk](http://prolificlondon.co.uk), 13 January 2020 (Spargo)

### **IPA Bellwether shows signs of optimism**

The latest IPA Bellwether Report showed some growth in the last quarter of 2019: a net balance of 4% of companies surveyed revised their marketing budgets up from the -0.5% seen in Q3. Internet has emerged on top (+7.9%) while main media advertising has nudged up slightly (0.5%). All other categories (events, sales promotions, PR, DM and market research) have been revised down. The outlook for 2020/21 marketing spending is optimistic, with 15.7% of companies predicting that their budgets will be revised up. The political and economic uncertainty appears to have been relieved enough to release investment. However, there are potential risks, such as the failure of the business cycle to recover or renewed Brexit uncertainty.

[mitmagazine.co.uk](http://mitmagazine.co.uk), 15 January 2020;

[prolificlondon.co.uk](http://prolificlondon.co.uk), 15 January 2020 (Prior)

## **Market research**

### **Tackling bad olfactory associations**

Smell can be a powerful sense: it can conjure up memories and positive emotions even more than looking at a photo or listening to music. We tend to focus on pleasant scents, but unpleasant smells can be associated with negative experiences. They can they also be a powerful way of evoking memories. This article describes a new study published in the journal, *Learning and Memory*, which tested how participants reacted to "aversive odours". They were asked if they noticed any associations between neutral images of objects, a chair for example, and the smells they were experiencing. The researchers found that for both adults and adolescents, memories were stronger a day later for the images that were paired with bad smells than for images that were viewed in an unscented atmosphere. The

research could help in addressing the negative effects of "emotion-related memory enhancements".

[research-live.com](http://research-live.com), 13 January 2020 (McQater)

### **New product launches – test and learn**

Companies of all sizes experience problems with new product launches, such as *Cosmopolitan* magazine's yoghurts, which were considered "off-brand"; and Microsoft's Zune, which tried but failed to compete with the iPod. A product launch is a risky business and it is estimated that up to 95% of the 30,000 new consumer products launched every year fail. Using a test market or "test and learn strategy" has become more prevalent over the past few years. There are various approaches to test and learn but when done properly such a strategy can provide insights "about real products from real consumers in real moments". Yet it can be risky to place a product on the market when not perfectly finished and market researchers tend to be risk averse. They must learn to "turn philosophy into practice and research into results".

[ama.org](http://ama.org), 9 January 2020 (Roshkoff)

## **Public relations**

### **Intangible assets – reputational intelligence**

Companies have the challenge of understanding how they are affected by the numerous opinions generated by stakeholders on social media that relate to intangible assets, such as experiences, emotions and attitudes. The authors present a new management model (E2AB) aimed at measuring and analysing reputational intangibles from digital environments and assessing their impact on tangible assets. They use big data and business intelligence techniques based on the banking sector. The findings, which reveal complex relationships between tangible and intangible assets, could help chief comms officers and managers to understand how intangible assets from online users' opinions impact tangible assets and how to manage them for agile decision-making in real time.

*Industrial Management and Data Systems*, Vol 120(1) 2020, pp40-56 (Casado-Molina et al)

## **Sponsorship**

### **Chelsea adopts short-term partnerships**

Chelsea FC has become the first Premier League club in England to enable short-term brand sponsorships. It is offering brands access to its top players, in-house assets and distribution channels without requiring them to commit to a long-term contract. Football usually has multi-year contracts enabling long-term brand alignment with top-tier partners. Gary Twelvetree, head of marketing at Chelsea, believes the new model will attract marketing departments that have lower budgets. Duracell, the first brand to try out the new sponsorship products, has since reported "significant uplift" in its Power Bank sales. Twelvetree believes

Chelsea is the, “only club in the market thinking differently about partnerships”. However, it will have to ensure that it doesn’t upset its top-tier partners.

**thedrum.com, 21 January 2020 (McCarthy)**

## Agriculture, fishing and forestry

### Farmers vs vegans

British livestock farmers feel challenged as the vegan movement gains traction. Although they still only make up 1% of the UK population, vegan numbers have quadrupled over the past five years. Many farmers believe that veganism is being supported by big companies who want to promote “plant-based” food brands that sound healthy but are in fact highly processed. They are also concerned that people who are worried about global warming are being nudged into seeing sheep and cows as a danger rather than a contributor to nature and the economy. The battle between farmers and vegans is largely being played out online following a Channel 4 documentary which predicted that most farming would be replaced by food grown in labs. Many farmers are already struggling financially as Britons eat less meat and dairy, and as flexitarians and pescatarians become more common.

**Financial Times, 17 January 2020, p3**

### Australian wine – fire and drought

The widespread bushfires in Australia are unlikely to affect the immediate supply of wine coming out of the country. However, Australian vineyards are at risk of “smoke taint” caused by smoke permeating the skin of the grape. It can take vines up to five years to recover fully. The UK buys more wine from Australia than any other country outside Europe. Although it is estimated that only 1% of Australia’s vineyards will be affected by fire, it isn’t the only problem. The ongoing drought could prove to be more damaging due to the difficulty in accessing water which could lead to higher costs.

**The Grocer, 18 January 2020, p18**

## Building industry

### Architects focus on uncertainty

RIBA has published its monthly summary of business intelligence together with its *Future Trends – December 2019* report. It reveals that Brexit had a significant impact on the architecture profession last year as well as the wider construction industry. The prospect of a no-deal Brexit prompted the *Future Workload Index* to fall from +9 in June to -10 in October, the lowest balance since 2011. Architects reported that clients have become very cautious and that many projects were postponed. In December small practices proved most negative about future workloads (-6) while medium and large concerns

were a lot more positive (+38).

**architecture.com, 16 January 2020**

### House-building growth slows

House-builders have traditionally made profits that are envied by the rest of the construction industry, but the strong growth that they have been enjoying since 2012 is slowing. Average turnover among the top 20 housebuilders has risen by just 5.5% and pre-tax profits by 5%. Yet their total margins are around 19% which is much higher than the construction industry in general, where they are a mere 2.7%. This article comments on the performance of the top house-builders; Persimmon’s “tarnished” image; and the poor reputation of the sector for both design and construction quality.

**theconstructionindex.co.uk, 20 January 2020 (Taylor)**

## Businesses and strategy

### The VLE model in India

The authors look at the growing trend for Village Level Entrepreneurs (VLEs) in India in relation to “last-mile service”. In remote areas of the country this usually involves women acting as “micro-entrepreneurs”, an area regarded as providing benefits for all stakeholders. The authors examine eight organisations in rural Indian markets and identify common and innovative elements in each case. They then develop a conceptual model of VLE adoption which could help organisations in their rural marketing. They conclude that such organisations can double their bottom line by, firstly, ensuring market penetration (economic) and; secondly, empowering young people and women in such communities (social) by helping them to form micro-enterprises. They also introduce the concept of the “partsumer”, which is linked to VLEs.

**Social Business, Vol 9(3) Autumn 2019, pp273-295 (Paninchukunnath and Goyal)**

### Tech start-up investment up despite Brexit

Despite fears that the Brexit referendum result would encourage tech start-ups to go overseas, investment in UK start-ups is stronger than ever. UK tech start-ups attracted \$13.2 billion in investment last year, up by 44% on 2018. This compares with investment levels in the US which fell by 20% and in China by 65%. The research, from Tech Nation and Dealroom, also found that British fintechs raised \$5.4 billion last year while eight new “unicorns” were added to the UK’s portfolio. Brexit does not seem to be the big issue among investors that it was once thought to be.

**The Daily Telegraph (Business), 15 January 2020, p5**

### AI changing the business model

A new type of firm is emerging – epitomised by companies like Google, Facebook and Alibaba – which has artificial intelligence as its main source of

value creation. The value, which is delivered by algorithms rather than processes run by human employees, enables companies to compete in ways they couldn't previously have done. AI-driven processes can be scaled up quickly and AI-driven firms can rapidly overtake traditional ones. AI models are also blurring the lines that used to differentiate industries. This is leading to strategies which rely less on cost, quality and branding and more on business network position, unique data and sophisticated analytics.

**Harvard Business Review, Vol 98(1) January-February 2020, pp60-67 (Iansiti and Lakhani)**

### **Encouraging employees to share content**

Employees may be proud to work for a company, but they may not be promoting the company brand on their social networks through shared content. Ways in which to address this issue are: to make content that employees will want to share; make authentic content that represents the business; encourage employee-generated content which presents an opportunity to, "break free from your traditional marketing team while introducing diverse voices"; and create culture that employees will want to share. Companies that pay referral bonuses don't always perform as well as those that don't because you shouldn't have to pay to get referrals if the company is worth promoting.

**managingeditor.com, 15 January 2020 (Slayter)**

## **Charities and NGOs**

### **Subscription boxes**

Charities are forever looking at new ways of attracting donations as income from direct debits continues to decline. Some are trialling an innovative new method used in the private sector, namely subscription boxes. Blurt Foundation, a mental health community interest company, launched a subscription service in 2015 which offers monthly boxes that help to promote self-care. Its Buddy Box, which now has 1,100 monthly subscribers, has become the main source of income for the charity. Others, such as Shelterbox, Child.org, Scope and WWF, have also launched subscription services. As well as attracting much-needed revenue, the services help the charities to promote their charitable aims. Fortunately for charities, subscriptions are popular among the demographic that are going to need long-term sustainability: Millennials and Gen Z.

**Third Sector, January-February 2020, pp46-47**

### **Climate change – making the grade**

CDP, a charity which scores companies based on the environmental information they voluntarily disclose, has created an A-list of companies that it considers are leading the drive to tackle climate change. Only 2% of the 8,000 companies it scores have made it

on to the A-list. Names include Sainsbury's, Lego, H&M, Unilever and BT. CDP has also created an F-list for the 9,225 companies that didn't submit a climate change disclosure last year. They include Amazon and Facebook.

**The Guardian, 20 January 2020, p39**

## **Economy**

### **The ageing population**

Across Europe people are living longer and having fewer children, a trend seen in many other rich countries and the developing world. In Europe things could get harder, partly due to freedom of movement and a shared currency, but mainly because there is no common policy for coping with an ageing population. By 2050 the European population is expected to have fallen by 5% and the median age will be 47, nine years older than at the beginning of the century. However, there are huge demographic disparities across Europe which will need a "coherent" policy to deal with the trend, such as encouraging older people and women to work. Some countries have enacted reforms such as raising the pension age but this has proved very unpopular. Separately the *FT* examines the same issue and sets out some graphs illustrating the extent of the problem.

**The Economist, 11 January 2020, pp61-62; Financial Times, 15 January 2020, p6**

### **UK to focus on African opportunity**

The UK Government is hoping to channel billions of pounds of city investment into Africa with the aim of helping the private sector to tap into fast-growing markets on the continent. It forms part of PM Johnson's "Global Britain" pitch. Africa will be central to the Department for International Development's first investment summit since the election. It is an important market because eight out of the 15 fastest growing economies are African and one in four consumers will be African by 2050, says Alok Sharma, international development minister.

**The Daily Telegraph (Business), 17 January 2020, p4**

### **Trump tariffs hit UK exports**

Following the US imposition of 25% duties on some food products, British food exports to the US have fallen by a quarter. The tariffs were introduced after the WTO ruled in October that EU countries had been giving illegal subsidies to Airbus. UK food and drink exports to the US fell to £185m in November 2019 from £249m in 2018. Scotch whisky exports were also down by a third in November compared with 2018. US trade representative Robert Lighthizer has said that the US has, "a basic trade problem with Europe". There is a danger that the situation could get worse.

**The Grocer, 18 January 2020, p10**

## Education

### **Slowdown in number of firsts awarded**

The rise in the number of first-class degrees coming out of UK universities is beginning to slow down. Last year universities handed out firsts to 28.4% of graduates, up from 27.8% in the previous year and just 16% in 2011. This was after the Office for Students, the independent regulator, threatened to fine universities if they did not tackle grade inflation. It says it will “continue to seek action” across the sector as a whole and even at individual universities.

**The Times, 17 January 2020, p15**

### **Graduates earn less than a decade ago**

Graduates are likely to earn a fifth less in real terms than graduates did a decade ago when starting out in their first job. In 2010 graduates could expect to start on £29,000 but last year the median graduate starting salary was just £30,000, a fall in real terms, according to a report by High Fliers Research.

**The Times, 20 January 2020, p4**

## Energy and utilities

### **Refuelling at your convenience**

The UK will need 25m vehicle chargers by 2050, requiring 2,300 charging points to be installed every day for the next 30 years, according to predictions from Capital Economics, a consultancy. Most of these will be installed at people’s homes. Meanwhile BP Chargemaster, which provides recharging points, is busy repurposing 1,200 petrol forecourts in the UK with the aim of having hundreds of recharging points next to its petrol pumps. Erik Fairbairn, founder of Pod Point, an independent installer of charging points, is behind Tesco’s commitment to install points at 600 stores. He believes that recharging won’t take place at the petrol pump but at locations, such as supermarkets, that people visit often. Instavolt, another start-up, envisions charging points at coffee shops, fast food outlets and convenience stores. *The Times* reports on Department of Transport plans to trial wireless chargers that can power electric cars without the need for plugs. These will be tested on a taxi rank in Nottingham.

**The Times, 14 January 2020, pp36-37; The Times, 17 January 2020, p21**

## Environment

### **Britain’s green economy in decline**

Britain’s green economy has been shrinking, with the number of employees in the “low carbon and renewable energy economy” falling by 11,000 between 2014 and 2018, according to the ONS. Meanwhile numbers of green businesses have fallen from 93,500 to 88,500 over the same period. The trend is blamed on the cut in subsidies for the solar power industry with many companies going out of

business as a result. This is going to make it harder for the Government to achieve its pledge of reducing greenhouse gas emissions to net zero by 2050.

**The Guardian, 17 January 2020, p42**

### **Big brands not meeting commitments**

Two new reports claim that some big brands are not meeting their commitments to remove deforestation from their supply chains through their use of palm oil. Many brands had promised to phase out deforestation by 2020 but this looks to be an unattainable goal for many, according to WWF and Rainforest Action Network (RAN). In its annual scorecard report, WWF reveals that just 15 out of 173 companies are performing well. While M&S and the Co-op scored highly, Greggs came out badly. A separate RAN report assessed eight global brands involved in south east Asia’s Leuser Ecosystem. It found that none of them was performing well enough in avoiding “conflict palm oil”.

**The Guardian, 17 January 2020, p17**

## Fashion

### **Cookies – fashion retailers and social media**

When someone views an item of clothing on a website, there is a good chance that it will appear on their newsfeed when they log into Facebook or Instagram. Many fashion retailers are not up to speed when it comes to data protection laws and compliance with cookies rules. Even some of the big players are failing to comply with the law. Cookie rules were unclear for some time, especially after the introduction of GDPR and retailers have taken advantage of that uncertainty to target people through digital channels. However, a few months ago the ICO issued guidance on the use of cookies. That guidance is summarised here with a focus on fashion retailers.

**lexology.com, 13 January 2020 (Sidkin)**

### **Dandyism – subsistence marketing**

Luxury fashion offers an opportunity for small businesses and entrepreneurs in central Africa, especially the Congos. This is because there is a whole sub-culture of fashion-driven consumers or “Sapeurs”. The name, derived from the “La Sape” movement (La société des ambassadeurs et des personnes élégantes), reflects the trend for “dandyism” by people who may be extremely poor but who like to compete with each other to improve their image rather than their living conditions. From a marketing perspective, it shows that it is possible to engage with consumers in subsistence marketplaces.

**Catalyst, Issue 1 2020, pp34-36 (Madichie)**

### **Boohoo’s value greater than M&S**

Boohoo, the online fashion group, has a greater stockmarket value than M&S thanks to impressive

sales which rose by 44% in the two weeks before Christmas. Boohoo is very popular among teens and 20-somethings who want to buy inexpensive clothing online and have it delivered quickly. It has also been successful in its use of social media influencers for reaching shoppers. It has been acquiring some struggling brands, such as MissPap, Karen Millen and Coast.

**The Guardian, 15 January 2020, p39**

## Financial services

### **First Direct wants to instil sense of wellbeing**

First Direct wants to promote itself as a place for financial wellbeing and to change misconceptions about banking through its new #moneywellness platform. While the UK's health and wellness industry is expected to be worth over £43 billion this year, the issue of addressing money problems remains largely ignored. A recent First Direct and YouGov study of 4,000 UK consumers reveals that people believe money is more important to their overall wellbeing than more traditional areas of wellness. First Direct will use its new Financial Wellness Index to influence its conversations with customers. It is also hoping to rekindle some of the "challenger spirit" which gave it an impressive following 30 years ago. Although customer perceptions of First Direct are positive, it is relatively unknown in the marketplace, occupying just 14<sup>th</sup> place in YouGov's BrandIndex for awareness.

**marketingweek.com, 13 January 2020 (Hammett)**

### **Scams on Google continue according to FCA**

This month the Financial Conduct Authority (FCA) banned the promotion of "mini-bonds" to ordinary savers because many are unprotected by the Financial Service Compensation Scheme. Yet many scam websites have been offering high-paying bonds which claim to be protected. They also bear the Google "Ad" logo which shows that the client paid for the promotion. Google, which claims to be taking down scam websites when notified, blames poor FCA guidance on the nature of mini-bonds. Last year a *Times* investigation found that scammers were paying Google large amounts to use its search engine. Andrew Bailey, who becomes the new governor of the Bank of England in March, has been calling for "harms" legislation that will cover online scams.

**The Times, 20 January 2020, p4**

## FMCG

### **Beverages**

#### **Fever Tree – overseas still sparkling**

Fever-Tree, the upmarket tonic maker, has reported "subdued Christmas trading" and a fall in UK revenues of 1% to £132.6m for last year. However, despite lower consumer spending in the UK, the

brand has seen "particularly encouraging" growth in the US. Globally revenues rose by 9.7% year-on-year. *The Times* mulls over the possibility of Fevertree Drinks as a potential takeover target.

**marketingweek.com, 19 January 2020; The Times, 21 January 2020, p37**

### **Drinks industry raises a glass to no-lo trend**

Drinks companies are falling over themselves to meet consumer demand for "no-lo" (no- or low-alcohol) drinks. This month Brewdog opened what it claims is "the world's first alcohol-free beer bar". Last year pub sales of no- or low-alcohol beverages were up by 50% (to £60m), according to CGA, a research firm. Official figures put the number of teetotal adults at one in five. CGA expects the trend to continue during 2020.

**The Guardian, 20 January 2020, p25**

### **Food**

#### **Greggs leaves Cornwall**

Greggs, which opened its first Cornish outlet in 2018, is to close the Saltash shop. From the outset it had decided not to sell pasties for fear of annoying Cornish aficionados, but its products were nevertheless described as "junk" by the locals. Now Greggs has no presence in Cornwall at all despite its 2,000 outlets around the rest of the country. Locals, who say they prefer their own Cornish bakeries, have referred to Greggs' departure as "Greggxit"!

**The Times, 15 January 2020, p21**

### **Exmoor honey challenges manuka**

Black Bee Honey believes it can rival the antimicrobial status of Manuka honey. Its British Heather Honey, which has been tested by Minerva Scientific, scored 21 on a total activity scale (ten or above denotes beneficial antimicrobial properties) which sets it on a par with the "unique Manuka factor" of 20-plus. Black Bee Honey will promote the findings on new jars of honey.

**The Grocer, 18 January 2020, p38**

### **Crisp flavours flourish**

In the 1950s there was only one flavour of crisps: Smith's plain potato crisps with a blue sachet of salt. Now there are hundreds of seasonings which are becoming increasingly unusual. Walkers launched bratwurst, paella and haggis-flavoured crisps back in 2010. This article looks at the development of flavouring in crisps and concludes that not even climate change could affect the appetite for "bolder and bigger" flavours.

**The Guardian (G2), 14 January 2020, pp8-9**

### **Plant-based tuna debuts in UK**

A US plant-based tuna alternative is to be sold in the canned fish aisle of Tesco. Good Catch, which is being promoted as an alternative to premium

albacore tuna, is made from products including chickpeas, lentils, soy and seaweed with algae extracts to give it "a flavour of the ocean". It has already proved popular in the US. Co-founder Chris Kerr says that the UK is "the hottest market on the planet" for plant-based innovation.

**The Grocer, 18 January 2020, p43**

## Household

### Cats caught short by litter supply

Cat litter is in short supply in many supermarkets following the fall into administration of Bob Martin, a major supplier in the market. Some parts of its business, including flea treatment and cat litter, were sold to Pets Choice in November, but complications have arisen leading to shortages of cat litter. Pets Choice has said that "normal supply should be available shortly".

**The Grocer, 18 January 2020, p5**

## Tobacco

### E-cigarette promotion banned on Instagram

The ASA has banned the promotion of vaping products by four manufacturers on Instagram. The e-cigarette producers, which include BAT, have been advertising their products on their own Instagram accounts using celebrity endorsements. The UK CAP Code, in line with the EU Tobacco Products Directive, prohibits the advertising of unlicensed nicotine-containing e-cigarettes in newspapers, magazines, periodicals and online media. However, it does permit factual claims about products on marketers' own websites. BAT argued that it had posted factual claims, but the ASA said that promotional claims are not the same as factual ones. It also ruled that BAT had breached the CAP Code by featuring a young person, who appeared to be under 25 years of age, with an e-cigarette. The ASA's decision has left open the possibility of advertising nicotine on social media, provided that factual claims are made.

**lexology.com, 13 January 2020 (Carlton and Blakey)**

## Government and public sector

### Infrastructure spending

Variations in productivity across the UK are large and are growing. It is likely that the Chancellor's March Budget will include the topic of "Levelling Up" and the driver for this could be transport infrastructure spending. PM Johnson will almost certainly want to focus spending on the north of England, Wales and the Midlands. However, there are concerns that efforts to redirect investment away from the south-east is a result of political rather than economic factors. Areas in the north that the Tories are targeting may get increased spending while those that have fallen behind London, such as the south-west and Scotland, will not benefit from

additional investment. Critics of the system argue that transport and infrastructure spending should be the domain of local authorities rather than central government. With politics driving spending, the Conservative Government may be reluctant to hand over control to Labour councils.

**The Economist, 11 January 2020, pp24-25**

## Health and pharmaceuticals

### Sport England in TV first

Sport England's latest TV ad is a first for the UK because it shows a tampon string for the first time. The "This Girl Can" campaign was first launched in 2015 to encourage women to become more active. The TV ad shows a woman suffering from bad period cramps and taking part in a yoga class. Despite the campaign's effectiveness since its inception five years ago, almost 40% of women in the UK are still not active while over 60% say they have been discouraged after seeing slim, toned bodies on social media. Sport England's director of insight, Lisa O'Keefe, believes that media and brands should show more realistic and diverse imagery.

**The Daily Telegraph (Sport), 15 January 2020, p13**

### Hallucinogens developed by Big Pharma

Brain-altering drugs are proving effective for treating mental health problems. Last year Spravato, which uses the drug ketamine, became the first new antidepressant to be approved for many years and a magic mushroom medicine is currently undergoing clinical trials. Big Pharma has previously held back from using hallucinogens in drug development as there are serious safety issues and any bad publicity could halt future research. Regulators, investors and researchers will need to keep their eye on the ball...

**Financial Times, 13 January 2020, p22**

## IT and telecoms

### The chips are up

Global semiconductor sales fell by 12% last year according to analysis from Future Horizons. Samsung, the biggest maker of memory chips, saw a 56% decline in quarterly operating profits in October. Now the price of memory chips is rising again, and chipmakers' share prices are up. The microchip industry tends to be highly cyclical but, despite the industry ups and downs, underlying growth has averaged 8% a year for over 40 years as the world continues to demand more computing power. The two big new areas of demand are expected to be 5G phones and chips customised for AI.

**The Economist, 11 January 2020, p57-58**

### Digital contact lenses

Mojo Vision, a Silicon Valley start-up, is developing

contact lenses that will give users real-time information from the internet. While resembling traditional contacts, the lenses have a micro-LED screen, microprocessor, wireless communication and sensors. They can be operated by eye movements with users looking at functions on a home screen to activate them. Smart glasses, most notably Google's Glass smart spectacles, previously failed to take off.

**Financial Times, 17 January 2020, p15**

### **A rebound in mobile phone sales**

Sales of mobile phones are set to pick up following two years of declining growth, according to Gartner. It expects global sales to rise by 1.7% this year thanks to interest in the new generation of 5G smartphones. In 2019 sales of mobile phones fell by 2% to their lowest level since 2010. Companies responded by shifting their emphasis to services and products surrounding the smartphone, such as Apple's TV streaming service. Gartner predicts that 5G handsets will make up 12% of sales this year, rising to 43% by 2022. However, analysts believe that smartphone sales could start plateauing again from 2021 onwards.

**The Daily Telegraph (Business), 21 January 2020, p5**

## Materials and mining

### **Lithium starts to recover**

Lithium shares, such as those of Ganfeng Lithium (supplier to Tesla), Tianqi Lithium and SQM have all risen recently. This follows the news that the Chinese Government will not be cutting electric cars subsidies any further. Last year sales of "new energy" cars in China fell by 4% after China reduced subsidies by over a half; lithium carbonate prices fell by 30% as result. Electric car sales are expected to recover this year especially with the opening of Tesla's factory outside Shanghai this month. However, things may still prove difficult for lithium suppliers because of the excess supply in China and Chinese plants may choose to sell it off cheaply.

**Financial Times, 15 January 2020, p25**

## Media

### **Social and entertainment – the lines blur**

In 2019 Britons spent an average of 2.4 hours on their mobile phones, up from 15% two years ago but lower than the global average of 3.7 hours. This is according to a report from App Annie, which claims that smartphones are "serving as a primary interface through which we interact with the world around us". Younger generations are helping to blur the lines between social interactions and entertainment by creating content such as short videos facilitated by TikTok and other services. "Social and video is playing together", says Paul Barnes, MD of App Annie.

**The Times, 17 January 2020, p5**

## Film

### **Blockbusters and experiences**

Despite the rise of streaming services, movie-going remains popular in the UK, with 20 new cinemas opening last year bringing the number to over 800. Phil Clapp, chief executive of the UK Cinema Association, notes a resurgence in cinema investment including in the "boutique" model offered by Everyman and Picturehouse. Even though the number of films released per year in the UK has almost doubled over the past decade, people tend to focus on just a few blockbusters and 41% of revenue derives from the top ten films. Phil Clapp says that cinemas are offering an enjoyable experience in addition to the film. Box office revenues fell last year but additional services, such as a glass of wine or a burger rather than just popcorn, give cinemas operators a chance to boost their revenues.

**The Daily Telegraph (Business), 15 January 2020, p8**

## Games

### **Games Workshop turns to TV**

Games Workshop is developing a new TV series based on its *Warhammer* board games. This follows the success of *The Witcher*, a series that is also based on a game. Games Workshop has reported record half-year sales and profits with revenue up by 18.5% in the six months to 1 December and pre-tax profits up by 44%. The number of people logging on to its Warhammer-community.com website has risen by 48%. The company now has 529 shops in 23 countries.

**The Guardian, 15 January 2020, p39**

## Internet

### **Over-blocking leads to lost revenues**

The technology designed to prevent ads from appearing next to undesirable online content could be blocking them from appearing next to legitimate, popular, stories. This is because brands have keyword blacklists which contain words such as "attack", "death" or "sex" that stop their ads running next to stories containing those words. It means that if a publisher is writing a story about the Duke and Duchess of Sussex, the chances are that brands will block it because the word "sex" crops up. A report from Merrick School of Business in Baltimore claims that newspaper and magazine publishers in the UK, US, Japan and Australia lost \$3.2 billion in digital ad revenue last year due to "over-blocking".

**The Guardian, 20 January 2020, p19**

### **Google to phase out third-party cookies**

Google recently announced that it would phase out third-party cookies over the next two years, which should allow users to feel more secure when browsing. Yet Google's digital ad business is the

largest in the world and some digital tech companies that rely on ad revenue could see falling profits. In addition, Google's own ad business might not be affected by the move, a fact that may be of interest to anti-trust regulators. Google's announcement also fails to spell out what will happen in app environments. Google may be trying to position itself as a leader in data privacy, but the full implications have yet to be seen...

**dmnews.com, 15 January 2020 (Romeyn-Sanabria)**

## Magazines

### **Economist launches podcast and newsletter**

*The Economist* magazine is launching a new podcast and newsletter ahead of the US presidential election. This will be accompanied by an extensive marketing campaign aimed at increasing subscriber numbers. The *Checks and Balance* newsletter and podcast, which targets the US, promises to offer a "fair-minded" analysis as the country comes up to "one of the most important elections" in US history. During the first 100 days of President Trump taking up office, *The Economist* enjoyed 19% growth in digital subscriptions in North America and around the world. Some 55% of its 1.6m circulation is in North America.

**prolificlondon.co.uk, 17 January 2020 (Peachey)**

## Newspapers

### **Daily Telegraph ditches ABC audits**

Last week the TMG, owner of *The Daily Telegraph*, announced that it would be withdrawing from the ABC circulation audits. It seems a strange decision for the *Telegraph* when it has just attained second place in the ABC's quality newspaper market. But TMG argues that digital subscriptions are the new metric rather than circulations and that its "volumes and average revenue per subscription" will be "independently assured" by PwC. Paul Bainsfair, director general of the IPA said that the ABC "produces trusted, independent and transparent data, which is essential for news brands trading".

**mediatel.co.uk, 16 January 2020 (Pidgeon)**

## Social media

### **Pinterest overtakes Snapchat in US**

Last year Pinterest overtook Snapchat as the third-biggest social media platform in the US. Pinterest grew by 9.1% in 2019 and is predicted to have 86m users this year compared with Snapchat's 83.1m. The gap between the two is expected to keep growing through to 2023. Snapchat appeals to a young audience but Pinterest benefits from having users more evenly spread across age groups. This year Pinterest's users will account for 41.1% of all US social network users compared with Snapchat's 39.7%.

**emarketer.com, 14 January 2020 (He)**

## Packaging

### **Colgate develops recyclable toothpaste tube**

Consumers use 20 billion tubes of toothpaste every year but the tubes, made from plastic and aluminium, cannot be recycled. Now Colgate has created its new Smile for Good brand, which is not only certified by the vegan society, but comes in a type of plastic that can be recycled. This was after scientists came up with a way of converting the hard plastic (high-density polypropylene that is used to make milk bottles) into a "comfortable squeezable" tube. The catch is that the new product will cost £5 a tube. Colgate says it will share the technology with rivals.

**The Guardian, 15 January 2020, p17**

## Retailing

### **Retail sales fall in December**

The ONS's latest bulletin on retail sales – *Retail Sales, Great Britain: December 2019* – reveals that in the three months to December the quantity of retail sales fell by 0.1% compared with the previous three months. All sectors suffered a decline except for household goods and fuel. The amount purchased in December itself fell by 0.6% compared with November, the fifth consecutive month of no growth. Even food stores saw a fall of 1.3% in December. Online sales as a proportion of all retailing amounted to 19% in December compared with 18.6% in November.

**ons.gov.uk, 17 January 2020 (Humphries);**

<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/december2019>

### **Amazon invest in India's small businesses**

Amazon is targeting the thriving e-commerce market in India. Founder, Jeff Bezos, has plans to invest \$1 billion in helping small businesses in the country to digitise with the aim of creating \$10 billion in Indian exports by 2025. But Amazon is facing mass protests from India's retail lobby and is currently being investigated by the Competition Commission of India for carrying out unfair trade practices. Despite India's e-commerce market being worth around \$39 billion, its 12m independent local shops still make up 90% of retail sales. There are fears that this traditional way of life could be at risk.

**The Guardian, 17 January 2020, p36**

### **Arcadia retrenches as Primark looks overseas**

The British high street continues its downward trend as the Arcadia Group, owned by Sir Philip Green, planning to close more stores following a lacklustre Christmas. The company, which owns brands such as Topshop, Dorothy Perkins, Burton and Miss Selfridge, has confirmed the closure of at least 11 sites with a further 25 likely to follow. Meanwhile sales at Primark's UK stores saw a "marginal" decline over Christmas leading it to opt for just one

store opening in the UK this year, its lowest for years. Primark will instead focus on expanding overseas with new sites planned in the US and other areas of Europe.

**The Guardian, 17 January 2020, p40; The Guardian, 17 January 2020, pp40-41**

### **Business helping to regenerate the high street**

Thousands of businesses are contributing financially to help regenerate the British high street through a government-based programme. Districts, or regional not-for-profits known as Bids, take a compulsory levy from landlords and businesses to pay for improvements in their areas. Projects might include increasing footfall, promoting staff retention or reducing crimes. Chris Turner, chief exec of British Bids, has called on companies to double their investment over the next decade.

**The Times, 15 January 2020, p42**

## Services

### **Greggs launches food delivery with Just Eat**

Greggs, the bakery chain, has partnered with Just Eat to have its food delivered to people's homes. The service will initially launch in Birmingham and Bristol before expanding to other cities by the end of the year. Bakery goods, breakfast products and sandwiches will be delivered by Just Eat. The latter is moving outside its traditional market of takeaway restaurants and its exclusive deal with Greggs is described as something of a "coup". The collaboration comes at the same time as Uber Eats' deal with McDonald's in the UK is due to expire. Losing McDonald's to a competitor could be a blow for Uber as the battle for the food delivery market heats up.

**The Daily Telegraph (Business), 16 January 2020, p1;  
Financial Times, 16 January 2020, p19**

### **Small pub numbers up**

The ONS reports that the number of small pubs and bars in the UK – those with fewer than ten employees – rose for the first time in over 15 years last year. The overall number of pubs and bars increased by 315 between 2018 and 2019, the first rise in a decade. Hugh Strickland, senior statistician, comments that the growth in larger pubs over the past few years has been driven by food rather than drink with a large increase in the number of people employed in the sector as kitchen and waiting staff.

**ons.gov.uk, 16 January 2020 (Liu);**

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/articles/economiesofalesmallpubscloseaschainsfocusonbigbars/changesintheukpubsandbarssector2001to2019>

### **Public sector outsourcers**

Britain's largest public sector outsourcers have had a turbulent time due to loss-making contracts, heavy debt, political upheaval and of course, the much-

publicised collapse of Carillion. Yet the sector is still very lucrative with public sector contracts rising by 17% in 2019 year-on-year to a value of £93 billion. This article looks at how seven of the largest players in the industry are faring.

**The Daily Telegraph (Business), 16 January 2020, p8**

## Transport and travel

### **Toyota backs flying taxi start-up**

Toyota is investing \$394m in Joby Aviation, a flying taxi start-up which hopes to launch a service by 2023. Its four-passenger electric vehicle, which has vertical take-off and landing, can travel at 200 mph. However, the Federal Aviation Administration is unlikely to approve the vehicle until it is sure of its safety record. Joby also has a multi-year agreement with Uber which will provide airspace management, customer interfaces, etc. There are rivals in the form of Volocopter, a German company backed by Daimler which aims to launch a commercial service in Singapore by 2022; and Lilium, which hopes for a market launch in 2025.

**Financial Times, 17 January 2020, p14**

### **Can Tesla maintain its lead?**

Tesla has become the most valuable carmaker ever as well as being well ahead of its rivals in electric cars. However, it may face problems in the form of growing competition and its capacity to churn out 500,000 cars a year in the future. Analysts doubt whether Tesla can maintain its dominant position as well-known brands enter its space. Many new models are coming onto the market: last year there were just 136 different electric models, but by 2025 that number is expected to reach 450. Tesla has an advantage in that it controls every aspect of its production which means it has more control over customer experience and is agile enough to deal with new challenges as they arise.

**The Times, 16 January 2020, pp34-35**

Written by CIM's Knowledge Services Team

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The Times

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