

Cutting Edge: Our weekly analysis of marketing news

5 February 2020

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Facial recognition – consumers ambivalent

Facial recognition technology is becoming more accurate which has allowed governments and law enforcement agencies to use it for security purposes. Consumers appear to accept the technology being used in situations where it might keep them safe but are less keen on its use in the private sector. A Pew Research Center survey found that 54% of consumers found it unacceptable for advertisers to use facial recognition to assess people's reactions to public ad displays and only 18% trusted advertisers to use the technology responsibly. This finding reflects previous research, suggesting that companies using biometric data, especially for marketing and advertising, risk alienating consumers. The advice is to be transparent and cultivate trust.

emarketer.com, 28 January 2020 (Petrock)

Big CPG brands boost marketing budgets

After years of squeezed marketing budgets, global consumer goods groups are ramping up their advertising spend. Kimberly-Clark and Colgate-Palmolive each spent an extra \$100m on advertising last year. The Super-Bowl, famous for its commercials, reflected these boosted budgets. Hershey, whose Q4 adspend rose by 5.1% in North America, showed its first Super Bowl ad (for Reese's chocolate) in over a decade. Olay, PepsiCo and Heinz also shelled out to be seen at the event. Analysts are uncertain as to whether the increased promotion will be enough to lure back shoppers who have defected to cheaper retailer brands.

Financial Times, 3 February 2020, p10

Super Bowl ads

If you missed the Super Bowl, this article brings together every Super Bowl 2020 ad released at the time of writing. You can watch the full versions although some ads will have been shortened for the actual event. This year's advertising cost as much as \$5.6m for 30 seconds with a total of 50 commercials anticipated. Thirty-six of them are featured here from brands such as Amazon, Audi, Budweiser, Heinz, Olay, Porsche and Walmart. They also include part of the Michael Bloomberg for President and the Donald Trump for President campaigns.

adweek.com, 29 January 2020 (Fleming)

Agencies

Dentsu looks to people-based marketing

Dentsu Aegis Network is buying 4Cite Marketing, an expert in people-based identification. The North American agency has been successful in helping retailers "nudge" purchasers through personalised engagement and proprietary technology. John Lee, chief product and data officer at Merkle, the Dentsu agency which will merge with 4Cite, says he wants it to be positioned as, "the authorities in people-based marketing of the future". Last year Dentsu restructured its business in seven global markets with the loss of 3% of its employees.

thedrum.com, 31 January 2020 (Glenday)

Brands and branding

Maintaining brand love in changing markets

A brand should be clear about what it is and what it stands for before targeting the consumer. Once the relationship with the consumer is under way, the moments the brand chooses to share with the consumer will be central to the long-term stability and growth of the relationship. Moments that are emotionally strong and unforgettable will help to promote brand love. But how do you keep that connection alive? Consumers react differently during

hard times when purchasing power is declining. Brands should respond with different initiatives according to whether the consumer is in the low-, medium- or high-income bracket. Aligning marketing to a changing market helps to boost both empathy and trust. Investment in market research will help the brand to assess consumer priorities and how they are reallocating their budgets during changing market conditions.

Marketing Africa, Issue 33 2019, pp30-31 (Wandera)

Super Signs

A superbrand has a strong system of signs, such as McDonald's jingle or Coca-Cola's bottle shape. Signs can influence the behaviour and opinions of consumers. As well as representing the products and lifestyle associated with the brand, a sign should give direction. If it can do this, then it is designated a "Super Sign". Super Signs are simple and familiar which means using cultural symbols that the customers will immediately recognise. Sam Hua, co-author of the book *Super Signs* and Johnson Lo, chairman of CIM's Hong Kong chapter, offer their thoughts on Super Signs.

Catalyst, Issue 1 2020, pp46-47 (Cuddeford-Jones)

Insurgent brands – hard to go global

Insurgent brands are creating serious competition for incumbents. Between 2013 and 2018 small companies and retailers' private label brands took \$20 billion of sales from large rivals, according to the Boston Consulting Group and IRI. Challengers' success is largely down to successful branding with many start-ups differentiating themselves by having a compelling story. Yet, although launching a new brand is relatively easy, it is much harder to build a big global brand. Moreover, the biggest brands are getting "stickier": fewer have been leaving the top 100, for example. Less significance is being attributed to labels and logos for brand valuation and there are hints that shareholders may value size and market dominance over labels. In terms of branding, insurgent brands may give the big players a run for their money but may have trouble unseating them.

The Economist, 25 January 2020, pp55-56

Conferences and events

Excellence in small and medium venues

"Committed to Brilliance" is the IACC's updated venue certification. It is designed to reassure meeting planners that IACC member venues provide "exceptional" meeting experiences. IACC members achieve certification through eight pillars: quality levels of design; corporate social responsibility; wellbeing; sustainability; internet connectivity; food and beverage; expert teams; and customer service. IACC represents over 400 small- and medium-sized meeting venues.

eventindustrynews.com, 3 February 2020

Consumer behaviour

Youth and adults – tech opinions

Recent research compares youth opinion about technology with that of adults. This is important because tech companies need to ensure that their innovations will attract a youthful audience who will be their future consumers. Some 87% of 11- to 18-year-olds said they were excited about future technology and AI, compared with just 30% of adults. Adults are also more concerned about privacy issues surrounding future technology, with 75% worried about AI machines being hacked. This compares with 39% of young people who are not concerned about their internet history being used by tech companies. It is not clear whether this is because they have grown up with technology or whether they will become more security conscious as they get older. Younger people are more open to the idea of robots helping with social care: 63% are comfortable with robots taking care of their parents when they are old, but only 39% of adults said they would trust AI to look after an elderly friend or relative!

researchworld.com, 30 January 2020 (Hellon)

Direct marketing

Inserts a key element in multi-channel

Inserts can be an important part of any multi-channel marketing campaign. They are a low-cost but effective way of getting the brand message or product to new consumers. They can also be a more cost-effective method of offline marketing than direct mail. A key advantage is that they make use of mail that is already being sent to a customer's address, such as magazines or subscription boxes. The author discusses "What makes a great insert" and how to use them to get the best ROI.

dma.org.uk, 22 January 2020 (Nicholas)

Law

Protecting your brand online

It takes resources and headcount to identify and act against brand infringement and the tools available may only be one part of the solution. Brand infringement has become more sophisticated over the years and has spread to social media, apps and online marketplaces. Brands also face reputation issues as consumer interactions on social media are beyond the control of the business owner. Rather than acting hastily, it is important not to overlook strategy: by considering, "your current brand management approach, your wider branding and business goals, and your main online challenges" you can identify priorities, the channels for action and the level of response.

lexology.com, 30 January 2020 (Draganescu-Pinawin)

Brexit and cross-border portability

The UK Intellectual Property Office (IPO) has issued guidelines for changes that will take place during the transition period (between Britain leaving the EU on 31 January 2020 and 1 January 2021). One of the guidance notes refers to cross-border portability of online content services. Currently UK customers can access their online content services (such as Netflix and Amazon Prime) if they travel within the European Economic Area (EEA) and online content service providers are obliged to provide that content. However, the EU Portability Regulation ceases to apply to the UK after 1 January 2021 which means that UK travellers may see restrictions to the content they can access within the EEA.

<https://www.gov.uk/guidance/cross-border-portability-of-online-content-services-after-the-transition-period>, 30 January 2020

GDPR data breaches

Since May 2018 when GDPR took effect, there have been 160,000 reported personal data breaches across Europe. Some 22,000 took place in the UK, which has the third-largest volume of reported breaches in the EEA after the Netherlands and Germany. According to the report from law firm DLA Piper, data protection regulators have issued a total of €114m in fines under GDPR for data breaches and other infringements. France, Germany and Austria top the list in terms of the value of fines imposed. In the UK, the ICO has issued just one fine under GDPR (a London pharmacy was fined £275,000 in December 2019). Fines due to be imposed on British Airways and Marriott had not been finalised at the time of the report. The report also notes a lack of consensus within Europe as to how fines should be calculated.

[research-live.com](https://www.dlapiper.com/en/uk/insights/publications/2020/01/gdpr-data-breach-survey-2020/), 24 January 2020 (McQuater); <https://www.dlapiper.com/en/uk/insights/publications/2020/01/gdpr-data-breach-survey-2020/>

Marketing

Setting meaningful marketing metrics

Marketing is constantly under pressure to prove its value but, with huge amounts of data available, it can be difficult to focus on what is relevant. CMOs should work collaboratively with their CFOs to help make their marketing metrics more effective. They should agree on a set of organisation-wide marketing metrics that are relevant, insight-driven and reliable. The process should also agree as to the definition, calculation and source data for each metric, as well as linking the metric to the company's overall performance. The author looks at the challenge of defining KPIs; the advantages of collaboration between the CMO and CFO; and four actions for getting started on marketing KPIs.

[advisory.kpmg.us](https://www.kpmg.com/au/issuesandinsights/articlespublications/setting-meaningful-marketing-metrics), 14 February 2019 (Galloway)

Data-driven personalisation

A double-page spread entitled "data-driven personalisation" presents statistics on marketing personalisation in a series of infographics. It reveals that 85% of marketers believe their prospects expect a personalised experience. However, while 68% of those surveyed believe marketers are getting it right, 45% of marketers say they do not have enough data or insights for effective personalisation. The top data used to personalise customer experiences derive from: website activity (55%), transaction activity (47%) and campaign activity (37%). The graphs include a comparison of B2B and B2C personalisation priorities.

[The Times \(Raconteur: Personalisation\)](https://www.thetimes.co.uk/article/data-driven-personalisation), 29 January 2020, pp8-9

Content marketing trends

New research reveals that 80% of marketing professionals worldwide expect content-marketing campaigns to rise over the coming two years with just 2% saying they will decline. Some 90% said they would use audio this year and a similar percentage expect to use emerging technology, such as AR and voice, indicating a significant degree of experimentation. Content marketing is gradually shifting from being just a lead-generation tool to a "holistic" strategy which is key to engaging with audiences. It includes not just content creation, but "mapping" dissemination (how the content is distributed and reaches people during the customer journey).

[emarketer](https://www.emarketer.com/article/content-marketing-trends), 27 January 2020 (He)

Market research

Market research – changing with the times

There has been plenty of speculation that traditional market research is on its way out due to digital tools, technology and big data. These days it seems that almost anyone can conduct a survey, connect with consumers or set up an online panel. Market research is having to respond to changes brought about by the convergence of data from various sources: transactional big data, social media and traditional market research. The market research industry has traditionally been slow to change but there are opportunities and a chance to add value. Qualitative researchers will need to be more agile and flexible and provide data that is, "iterative but with tuition, empathy and relevant content".

[researchworld.com](https://www.researchworld.com/news/2020/01/14/market-research-changing-with-the-times), 14 January 2020 (Shashidhar)

Public relations

Good communication – vocal variety

How should you speak when giving a business presentation? Should your delivery be fast or slow, loud or soft, high or low? In fact, all these are appropriate because vocal variety is essential for adding energy and interest to your content. Vocal variety can be divided into four categories: pace,

power, pitch and pause. Here is some advice on how to use them to improve your communication.

[prdaily.com](#), 4 February 2020 (Barton)

Sponsorship

Nestlé teams with ParalympicsGB

Nestlé Cereals is collaborating with four ParalympicsGB sports: athletics, table tennis, cycling and powerlifting. The campaign will include tips on keeping fit and the importance of having a nutritionally balanced breakfast. Eight different cereals will have new on-pack designs. The campaign comes at a time when the NHS Health Survey for England reports that 27% of adults say they do less than 30 minutes of "moderate or vigorous physical activity" each week.

[prolificlondon.co.uk](#), 31 January 2020 (Peachey)

Agriculture, fishing and forestry

Britain – fishing for EU concessions?

Most EU fishing takes place in the North East Atlantic which includes British waters. Boris Johnson has boasted of taking back Britain's "spectacular maritime wealth". Future negotiations with the EU may depend on ensuring fishing rights for EU fishermen. Although just 180,000 people are employed in the EU fishing industry, it is nevertheless essential to the economy of coastal communities. There are signs that Britain may have to give way on fishing rights in order to secure other concessions from the EU.

[Financial Times](#), 29 January 2020, p9

Call on retailers to use UK sardines

British fishermen want retailers to use UK-caught sardines rather than fish imported from uncertified fisheries. Own-label supermarket cans of fish tend to contain sardines from Morocco and Portugal, which forces UK fishermen to export their catches. But Portuguese and Moroccan sardine fisheries are not recognised by the Marine Stewardship Council (MSC). The Cornish sardine fishery (The Pilchard Works) is the only MSC-certified operation in Europe.

[The Grocer](#), 1 February 2020, p5

Demand for rare fungi mushrooms

The plant-based food trend is boosting sales of exotic mushrooms and UK growers are looking at new ways to meet demand. Smith Mushrooms, a Lancashire mushroom grower, has seen demand for rarer varieties rise hugely over the past two years and is planning to expand its facilities. Tesco, M&S and Waitrose all report rocketing sales of mushrooms.

[The Observer](#), 26 January 2020, p9

Building industry

Housing output

The latest *Housing in construction output statistics, Great Britain: 2010 to 2019*, reveals that total housing output has grown strongly since 2013 thanks to growth in private new housing. In the third quarter of 2019 London was the top region in terms of public (£382m) and private (£2,249m) new housing but the North West and South East have also performed strongly with 9.5% and 8.1% growth respectively compared with the same quarter in 2018. Larger firms saw 50% public and 40% private new housing output for July to September 2019 while for smaller firms the percentages were 30% and 40% respectively.

<https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/articles/housinginconstructionoutputstatisticsgreatbritain/2010to2019>, 30 January 2020 (Allcoat)

37% of SMEs expect workloads to rise in Q1

According to *The State of Trade Survey* from the Federation of Master Builders (FMB), 21% of SMEs reported lower levels of work for the final quarter of 2019. However, 37% expect their workloads to rise over the next three months while 46% predict that there will be no change. Brian Berry, FMB chief executive, attributes the slowdown to political uncertainty. On a more positive note, SME employment levels are rising for the first time since the start of 2019 although companies are still struggling to hire the right skill sets, such as bricklayers and carpenters.

[constructionnews.co.uk](#), 30 January 2020 (Weinfaß)

Businesses and strategy

Company valuation and customer analysis

Customer-based company valuation (CBCV) uses customer metrics to determine a company's underlying value. Most financial valuation is based on quarterly financial projections, notably revenue. In contrast CBCV makes revenue projections from the bottom up rather than the top down because it is based on the premise that all revenue comes from money spent by the customer. The article shows how new insights into the value of a firm can be derived from models of customer acquisition, attrition and spending.

[Harvard Business Review](#), Vol 98(1) January-February 2020, pp51-55 (McCarthy and Fader)

Optimal numbers – teams and organisations

It is hard to find the most effective size for teams and organisations. A small team may not get things done while a big one could be difficult to coordinate. For start-ups it is even harder because they may be short of staff although they may also have highly collaborative working environments. Robin Dunbar, an Oxford University anthropologist, advocates

having four to five people in a team if you want to make a decision and 12 to 15 to brainstorm. Many companies use agile teams drawing from different functions in the company but most businesses in Britain are small. One study reveals that 89% of organisations that have existed for more than 100 years employ fewer than 300 people. A modern company may have a small group of “core” workers and a larger group of contractors. While the core teams may work effectively, the others may have lower morale.

The Economist, 25 January 2020, p57

Doing good and profit not mutually exclusive

Doing good doesn't have to be at the expense of profit. Deloitte's third annual Readiness Report, *The Fourth Industrial Revolution: At the Intersection of Readiness and Responsibility*, a survey of customer experience officers, reveals that societal sustainability and business sustainability have become enmeshed. Deloitte CEO Punit Renjen believes that, “companies motivated by greater societal purpose will be stronger, more successful businesses for the long term”. Chipmaker ASML aligns its social purpose with its brand. It offers education and training for disadvantaged young people as well as reducing its environmental impact. Consumers also want corporations to behave responsibly: *The Deloitte Global Millennial Survey 2019* revealed that 38% of Millennials and Gen Zs have rejected businesses because of their ethical behaviour. Over a third (36%) said engagement with social issues encouraged them to become customers or to increase their relationship with an organisation. ISS, a facility services company, has combined its corporate governance and financial success with action on the climate.

forbes.com, 21 January 2020

Collaborative innovation

Open innovation refers to something broader than the traditional R&D department of a business. It could even extend to external partnerships with third parties. Collaborative innovations, also called innovative collaborations, help to reduce costs, share risk and offer access to additional skills and ideas. Data is central to the shift to “open” innovation because it can be used to generate new products and services, identify efficiencies, reduce costs and drive strategic decision-making. This article examines data issues in innovation and collaborations with an emphasis on the legal aspects.

herbertsmithfreehills.com, 8 January 2020

Charities and NGOs

International aid – local empowerment

Projects around the world are saving lives and improving conditions thanks to UK aid organisations.

Yet the international development sector has been hit by several scandals over recent years. Questions are also being asked about the international aid model and whether the money is really making a difference or simply masking problems. There are moves to decentralise aid so that decisions can be taken locally, and beneficiaries can be empowered to help themselves. This is coupled with calls to avoid imagery that promotes the “white saviour” narrative. University College London's Prosperity Co-Lab is working with partners in Kenya to create sustainable jobs that empower people rather than exploit them.

Third Sector, January-February 2020, pp22-26 (Cooney)

.org could be sold off

The .org internet domain is used by non-profit groups ranging from local schools to the UN. In November the Internet Society (ISOC), which runs the .org registry, said it would sell the .org rights to Ethos Capital, a Boston-based private-equity firm. Non-profits had previously been guaranteed a price cap for .org addresses but this was removed last June. Now there are suggestions that the .org registry should be run as a co-operative owned by the address holders. On 16 January Elizabeth Warren, a US legislator, called on the Internet Corporation for Assigned Names and Numbers (ICANN) to reject the private-equity takeover. ICANN must reach a decision by 17 February.

The Economist, 25 January 2020, p35

Durable consumer goods

Barbie extends diversity drive

Mattel is continuing with its shift into diversity by offering Barbie dolls with vitiligo (a condition where patches of skin lose their colour) and no hair. The Barbie Fashionistas range will also feature a Ken with long blonde hair and a Barbie with a prosthetic limb. The diversity drive follows criticism of Barbie for promoting an unrealistic type of beauty.

The Daily Telegraph, 28 January 2020, p12

Economy

European tech outperforms rest of Europe

Last year the STOXX Europe 600 index of European companies experienced declining earnings for three consecutive quarters. The final quarter of the year is expected to see a slight rise thanks to European tech companies whose profits are estimated to have increased by 23%. ASML, a Dutch company, has reported a 44% increase in earnings. Yet Europe's tech companies are dwarfed by those in the US: Apple, Microsoft, Google, Amazon and Facebook are together worth as much as Europe's 40 largest firms. European tech's share of STOXX should grow if the sector continues to outperform the rest of Europe.

The Economist, 25 January 2020, p59

Manufacturing turning the corner?

Manufacturing appears to have turned a corner following a long period of decline. The purchasing managers' index has risen to the 50 mark, up from 47.5 in December and a "flash" reading of 49.8 in January. The index for manufacturing has been below 50 since May 2019 yet the sector accounts for 10% of the economy. Rob Dobson of IHS Markit, says the turnaround is due to new business within the domestic market rather than exports which have fallen for a third consecutive month because of weak economic growth in overseas markets, especially Europe. There are concerns among economists that divergence from EU rules, as PM Boris Johnson has suggested, could be damaging to the manufacturing sector.

The Times, 4 February 2020, p36

Education

Apprenticeship levy going to higher-level ed

The number of apprenticeships in England has fallen yet again: in the three months to 31 October new apprenticeship numbers fell by 4.7% year-on-year, according to the Department of Education. Yet university degree- and diploma-level apprenticeships have grown by 29.1% and now account for 23.7% of new workplace training starts compared with just 5.3% in 2015-16. The result has been that small businesses, which don't pay a levy, are excluded from the scheme altogether because big businesses use their contributions for their own employees. The trend is reflected in the increase (44.8%) in the number of people aged 25 and over starting the scheme while the number of under 19s has fallen by 12.8%. Mark Daw, CEO of the Association of Employment and Learning Providers, wants the Government to take action to redress the balance.

Financial Times, 31 January 2020, p4

Academies converge as finances tighten

A Department of Education report warns that the school academy sector is "very volatile" and funding "still extremely tight". There are 8,461 academies in England but a growing trend for consolidation has led to the number of schools being transferred between trusts rising from 21 in 2014 to 307 last year. Many schools are joining up to form multi-academy trusts or "Mats". Although their financial position has improved over the past three years, the data suggest that this is due to one-off grants rather than recurring additional income.

Financial Times, 30 January 2020, p2

Energy and utilities

Electricity – consumer vs climate targets

Electricity networks, a new report from the National Audit Office (NAO), concludes that "strong price controls and greater coordination across the energy

system" are needed to enable electricity networks to support a low-carbon system without being too expensive for consumers. Around 20% of a household's annual electricity bill goes towards running and maintaining the networks which transport electricity to homes and businesses. The report looks at how effectively Ofgem is using RIIO (Revenue = Incentives + Innovation + Outputs) electricity network price controls to protect the interests of consumers and achieve government climate change targets. A series of graphs and infographics can be viewed here.

<https://www.nao.org.uk/report/electricity-networks/>,
30 January 2020

Ofgem decarbonisation plan

Ofgem has set out its "Decarbonisation Action Plan" which includes nine actions that the energy industry must take to ensure that energy networks meet net zero emissions targets by 2050. The plan centres on the growth of renewable energy sources and proposes a special fund for investment into innovative solutions for addressing climate change.

marketingweek.com, 2 February 2020;

<https://www.ofgem.gov.uk/publications-and-updates/rewiring-britain-net-zero-future-ofgem-publishes-decarbonisation-action-plan>

Environment

Adidas uses 50% recycled polyester

This year, for the first time, over half the polyester used in Adidas' products will come from recycled plastic waste. From 2024 it plans to use only recycled polyester in all its products. It will also produce 15m to 20m pairs of shoes using plastic collected from beaches and coastal area. Last year it made more than 11m pairs from such sources. The first fully recyclable running shoe (the Futurecraft Loop), due for launch next year, is made from one piece of recycled material fused together without using glue.

climateaction.org, 30 January 2020 (Cooper)

Fashion

Can tech make fashion recommendations?

Fashion is an emotional space where clothes reflect the way we feel or what we remember. So, is it appropriate for technology to intervene? Fashion retailers are increasingly using personalisation as a way of reaching consumers both in-store and online. We have seen AI stylists that can make personalised recommendations by analysing customer data. The question is whether the technology limits self-expression and individuality. The pros and cons are discussed.

The Times (Raconteur: Personalisation), 29 January 2020, pp6-7 (Santi)

Sports Direct boss acquires Mulberry

Mike Ashley has acquired a 12.5% stake in Mulberry, the luxury handbag company. This forms part of his strategy to shift his Fraser Group towards "premium third-party brands". Ashley, who owns Sports Direct, has been buying up a string of struggling retailers including House of Fraser and Jack Wills. Mulberry is the most upmarket so far. Ashley changed his group's name to Fraser following criticism of working conditions and corporate governance at Sports Direct.

The Guardian, 4 February 2020, p35

Financial services

Insurance museum – the latest attraction

An insurance museum will boost the image of the insurance industry, according to industry veteran Reg Brown and brand consultant Jonathan Squirrell. They are trying to set up an insurance museum in the City of London to show people that it is not just what you see in the TV adverts. A more practical reason is that the Chartered Insurance Institute (CII), which has moved to smaller premises, needs somewhere to display 100 years of artefacts. These include items ranging from Titanic's insurance policy to fire engines. The two are planning a pop-up museum to test out ideas. Alistair Brown of the Museums Association admits that it could be "a tricky marketing job". The Bank of England's museum attracts 100,000 visitors a year, but then people are probably attracted by the gold bars!

FT Weekend, 25-26 January 2020, p3

Co-op supports Guardian's no fossil fuel policy

The Co-op Bank is the only high street bank in the UK that doesn't offer services to energy companies and businesses working in fossil fuels. Now it is backing *The Guardian* newspaper's decision to ban fossil fuel companies from advertising in its paper. The bank placed an ad in the Saturday edition of *The Guardian* in which it set out its own ethical policies.

marketingweek.com, 2 February 2020

Apple pay doubles transaction volumes

Apple Pay's transactions have more than doubled to over 15 billion a year, year-on-year, according to CEO Tim Cook. Apple has also achieved its biggest ever quarter for revenue and earnings. (See under IT and telecoms)

nfcw.com, 29 January 2020 (Clark)

FMCG

Beverages

Unilever needs a stronger brew

Unilever is considering selling all or part of its global tea business, which includes Liptons and PG Tips. The business has suffered falling volumes as

consumers in wealthier countries move away from black tea towards fruit and herbal teas which aren't a core strength for Unilever. Chief executive Alan Jope notes that younger consumers tend to be "experience-seeking" while "builder's tea" drinkers (older people) are "not into experimenting and trying new products". Overall Unilever has been struggling with slowing growth as start-up brands challenge the status quo and consumer tastes shift. Growth in food and drinks was just 1.4% for Q4, behind the 3.7% growth in homecare but ahead of beauty and personal care at 0.5%.

Financial Times, 31 January 2020, p14; The Guardian, 31 January 2020, p3

Italian wine has first NFC bottle cap

Vignetti Massa, a vineyard in Piedmont, Italy, is the first in Europe to use an NFC aluminium screw cap on its 2018 Derthona wines. It gives each bottle a unique identity and enables the authenticity of the wine to be checked throughout the supply chain. The cap, which can be checked by tapping it with an NFC phone, will help to protect against the growing problem of counterfeiting.

nfcw.com, 28 January 2020 (Clark)

Beer brand campaigns have gone flat

Beer brands used to use creativity and communications to move into mainstream culture. People didn't so much drink the beer as "drink the advertising". The author cites "Gertcha" (Courage Best) and Arkwright & Tonto (John Smith's) as examples of iconic ads. He argues that beer campaigns have lost their impact and presents five reasons to explain why, "the fizz has gone out of beer advertising". He advises advertisers and their agencies to produce work that people want to talk about before they get to the bar and start making decisions about what to buy!

thedrum.com, 3 February 2020 (Chesters)

Food

Avocados – a taste of danger

Avocado growers in Mexico are battling against armed robbers who are targeting the multibillion-dollar avocado industry. Mexico exported a record 127,000 tonnes of avocados to the US, its biggest market, ahead of the Super Bowl. However, advertising Mexican avocados during the Super Bowl has simply drawn more attention to the industry and attracted more criminals. Avocados are fast becoming a "conflict commodity", according to Christian Wagner, a risk consultant. The avocado business has become so dangerous that some Mexican municipalities have their own armed private security guards.

FT Weekend, 1-2 February 2020, p6

Household

Own-label sales look good on paper

Sales of own-label toilet rolls have overtaken branded ones for the first time, according to Kantar. While branded toilet paper rose by 1.5% in value last year to £664.9m, supermarket brands rose by 10.9% to £691.9m in the 52 weeks to 6 October 2019. There is a huge gap in price between branded and supermarket paper, making it possible to buy a premium own-label product for less than the price of a standard branded toilet roll. Supermarkets are also launching ranges that were previously have been the domain of big brands, such as Tesco and Asda's coconut oil paper.

The Grocer, 1 February 2020, p47

Government and public sector

Super Bowl – Trump and Bloomberg

Donald Trump and Mike Bloomberg both bought ad space during the Super Bowl at a cost of around \$11m each. It is unusual for US election candidates to buy space during the game and they are the first to do so since records began in 1989. Trump ran two 30-second ads (at a cost of \$5.6m each), the first released in advance and the second during the game. Meanwhile, Mike Bloomberg ran a 60-second ad which promotes his record on gun control.

politicaladvertising.co.uk, 2 February 2020 (Pringle)

DWP hotline ditches Vivaldi due to anxiety

The UK's Department for Work and Pensions (DWP) has axed its Vivaldi's Four Seasons helpline soundtrack. For over a decade people have had to listen to the track while waiting for a DWP advisor. Many people claimed that it caused anxiety during waiting times of up to an hour and there have been previous calls to replace it. It was first introduced back in 2006 as a "cost-effective solution". The 30-second loop has now been replaced by a "calming" 20-minute mix.

theguardian.com, 2 February 2020

Health and pharmaceuticals

When pharma and tech combine

Big pharma and technology are inextricably linked, and investors are putting billions into companies that offer clinical insights contained in anonymised patient data. When combined with AI, it is hoped that this data will help more patients to benefit from existing medicines or even to discover new drugs. Companies such as Novartis and Pfizer now have digital experts on their leadership teams. Developing a drug and getting it to the patient can cost \$2.6 billion and takes up to 14 years but this could change. Investors may become impatient for tangible results, but AI and big data are not a short-cut when it comes to patient biology: it is more

about augmenting and complimenting clinical trials.

Financial Times, 27 January 2020, p19

What happens to your health data?

Dr Keane and colleagues from Moorfields Eye Hospital in London can tell a lot about someone's health by looking at retinal scans. In a project called AzEye, over three million scans from Moorfields have been linked with a central NHS database called Hospital Episode Statistics which has provided them with detailed data about their patients. Health data has become incredibly valuable; for tech firms the advantages are threefold: the chance of making a medical discovery; of grabbing a piece of the \$10 trillion a year global healthcare market.; for internet platforms to attract users by offering healthcare services. Research suggests that neither consumers nor doctors trust tech companies with health data. Only if it can establish patient trust will the NHS be able to exploit its data, which is one of its most valuable assets.

The Daily Telegraph, 3 February 2020, p22

IT and telecoms

BT tackles e-waste with hardware returns

BT wants consumers to return old or faulty routers and set-top boxes as a way of reducing electronic waste. It is issuing new contracts stating that the equipment remains the property of BT and has to be returned by the end of the contract or the customer risks a fine of up to £50. This comes at a time when governments are telling companies to reduce the waste that goes to landfill. Much of the discarded equipment can be refurbished and resold. Around 50m tonnes of e-waste is generated every year worldwide, while countries like China are refusing to accept the waste that western nations have previously sent to them for disposal.

Financial Times, 29 January 2020, p17

Facial recognition ok but not for finance

A new survey has found that 50% of Britons are happy to unlock their phones using facial recognition but that less than a third would be prepared to use it to authorise a payment. Some 47% said they would use their face as a boarding pass for a flight, 42% to log into websites and apps, 33% for accessing a car and home, but just 32% to pay for goods and services. The survey was conducted by Mindshare for Onbuy.com.

nfcw.com, 29 January 2020

Apple reports record earnings

Apple has achieved record quarterly earnings thanks to an 8% year-on-year rise in iPhone sales over the holiday period, giving it a 61% share of total revenue. Analysts were expecting people to refrain from buying a new handset until Apple launched a 5G-enabled device, but it appears that consumers

are starting to upgrade their phones again after several quarters of decline. Apple's performance has also been helped by its new pricing strategy of reducing the starting price of new phones. While the company's streaming services (TV+) have been lacklustre, its wearables business (AirPods and Watch) has seen revenues rise by 37% to \$10 billion. Apple has been building up its ecosystem with products beyond the iPhone: the more people buy into its products, the more they are drawn into the ecosystem.

Financial Times, 30 January 2020, p16

Vodafone sells Egyptian business

The sale of Vodafone's Egyptian subsidiary to Saudi Telecom follows a series of disposals which included its New Zealand business last year. CEO Nick Read wants to refocus the business on Europe which generates three-quarters of earnings. The problem is that Europe has too many operators and some of Vodafone's biggest markets (UK, Italy and Spain) are among the most competitive. However, revenue decline in these markets is beginning to slow and there are tentative signs of recovery in prices, despite competition remaining fierce.

Financial Times, 30 January 2020

Leisure and tourism

UK holidays – Brexit and beyond

Mintel's *Holiday Review – UK – January 2020*, analyses the holiday activities of British residents in 2019 and offers forecasts for the next few years. It covers staycations (which are expected to rise modestly from 2020-24); overseas holidays (which will return to growth although changes to travel conditions in 2021 such as passports, could restrict growth); and package holidays (which show no signs of a decline). It includes a breakdown for the types of holiday taken in 2019 both in the UK and overseas. It also highlights the high demand for food experiences among younger people.

mintel.com, January 2020

Materials and mining

Rhodium prices up but in short supply

The price of rhodium, which is used in catalytic converters for cars, has risen sharply. Rhodium's value is now around six times that of gold, with four-fifths of global demand coming from the automotive industry. Rhodium is expensive because it can be used in both petrol and diesel cars by helping to convert toxic gases into less harmful emissions. It is also in short supply, most coming from South Africa where it can only be extracted in very small quantities. Demand for the precious metal in China is expected to rise by 40% this year but, in the longer term, demand may diminish since electric vehicles don't use catalytic converters.

The Economist, 25 January 2020, p65

Media

Alexa supplants radio

More under-16s are listening to smart speakers than radio programmes, according to an Ofcom survey. In 2018 15% were interacting with Amazon Echos and Google Home speakers compared with 27% in 2019. The proportion listening to traditional radio fell from 26% in 2018 to 22% in 2019. Children tend to use smart speakers in an ad hoc way, such as when they have a question. The research also found that the age of "digital independence" – when parents give their child a smartphone – has risen to ten. In 2019 23% of nine-year-olds had their own phone, compared with 50% of ten-year-olds, and 94% of 15-year-olds.

The Daily Telegraph, 4 February 2020, p3

Internet

Losing third-party cookies – the fall out

Last month Google announced that it would phase out the use of third-party cookies on Chrome, a move which has implications for ad targeting. The author examines key digital media functions that could be affected by this development, namely frequency capping; ad campaign attrition; single sign-on and subscription platforms; audience analytics; and fraud and bot detection.

digiday.com, 29 January 2020 (Southern)

Newspapers

Impact of paywalls

This article describes research into the impact of newspaper paywalls on daily pageviews. Based on 42 newspapers that introduced a paywall from 2010-2017 it found that a paywall has a negative effect on daily pageviews for most newspapers (on average, they lost 30% of their daily pageviews) but that the impact varied significantly across the titles (from -10% to -55%). Newspapers that published more articles on politics or business/economics tended to perform better with a paywall than newspapers with fewer articles on these topics. Newspapers with unique content, and papers with a more liberal leaning, tended to experience a smaller fall in pageviews. Moreover, newspapers with a larger print circulation tended to experience a smaller decline in daily pageviews as a result of a paywall. These results have implications for all newspapers, especially pure-play online news publishers who rely on online advertising as a main source of revenue.

Journal of Interactive Marketing, Vol 49 February 2020, pp54-69 (Kim et al)

Social media

Tips for a successful campaign

Over three billion people use social media every month which makes it very attractive as a platform for connecting with consumers and raising brand awareness. DLA Piper, the law firm, recently hosted

an evening called *The Connected Consumer*, in which Jenny Emslie, founder of social media agency Sunshine Communications, gave some tips on how to connect with the consumer. In this interview she talks about key success factors for a social media marketing campaign; compliance with data protection; and her priorities for this year as a social media agency.

lexology.com, 28 January 2020 (Penman)

Design features to tackle FOMO

Fear of missing out (FOMO) can result in people constantly checking their social media. New research from the authors identifies the main triggers of this behaviour; contexts in which it happens; and the anxieties it produces. They also suggest some design features that social media platforms could introduce to reduce this social anxiety. These include setting priority lists so that a person only receives important notifications; allowing easy filtering; event recording and recapping so that a person can look back at their social media without missing information; and enabling people to specify their social interaction protocol so that others won't expect them to be constantly online.

fastcompany.com, 29 January 2020 (Ali and McAlaney)

Facebook – ways to monetise WhatsApp

Facebook, which has reported its weakest growth in seven years, is to start monetising WhatsApp. With 1.5 billion members, it is the most popular messaging service in the world. To date, it has been free of advertising but doesn't earn anything for the company. Facebook generates almost all its money from online ads which last year accounted for 98.5% of revenues. The US provides nearly half of this but finding new users at home to boost revenue will be hard. Mark Zuckerberg plans to launch WhatsApp's payment service to make it into a payment platform like PayPal's Venmo. Although this will help to keep it ad-free, it won't deliver the revenues that advertising does.

Financial Times, 31 January 2020, p12

Television

Addressable TV ads

Addressable TV advertising, in which companies can show different ads to different households, is fast becoming a reality, particularly since over half of UK households now have TV sets connected to the internet. TV ads have traditionally been traded against a number of audience segments, but addressability will enable advertisers to use a greater number of criteria including behavioural aspects. Brands might even be able to target a viewer with messages that are relevant to their purchase journey (an ad relating to what they have been viewing on social media, for example). However, while advertisers may be excited by the prospect, consumers may be less keen. It is unlikely

that TV will shift entirely from mass broadcast to one-to-one because, "it's role in delivering brand fame is too important". Advertisers will probably move to a mix of linear, on-demand and addressable content to suit their campaigns.

The Times (Raconteur: Personalisation), 29 January 2020, pp4-5 (Brownsell)

Packaging

Bathroom product recycling confusing

Consumers are confused about how to recycle the numerous plastic bottles used in bathrooms, according to a study by Which? Having analysed the labels on 20 types of products including shampoos, soaps and razors, it found that most could be recycled but often ended up in landfill due to a lack of clear labelling

The Sunday Times, 26 January 2020, p5

SEGA shifts to 100% recyclable packaging

SEGA Europe is to move to 100% recyclable packaging for all its PC products. This follows a collaboration between SEGA and Sports Interactive in November to release the *Football Manager 2020* game in fully recyclable packaging. It estimates that this initiative alone will save up to 20 tonnes of plastic packaging. Gary Dale, president and COO of SEGA Europe, wants the entertainment industries "to investigate similar packaging solutions, across movies, games and music so we can collectively observe a drastic reduction in the production of plastic packaging and its associated waste."

packagingnews.co.uk, 3 February 2020 (Corbin)

Retailing

John Lewis won't publish weekly sales data

John Lewis partnership, once the bellwether of the British retail sector, is to stop publishing its weekly sales figures. The group says this is because of its move to a new reporting structure in which sales and operating profit will no longer be split between Waitrose and John Lewis. The company has been publishing weekly figures for ten years, making it a useful indicator for investors, competitors, analysts and economists.

Financial Times, 29 January 2020, p17

Amazons moves further into offline retail

Amazon has been making incursions into bricks-and-mortar retailing for some years. This year it will open the first branch of a new supermarket chain. But what is it aiming to do, and can it succeed where physical stores have failed? With the high street struggling to integrate online and offline, this could be a perfect time for Amazon to make its move. It has the logistics, customer relationships and products to disrupt the market, says Sanchit Jain of Enders Analysis. Graham Soult, a retail

analyst, believes Amazon could benefit other physical stores by creating a “halo effect”.

The Daily Telegraph (Business), 30 January 2020, p4

Services

McDonald’s sales cross the \$100 billion mark

Last year McDonald’s sales rose by 5.9%, their fastest in over a decade and it exceeded the \$100 billion mark for the first time. McDonald’s is currently valued at \$160 billion and is the largest fast-food chain in the world with 38,000 outlets. The company is introducing digital ordering systems to its restaurants and expanding home delivery. It also plans to increase R&D spending this year. One piece of bad news has been the 1.9% year-on-year fall in the guest count in the US, McDonald’s largest market.

The Times, 30 January 2020, p41

Management consultancies ranking

The *FT*’s third annual listing of Britain’s leading management consultants reflects the firms that are most respected by clients and industry peers. They are rated in 15 sectors and across 14 types of work with gold, silver or bronze being awarded. Accenture, Deloitte and PwC are the only consultancies in the “marketing, brand and pricing” category to receive a gold rating out of 32 firms.

Financial Times (Special Report: UK’s Leading Management Consultants), 29 January 2020, pp1-15

Used car start-up launches mass marketing

Cazoo, a used car start-up, aims to disrupt the sector with a multi-million pound marketing investment. The business, which launched on 2 December, sells used cars online which are delivered to the customer’s home. Chief customer officer Darren Bentley wants to create a mass appeal brand that will grab a large share of the UK’s seven million-a-year used car transactions. Marketing, which centres on the brand’s “Cazoo Yeah!” platform, includes TV, radio, print and outdoor. Bentley claims that the unusually high level of marketing spend is “probably unheard of” in the launch of a UK-only brand.

marketingweek.com, 31 January 2020 (Rogers)

Transport and travel

Norton goes into administration

Norton, the 122-year-old British motorcycle brand, has gone into administration despite taxpayer support including a £4m government grant in 2015. The then Chancellor, George Osborne, said the plan was “all about backing British brands like Norton”. The company has been plagued by scandal including a tax fraud and lost pension funds. It is a comedown for an iconic brand that is famed for roles in films such as *The Motorcycle Diaries* (about Che Guevara) and *Spectre* (James Bond).

The Guardian, 31 January 2020, p40

Electric van start-up gets UPS contract

Arrival, a British electric van start-up, has just taken an order for 20,000 vehicles from delivery company UPS. The vans will be built at a micro-factory in Banbury. Kia and Hyundai’s recent 3% stake in Arrival brings the company’s valuation up to €3.3 billion, making it the first automotive unicorn in Britain. Arrival will build vehicles for Kia and Hyundai under their own badges. This is a boost for the motor industry since car factory output fell by 14% in 2019, a third year of decline.

The Times, 30 January 2020, p33

Rail franchises to be scrapped

The UK Government is to restructure the way Britain’s railways are run. Franchises are expected to be replaced with a management contract model allowing private companies to have concessions of up to 20 years. Grant Shapps, transport secretary, has announced that the Northern franchise will be nationalised. This follows the nationalisation of two other franchises since 2018. Forthcoming legislation will set out a “model for the 21st century” with the publication of a white paper in February.

Financial Times, 30 January 2020, p3

Written by CIM’s Knowledge Services Team

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Cutting Edge: Our weekly analysis of marketing news

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