

Cutting Edge: Our weekly analysis of marketing news

19 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

UK advertising doesn't represent diversity

LGBT+ and disabled people are seriously unrepresented in UK advertising, according to research from Channel 4 and YouGov. In a study analysing 1,000 TV ads, they found that LGBT+ people appeared in just 3% of ads despite accounting for at least 6% of the UK population. Disabled people appeared in only 2% of ads despite making up 28% of the population. When such groups are included in ads, they tended to be stereotyped or shown in a negative light. Starbucks was the winner of Channel 4's fourth annual Diversity in Advertising Award with an ad featuring a young transgender man. Its campaign involves a partnership with Mermaids, an organisation which supports gender-diverse children.

Campaign, February 2020, p9

Agencies

BAME leadership – slow progress

A new study from Creative Equals reveals that only 12% of women of colour who work in the ad industry occupy senior roles and the figure is even lower (6%) for black women. The research also found that a quarter of men of colour have senior roles compared with 34% of white men. On the positive side, a larger percentage of women than men were promoted last year (20% vs 15%) but the report concludes that adland is making slow progress when it comes to promoting women of colour.

Campaign, February 2020, p9

Brands and branding

Making the most of pop culture trends

Many brands are enjoying a comeback thanks to

popular media. For example, the current 1980s craze has been attributed to the Netflix series *Stranger Things*. A raft of brands and products are featured in the show which harks back to times before today's kids were born. Yet somehow it succeeds in creating nostalgia for things they didn't know. A large element of this movement is down to the "symbiotic" relationship between brands and the media. So how can brands make the most of such trends? Here are some tips for capitalising on the influence of pop culture media on consumer preferences.

ama.org, 29 January 2020 (Johnson)

Children

Unilever reduces marketing to children

Unilever is to stop marketing certain products to children to help tackle obesity. It has promised to reduce the use of cartoon characters in advertising and not to use social media influencers "who primarily appeal" to children. The changes, which will affect brands such as Twister, Max and Paddle Pop ice creams, will be implemented by the end of the year. The company also has plans to launch some "responsibly made" products for children, containing lower calories and sugar content. The pledge is based on Unilever's three pillars: "Responsibly Communicated, Responsibly Sold and Responsibly Developed".

prolificlondon.co.uk, 13 February 2020 (Peachey)

Conferences and events

Cancellations the latest trend

Around the world events are being cancelled due to the coronavirus. Yet even before this crisis, event organisers were struggling to make profits and have been facing tough competition from digital disruptors. The McCormick Place Convention Center, America's largest venue, has been losing money over the past three years and is forecast to do so for



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the next three. Empty exhibition centres are bad news for host cities because of the lost income for local hotels and restaurants. Event organisers have the difficult job of keeping members happy with affordable ticket prices while staying in the black. Fewer organisers are predicting a rise in profits this year.

Financial Times, 14 February 2020, p14

Customer relations

Brand love – good relations

A successful marketing strategy rests on knowing why customers would choose your product. By establishing a connection with your targeted customers and meeting their needs you can create a culture of brand love. Brand love is a marketing strategy that can turn brand-loyal consumers into advocates and influencers. In order to achieve this, brands must focus on the three elements for creating a culture of brand love, namely, customer satisfaction, customer value and relationship marketing.

ama.org, 13 February 2020 (Schreane)

Direct marketing

Catalogues are popular again but why?

Catalogue mailings have been on the increase since 2015, despite the preponderance of email and social media marketing. Response rates to catalogues rose by 170% between 2004 and 2018, not just among digital laggards, but among Millennials who appear to be particularly receptive. Certain categories of product and service are investing heavily in catalogues as are some pureplay online retailers. Using recent trends in retail technology, consumer psychology and a field experiment with a luxury e-commerce retailer, the author investigates why an old, analogue marketing tool is proving so popular; whether the “catalogue effect” will last; and how e-commerce companies can benefit.

hbr.org, 11 February 2020 (Zhang)

Law

NAD participation could result in FTC referral

The National Advertising Division (NAD) in the US is a voluntary dispute resolution body which offers a channel for competitors and others to challenge the claims made by advertisers and whether they can be substantiated. The challenged advertiser can choose whether to participate in the voluntary process but, if it subsequently declines to comply with the recommendations, it could find itself being referred to the Federal Trade Commission (FTC). This is exactly what happened to Creekside Natural Therapeutics after being challenged by the Council for Responsible Nutrition.

internationallawoffice.com, 14 February 2020 (Steinborn and Lancaster)

Babybel sees red as trademark invalidated

Brands should take extra care when registering a non-traditional trademark. A recent case emphasises the importance of using a Pantone descriptor where a colour is included in a 3D trademark. The case involved Fromageries Bel SA (FBSA) which registered its Babybel cheese wrapper in 1997. Sainsbury’s applied to have the trademark invalidated because the colour “red” in the description wasn’t sufficiently clear and precise. Its application was successful, and the mark was declared invalid. FBSA appealed to the High Court on three grounds all of which were rejected including its attempt to limit the trademark rights to the pantone 193C hue. The case serves as a reminder to brand owners of the difficulties they might encounter in such situations.

lexology.com, 13 February 2020 (Dickerson)

Marketing

From third-party to first-party data

The use of third-party data is in decline mainly because of consumer privacy concerns and publicity surrounding large-scale data breaches. This could give marketers, who have long struggled with the accuracy of third-party data, a chance to use more effective ways of reaching consumers. Experts see first-party data as the way forward for marketing and advertising. For example, purchase data from retailers creates a more reliable picture of the consumer than either third-party data segments or data taken from browsing activity. Consumers will want some kind of value exchange before they agree to part with their data, but many retailers have already that value proposition through loyalty schemes and offers. Working with retail partners, and using purchase-based targeting and contextual relevance, could be key to targeting in the future.

ama.org, 10 February 2020 (Stagnaro)

Market research

Shopping context and brand equity research

New research reveals variations in shopping behaviour that are linked to brand category rather than just one brand and this has implications for brand equity research. The implication is that research should move away from brand-focused to consumer-context focused techniques to create better insight and more meaningful consumer relationships. This article looks at what the rise of the “promiscuous shopper” means for insights professionals; nuances in shopping styles and their impact on brand equity research; and changing one’s approach to consumer insights.

researchworld.com, 12 February 2020 (Brooks)

Brand purpose – a Twitter perspective

“Brand purpose” is a bit of a buzz phrase in marketing but large brands seem to have embraced it as evidenced by a raft of campaigns incorporating

purpose messaging. At Twitter the brand purpose marketing conversation revolved around: whether it worked and why; how it could work better; and what role Twitter would play. The internal research team initiated a programme of research which included both qual and quant methods including implicit response testing. Rob Turnbull, research analyst at Twitter, discusses some of the findings and how Twitter can address the concerns of the brands it works with.

research-live.com, 12 February 2020 (Turnbull)

Public relations

Trust can't be built, it must be given

Leaders want to know how to rebuild damaged trust in their business but trust isn't a physical object, it is more of a belief. Rather than being built, trust is bestowed by customers, employees and the public. Businesses must earn it through being trustworthy both in capability and character. Capability rests on reliability and competence, but character depends on integrity and empathy. During a crisis people want to hear empathy that is genuine and may not be satisfied until they are sure that the interests of the company align with their own. Boeing, Google and Facebook are cited as examples of companies that have demonstrated capability but not character.

Financial Times, 10 February 2020, p21

Sponsorship

Allianz drops Saracens sponsorship

Allianz, the German insurer, is to terminate its sponsorship of Saracens rugby team after it was relegated following breaches to the salary cap. Allianz sponsored the team since 2012 in a deal said to be worth £2m a year. Saracens won the Premiership four times and the European Champions Cup three times during the sponsorship period. The deal has been good for Allianz as it seeks to build its brand through association with top sports groups, but highlights the risks associated with sponsorship.

Financial Times, 12 February 2020, p21

Agriculture, fishing and forestry

Tofu worse for environment than meat

At a recent conference in London, the National Farmers Union (NFU) presented some interesting research suggesting that a meat-free diet could be more damaging to the environment. Graham McAuliffe of the Rothamsted Institute said that conventional analysis of foods did not take into account that the human body finds it harder to digest plant proteins and so people have to eat more of them. His research also showed that tofu production could generate more greenhouse gas emissions than most meats. Meanwhile Minette Batters, NFU president, said that farmers would not

reduce livestock numbers just to suit government tree-planting targets although some farmers may decide to create "carbon farms" where companies could pay to offset emissions.

The Times, 12 February 2020, p12

The rise of the agribot

A raft of companies, such as the Small Robot Company, are developing "agribots" for the agricultural industry. Weed control and labour shortages are just two of the problems facing agriculture. But now it is becoming easier for robots to distinguish weeds from a cultivated crop as AI algorithms get better at classifying images. As robots with cameras increasingly automate other farming jobs, the agribot industry is expected to grow by 23% a year to reach \$20 billion by 2025. In the future agribots will range from smart machines being towed by autonomous tractors to many small robots employed for individual tasks.

The Economist, 8 February 2020, pp73-74

Hemp – the green gold rush

Many farmers in the US, particularly tobacco growers, are turning to hemp: a trend that is being dubbed the "green gold rush". The amount of land used for hemp growing has risen from 10,000 acres in 2016 to over half a million last year and the industry is predicted to be worth \$22 billion by 2022. Part of the reason is the decline in farm income since 2014 with farmers looking for a more lucrative crop. Many farms have taken on the entire process, from growing the crops to processing, bottling and selling CBD to consumers.

The Daily Telegraph (Business), 12 February 2020, p8

Building industry

Infrastructure projects – skills shortages

The construction industry isn't training enough people and this could hinder Britain's delivery of its National Infrastructure Plan, according to the Civil Engineering Contractors Association (CECA). Its latest workload trends survey for Q4 2019 reveals a net balance of 52% of British firms who reported a shortage of skilled workers, the highest figure in five years. Civil contractors are calling on the Government to initiate a national skills plan for the infrastructure sector.

theconstructionindex.co.uk, 18 February 2020

Offsite construction – breaking new ground

Sekisui House, Japan's biggest housebuilder, is also a pioneer of offsite construction. Now it has partnered with Urban Splash, a developer, and Homes England to build over 400 homes in Cambridgeshire. Buyers will be able to configure their homes before they are constructed in the factory and delivered to the site.

constructionwquirer.com, 17 February 2020 (Morby)

Businesses and strategy

CLO – transforming learning

Continual employee development is essential for organisational success in a fast-moving business environment. This has led to an expanded role for the chief learning officer (CLO). CLOs have become not just trainers but transformers who can reshape business capabilities and culture. Research among 19 CLOs at large organisations reveals a roadmap for those aiming to create a stronger workforce. Rather than just teaching employees specific skills, they should be taught broader capabilities such as strong leadership and digital competencies. CLOs should shift away from the classroom towards teaching employees in customised ways such as videoconferencing, online and audio courses and learning departments should become more agile by tailoring plans to individuals.

Harvard Business Review, Vol 98(1) January-February 2020, pp84-93 (Lundberg and Westerman)

Executives on outside boards

Allowing lower-level executives to serve as directors on other companies' boards is a way to groom future board members, to retain executives for whom a promotion is not yet available and to achieve greater diversity by tapping into "rising stars". Most CEOs are white and male which emphasises the lack of diversity on company boards. Marriott International wants its lower-level executives to join other company boards as a way of gaining valuable experience. This is a trend embraced by other large US companies and seems to be helping to boost diversity. Last year for the first time the majority of new directors on the S&P 500 were women or men of colour.

Bloomberg Businessweek, 10 February 2020, p27

New strategy – the chartering approach

Business leaders are often under pressure to launch new strategies faster. Those who recognise the importance of conveying the message to employees about the direction the business is taking often adopt the "cascade" approach. Yet a strategy cascade tends to be a one-time, one-way flow of information which can leave employees feeling confused about what they are required to do differently. A typical strategy cascade can fail to generate the clarity, commitment and action required. Instead organisations can use a "chartering" approach which is based on the idea that "genuine commitment is a choice". Leaders and teams can move away from simply sharing information to mutual agreements and a common mission. Here are four key elements that can make a difference.

strategy-business.com, 6 February 2020, (Doty)

The accountability problem

When leaders complain about a "lack of accountability" it can be demoralising for their team. Yet, the fact that things aren't going well is often down to an underlying issue or poor strategy. It is better to approach the problem with a "leadership mindset". The author offers a guide to starting the conversation, identifying the real issue and executing a plan to solve it. She mentions tools such as: scorecards, metric dashboards, weekly meetings, process write-ups, checklists and project plans.

hbr.org, 10 February 2020 (Raffoni)

Start-ups – early-stage investment slowing

There have been concerns at the ease with which British tech start-ups have been able to find domestic funding at the "seed" stage but have had to turn to US investors for later-stage funding (See also under Education). Now, however, there are fears that early-stage investment in British tech start-ups is in decline even though total investment continues to rise. The number of early seed deals fell from 739 in 2018 to 689 in 2019, according to research from Beauhurst. This is despite the average investment in tech start-ups rising by 61% to \$6.8m last year mainly due to a number of large deals. Some start-ups turn to angel investors but there are signs that even this source might be drying up. Others argue that investors are simply getting better at picking the winners and so invest in fewer of them.

The Daily Telegraph, 12 February 2020, p4

Charities and NGOs

CRM – benefits for smaller charities

CRM systems can be a valuable asset for charities if they are customised to their needs. Charities that use CRM software can benefit from contribution growth of at least 20%, according to UKFundraising. According to research from Salesforce, 82% of those that use CRM systems say they save time and boost income. This article examines how charities use CRM, with reference to examples such as Chana Charity and the National Youth Choir of Scotland. It points out that, while almost all charities with income exceeding £100m a year use a CRM system, only 31% of small charities and 11% of micro charities use one. Smaller charities may be unaware of the things that CRM can do for them. The article sets out some considerations for small and micro charities when choosing a CRM system.

charitydigital.org.uk, 13 February 2020 (Rubens)

Durable consumer goods

Ikea targets Soviet-era design

Around 60% of Russians live in Soviet-era apartment blocks with limited designs and floor plans. Ikea has recreated typical apartment layouts on its Russian website, given them virtual

makeovers and enabled consumers to make suggestions and furnish their apartment online. The Kwartiroteka (meaning "selection of apartments") service has attracted 2.8m visitors since its launch in June and helped to boost Ikea's sales in Russia by 17%. Russia has become Ikea's fastest-growing market after Hungary and is considering whether to expand to other countries that have a large amount of communist-era housing. Ikea is rapidly changing its business model as footfall to its big-box showrooms stagnates.

Bloomberg Businessweek, 10 February 2020, pp16-18

The brooch is back – for men

Lapel jewellery was much in evidence among male celebrities at the Golden Globes in January. Brooches are back but not just for women – men are wearing them too or adding lapel pins as a finishing touch. Lapel pins have been around a long time as a way of signalling status, such as military rank, or membership of a club. Designer Karl Lagerfeld pioneered the rebirth of the brooch. Jeff Goldblum wore a star brooch at the recent launch of Tiffany's men's jewellery collection.

Bloomberg Businessweek, 10 February 2020, pp64-65

Economy

February is the saddest month

The Monday of the third week in January is often referred to as "Blue Monday" or the most depressing day of the year. *The Economist* has tried to analyse seasonal depression by looking at data from Spotify. Using published data from the company for 30 countries, it concludes that the global top 200 songs are at their gloomiest during February when their "valence" (how happy the song sounds) is 4% lower than the annual average. In July the mood is 3% higher than the average and is at its most joyful at Christmas. Ironically the February slump also occurs in countries near the Equator, such as Singapore and even further south in Australia. The far north has the most mood swings: Finland is 11% happier in July.

The Economist, 8 February 2020, p81

Education

WhiteHat aims for university scale

WhiteHat, a London-based start-up, was launched in 2016 to "democratise access to the best careers". It offers an alternative to university by recruiting and training people as apprentices. It matches candidates' profiles with opportunities; gives them access to coaching and educational resources; and offers a community a bit like a university alumni network. Last year WhiteHat had 1,000 apprentices but aims to have 10,000 by 2023 which it says will make it look more like a university. Growth has been in part driven by the Government's apprenticeship

levy. Co-founder Sophie Adelman talks about the challenges of growing a start-up company and hiring new people.

Wired, March-April 2020, pp72-73

University spinouts struggle to find funding

Spinouts from British universities fell from £1.38 billion in 2018 to £1.24 billion last year. This is despite record equity funding for British-based start-ups last year. It would appear that large investors and pension funds are not sufficiently interested in the sorts of companies being created by academics and doctorate students. If such companies don't find support within the UK, then they may well be acquired by an overseas rival. One such company is Yasa, which was founded by an engineering student at Oxford University and currently employs 180 people. It is looking for expansion funding but is afraid that its technology may end up going overseas. (See also *Businesses and Strategy*)

Financial Times, 12 February 2020, p21

Energy and utilities

Large batteries boost US solar power

In the US solar farms are increasingly being built complete with industrial-size batteries so that energy can be stored for use at night. These "solar-plus-storage" projects are attracting substantial investment from fund managers, energy producers and tech companies. Investment in new plants is growing thanks to a 77% fall in solar panel prices and 87% decline in lithium-ion battery prices over the past decade. Battery capacity in the US is expected to double this year while renewable fuels are expected to generate around 20% of US electricity. The rise in utility-scale solar power should give renewables over a third of the market by 2050, according to the Energy Information Administration.

Financial Times, 18 February 2020, p18

Government funds hydrogen energy projects

The UK Government is awarding a total of £90m for hydrogen energy projects, a low or zero-emission alternative to fossil fuels. These include the development of two of the first hydrogen production plants in Europe, one in England and one in Scotland. It will also fund technology to use offshore wind to produce hydrogen. Other money will support smaller projects around the country. The investment aims to get Britain nearer to being net zero by 2050.

energylivenews.com, 18 February 2020

Environment

Report warns of declining natural assets

The *Global Futures* report from WWF concludes that declining natural assets could cost the world £368 billion a year, amounting to nearly £8 trillion by 2050. The report looks at how natural habitats and

wildlife that provide “ecosystem services”, such as pollinating crops, protecting coastlines from flooding, timber production and fisheries, could be affected by development. The use of fossil fuels, expansion in agriculture and urban development will lead to substantial natural losses. In Britain these losses will be seen in damage to natural coastal defences which could cost £15 billion a year.

The Times, 12 February 2020, p12;
<https://www.wwf.org.uk/globalfutures>

Mattresses – an environmental nightmare

Circum is just one of the very few mattress recyclers in the UK. In 2017 over seven million mattresses were thrown away in the UK, most of which went to landfill but many being dumped illegally. In short, mattresses have become a “global environmental nightmare”. There was a time when people would keep their mattresses for up to ten years but now online retailers encourage consumers to replace them more often. These days mattresses can be packed into small boxes making delivery very convenient. Many start-ups entering the \$30 billion market offer 100-day comfort guarantees allowing consumers to return the mattress, a trend that has led to even more mattresses going to landfill. The market is also rife with scammers and those falsely claiming to sell new mattresses.

The Guardian, 12 February 2020, pp4-5

Fashion

What happened to US fashion?

New York Fashion Week appears to have lost its allure as have some of America’s top designers who are seeing diminishing brands and businesses. This seems strange given that sales of global luxury goods have been rising (up from €153 billion in 2009 to €281 billion in 2019 according to Bain & Co). Yet it is the European luxury sector that is taking the major share of the market by capitalising on demand for sportswear and trainers and expanding into China. This article looks at America’s design legacy and whether it will produce another Michael Kors.

FT Weekend, 15-16 February 2020, p10

Sleepwear ads to help insomniacs

Smartphone use can be a cause of insomnia which is why Mey, a German sleepwear brand, is targeting people who use their phones between midnight and 5am. Its “Zzzomnia” campaign will show insomniacs ads containing psychedelic imagery which they can move around to match patterns, a process that is meant to make them sleepy. It is based on the idea that fractal patterns reduce stress by up to 60% and target the part of the brain that controls sleep. Research suggests that 25% of Germans suffer from sleep disorders.

campaignlive.co.uk, 17 February 2020

Financial services

Monzo – transparency and sustainability key

Tom Blomfield, founder and chief executive of Monzo, has helped to disrupt the banking sector in the UK and now hopes to do the same thing in the US. Monzo, which has grown into a £2 billion start-up with 3.5m users, has “an almost cult-like customer following”. Its popularity has resulted in traditional banks rejigging their services to appeal to younger customers. Monzo’s success has largely rested on the involvement of its customers: through crowdfunding; trialling products; and suggestions for renaming the company. Now Monzo faces the challenge of growing its revenue while remaining transparent and fair. Blomfield says the best businesses, “find something that is really positive for society and the environment and individual customers” because these generate a “healthy, sustainable profit”.

Wired, March-April 2020, pp68-69

Contactless transactions \$6 trillion by 2024

Contactless transaction values could reach \$6 trillion by 2024 according to forecasts by Juniper Research. This growth will be driven by OEM Pay and contactless card transaction values, particularly in the US. Apple Pay will generate 52% of OEM Pay transactions, up from 43% this year.

nfcw.com, 11 February 2020 (Clark)

Payments mergers

There has been a raft of payments mergers over the past few years. The latest is Worldline’s agreement to acquire Ingenico to create Europe’s largest payments company. Various factors are driving consolidation in the industry not least being the huge amount of money at stake. Companies that have an “oligopolistic” position at the heart of payments networks, such as Visa/Mastercard, have been growing in double-digit figures thanks to the consumer shift away from cash. One possible threat comes from large tech platforms such as Tencent and Alibaba in China and Google and Amazon in the US, all of which have been moving into financial services.

Financial Times, 10 February 2020, p11

FMCG

Beverages

Alcoholic seltzer

In the US alcoholic soda water or “hard seltzer” has been turned into a market worth around \$2.4 billion in just a few years. Spiked Seltzer, an alcoholic version of seltzer, sold a quarter of a million cases in 2015; it has since been acquired by Anheuser-Busch and rebranded as Bon & Viv. Last year White Claw, another alcoholic seltzer, was the subject of social

media memes. This spring there will be a tasting festival in New York where around 30 different hard seltzers will be on offer.

The Times, 14 February 2020, p35

Kefir – the latest health kick

Demand for kefir, a Polish drink has been booming, with Tesco reporting a 400% rise in sales compared with 18 months ago. Kefir, which contains 40 kinds of “gut-friendly” bacteria, is becoming part of the latest middle-class health trend. The drink is reputed to have been discovered over 2,000 years ago by shepherds in the Caucasus Mountains. The best-selling brand in the UK is Biotiful dairy.

The Times, 13 February 2020, p20

Brexit and tariffs fail to scotch whisky sales

Despite US tariff and Brexit worries, Scotch whisky exports reached a record high last year. Sales rose by 4% to £4.9 billion as countries such as Taiwan and India saw strong demand (up 22% and 19.7% respectively). However, the US saw the highest sales of £1.1 billion, a rise of 2.8%.

The Daily Telegraph (Business) 13 February 2020, p7

Food

Greggs to appear in Asda stores

Five Asda stores are to contain Greggs stalls where the baker will sell breakfast rolls, sandwiches, wraps and so on. Greggs, which opened a further 97 stores in the last quarter of 2019, has given a £7m bonus to staff following strong sales. Raymond Reynolds, Greggs’ business development director, says it plans to sell more products to shoppers in new locations.

The Daily Telegraph, 13 February 2020, p3

Nestlé banks on plant-based offerings

Nestlé is planning to launch a plant-based “tuna salad” as a way of boosting sales. Chief executive, Mark Schneider, hopes that plant-based meat and fish alternatives will help its prepared meals division. Plant-based products are already achieving double-digit growth for the company and Schneider says the aim is to reach a “younger, more educated, more affluent audience, who are among the people that convert first”. However, plant-based seafood has lagged behind the development of other meat alternatives. Around 20 companies were working on it last year in the US.

Financial Times, 14 February 2020, p19

Appetite for bread is back

Bread is increasing in popularity having fallen out of favour over the past few years. It lost £60.4m in sales last year according to *The Grocer’s Top Product Survey 2019* although the report identified higher demand for better quality bread. Waitrose has reported a boom in sales of white loaves (up 20% year-on-year) while searches for sourdough on

Waitrose.com rose by 65% in January and sales of speciality loaves have risen by 22% over the past three months.

thegrocer.co.uk, 17 February 2020 (Devlin)

Government and public sector

EU wants audit of algorithms

The EU wants better accountability for the political advertising that appears on Big Tech platforms such as Google and Facebook amid concerns that democracy could be harmed by online campaigns. Vera Jourova, the European commissioner for values and transparency, says that “black box” algorithms should be available for “audit” by researchers and third parties with greater clarity about how the algorithms decide what people watch online. She is also calling for better disclosure of the parties and funding behind online campaigning. Brussels is currently looking at a number of ways for increasing the accountability of Big Tech platforms due to concerns over disinformation campaigns.

Financial Times, 14 February 2020, p4

US digital adspend is over £1 billion

Digital political ad spending in the US is expected to reach record sums for the 2019-2020 election cycle by exceeding the \$1 billion mark for the first time (\$1.34 billion). This is largely due to the large number of Democratic candidates, who include billionaires such as Michael Bloomberg and Tom Steyer, as well as Donald Trump’s online campaigning. A lot of the political adspend is focused on Facebook, which has not restricted political advertising in the same way that Google and Twitter have. Yet TV is expected to account for 66% of the total \$6.89 billion spend, which shows that mass-reach campaigns are still regarded as important. Digital will account for 19.4% of the total.

emarketer.com, 12 February 2020 (He)

Looking for a cheaper way to do the census

Ian Diamond, the recently appointed national statistician, is looking to change the way in which census data is collected to create something “timely, cheaper and more effective”. He hopes to use other sources of data such as GP registrations and surveys. The census provides population estimates at geographic level as well as a picture of society, including housing, work and health, explains Iain Bell, ONS statistician responsible for the census transformation programme.

research-live.com, 12 February 2020

IT and telecoms

Cisco looks from hardware to software

Cisco’s revenues have been falling and the decline is

expected to continue. As the largest maker of routers and other hardware needed to connect computers, the company has problems that software groups don't have. Gartner forecasts global IT spending to rise to \$3.9 trillion this year, but businesses are spending their money on areas such as cloud storage rather than hardware. Cisco has been trying to transform itself from a legacy company to a subscription-based software business. It remains a dominant player, with quarterly sales of network equipment standing at \$12 billion compared with rival Arista's \$700m. It can afford to make the necessary acquisitions that will shift its business to software.

Financial Times, 14 February 2020, p14

Apple unlocks new possibilities with CarKey

It may soon be possible to use an iPhone or Apple Watch as a car key. The first beta version of iOS 13.4, recently released to developers, makes reference to a "CarKey" API. The CarKey will be used in NFC-compatible cars, which enable the device to be held near the vehicle to unlock it. CarKey can be shared with other drivers who can be invited via Wallet app.

nfcw.com, 6 February 2020 (Clark)

Amazon still ahead in smart speakers

Amazon is expected to maintain its lead in the US smart speaker market through to 2021 with 69.7% of smart speaker users predicted to use the Amazon Echo, down from 72.9% last year. Just 1.7% of users are predicted to use Google-branded devices while 18.4% will use other brands. Amazon had first mover advantage with its US launch of the Echo back in 2014. Yet its advantage is diminished in some countries because it doesn't support as many languages as its competitors. eMarketer expects smart speaker growth to slow over coming years as Alexa and other voice assistants shift to other devices, such as vehicles and appliances.

emarketer.com, 10 February 2020 (He)

Leisure and tourism

Package holiday business strong

Tui, Europe's largest travel group, has reported its best set of bookings ever. This is despite concerns that the package holiday is in decline and despite the grounding of Boeing's 737 Max aircraft. Tui has almost certainly benefited from the demise of Thomas Cook, its main competitor. The company has seen a 3% year-on-year rise in winter bookings and has already sold 36% of its summer offerings.

The Times, 12 February 2020, p47

A campaign for just £550 – astronomical!

In 2018 the Royal Observatory in Greenwich wanted to raise public understanding of astronomy by launching a marketing campaign but it had a budget

of just £550! Its in-house team set about working on a project called Space LIVE which aimed to broadcast astronomical events, such as the 2018 lunar eclipse, using Facebook Live. The result was a campaign that reached over 310,000 people and attracted 360,000 visits to the Observatory's website. It also gained a number one search ranking on Google. The campaign was built on five objectives as explained here.

marketingweek.com, 10 February 2020

Materials and mining

Gold – a risky business

Gold deposits are smaller and run out faster than many other ores; gold firms must balance this with other demands such as returns to shareholders and the cost of closing old mines. Over the past five years return on equity has been -5% but now things seem to have turned a corner and firms have benefited from more expensive gold and cheaper oil. The industry has also been consolidating with \$33 billion of M&As and joint ventures last year. Yet recent spending constraints mean that there is less money for exploration and analysts believe that gold production may be about to peak which will lead to a decline. Meanwhile, investors are scrutinising companies' environmental, social and governance metrics. Energy intensive businesses that operate in places with a history of corruption are risky. Gold companies are making efforts to behave in ethical and eco-friendly ways but will this be enough?

The Economist, 8 February 2020, p60

Media

Film

Better SEO – it's all in the title

Birds of Prey, a Warner Brothers film, has had to be renamed *Harley Quinn: Birds of Prey*. The movie company made the decision after the film's box office sales fell well below expectations. This is despite the film receiving high scores on review site Rotten Tomatoes. One industry executive blamed the failure on "bad marketing, bad trailers, and bad title decisions". Its roll out has been compared with Fox's marketing of *Dark Phoenix*, an *X-Men* movie without "X-Men" in the title. Warner Brothers apparently has a new SEO plan. Now that Harley Quinn, a popular well-known character, is in the title, things may go better!

theverge.com, 11 February 2020 (Alexander)

Internet

Ofcom to have internet remit

Ofcom will become Britain's first internet watchdog by regulating illegal and harmful content. Online-harms legislation – still being drafted – will require a "duty of care" from companies, including Facebook and YouTube, to ensure that users are not exposed

to illegal material. Critics, such as the Internet Association based in Washington, say the laws will have “a chilling effect on freedom of speech”. There are also concerns about what constitutes legal and illegal content and how this is going to affect smaller tech companies that don’t have the resources of the larger ones. If the legislation is passed, Britain will become one of the first countries to have laws for monitoring internet companies.

Financial Times, 12 February 2020, p3; Financial Times, 13 February 2020, p3

Magazines

Elsevier – an end to subscriptions?

Elsevier, publisher of academic journals such as *The Lancet*, is seeing its subscription model challenged as customers shift away from traditional charging structures. The traditional funding model for journals is being disrupted by open access publishing (removing paywalls and making scientific research free to read). This is bad news for Elsevier’s parent company, Relx, whose academic division accounts for 40% of operating profit. Competitors such as Springer-Nature and Taylor Francis have been faster to try different “pay-to-publish” models (a funding mechanism for open access papers). As librarians at some US universities start to challenge Elsevier’s pricing structure, can it come up with a new approach?

Financial Times, 12 February 2020, p17

Economist goes outdoors to boost readership

News outlets are increasingly using outdoor stunts to advertise their journalism. Now *The Economist* has been testing out-of-home advertising to see how it can help increase subscriptions. It has been launching stunts to coincide with dates in the political calendar. For example, to coincide with the UK’s EU withdrawal last month, the magazine took over Old Street roundabout and Canary Wharf in a campaign that integrated experiential activation with OOH. Following a good response, it will roll out the campaign to other areas of London. The OOH activity primarily focuses on digital subscriptions although, according to CMO Mark Cripps, people like to carry the print magazine around as a “badge of honour”.

thedrum.com, 17 February 2020 (Watson)

Newspapers

Telegraph insensed at move to magazines

WH Smith has asked all its stores to move copies of *The Daily Telegraph* from the newspaper to the magazine section. The vacant places in the newspaper section are to be filled with copies of *The Times*. *The Telegraph* has voiced its displeasure at being placed with the magazines and has suggested that the action is an attempt to exert pressure on the newspaper in a commercial negotiation. The

newspaper has recently raised its cover price and removed itself from the ABC system of newspaper audits. Under chief executive Nick Hugh who joined in 2017, *The Telegraph* has seen newspaper circulation fall by 34%.

FT Weekend, 15-16 February 2020, p18

Packaging

Danone launches track and connect

Danone has launched its Track & Connect service which will allow people to track its baby formula’s journey through the supply chain. By scanning an external and internal QR code on the baby formula packs, consumers can check the quality and authenticity of the formula as well as accessing personalised support for brands such as Aptamil and Nutrilon. The service is launching in China before being rolled out to other countries.

packagingeurope.com, 13 February 2020

Retailing

Tesco behaved illegally by blocking rivals

Tesco has been illegally preventing competitors from buying or leasing land at certain sites, according to the Competitions and Markets Authority (CMA). It found that on 23 occasions the supermarket chain had stopped rivals opening a store by using restrictive contracts, such as putting unlawful covenants on land. The CMA’s executive director of markets and mergers, Andrea Gomes da Silva, says that “shoppers could have lost out”. Tesco blames its actions on “administrative errors”.

marketingweek.com, 16 February 2020

Services

Executive search firms as powerful as ever

Top-tier executive search firms (headhunters) are busier than ever. AESC, a trade body, estimates that global executive-search revenue grew by 12% in 2018 with 2019 being its best year ever. The largest search firms (the five large firms dominating CEO search are often known as the “Shrek” firms because of their initials) have a strong influence over who gets to head up the world’s most powerful organisations, hence their high fees. However, there are concerns that the industry is holding back performance and diversity in the boardroom. Doubts about headhunters have resulted in some companies bringing the work in-house and building their own teams of experts. However, many large companies will continue to use search firms.

The Economist, 8 February 2020, pp64-66

Just Eat increased marketing spend by 20%

Just Eat boosted its marketing spend by around 20% last year to €153.8m, much of which was accounted for by its global campaign by McCann. Chief executive Jitse Groen said revenue had grown

almost fourfold since 2016 which means that the higher marketing spend has provided a good return on investment.

prolificlondon.co.uk, 13 February 2020 (Spargo)

Calls for car hand wash licensing

Matthew Taylor, director of labour market enforcement, wants operators of hand car washes to be licensed to force them to comply with worker protection rules. He points to problems such as underpayment, health and safety failures and environmental problems in a sector that is "endemically non-compliant". A study of car washes in Nottingham found that non-compliance with the minimum wage was "universal" and that licensing would help to solve abuse in the sector.

Financial Times, 12 February 2020, p2

Transport and travel

Innovation in rail tech

Innovation in the rail industry presents ways for companies to stand out and offer better, more personalised experiences for passengers. Stephenson Harwood, a law firm, has contributed to *Rail Professional* magazine with some of the legal aspects of implementing technology on the railway network and offers some "top tips". This summary covers smart ticketing; placing customers "at the heart" of the industry; innovation through data sharing; cyber security; and rail-tech; and data protection. It contains links through to the original articles.

lexology.com, 12 February 2020 (Fodey et al)

Daimler profits down as EV costs rise

Daimler, maker of Mercedes-Benz cars, has seen plummeting profits over the past two years. Daimler, widely regarded as one of the "pillars" of the German car industry, reported its highest profits of €10.6 billion in 2017 but these fell to €7.6 billion in 2018 and €2.7 billion in 2019. Its problems have coincided with the diesel emissions scandal when German car companies were found to have cheated emissions tests. A major issue has been the cost of investing in lower CO₂ emissions for its vehicles, which has eroded profit margins. The company's commitment to launching a new range of electric

cars may well be affected by poor cashflow.

The Times, 12 February 2020, p47

Common standards for European hyperloop

European countries have agreed to standardise the development of hyperloop transport systems in Europe with the creation of a joint technical committee called JTC 20. To date a consortium of European and Canadian companies has been looking at international standardisation but there are likely to be many different approaches as the hyperloop industry grows. A network of hyperloop research centres, which are in the planning stages in four countries, will be testing and validating technologies and standards.

theconstructionindex.co.uk, 14 February 2020

Written by CIM's Knowledge Services Team

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Cutting Edge: Our weekly analysis of marketing news

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Contents

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[Agriculture, fishing and forestry](#)

[Building industry](#)

[Businesses and strategy](#)

[Charities and NGOs](#)

[Durable goods](#)

[Economy](#)

[Education](#)

[Energy and utilities](#)

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[Food](#)

[Government and public sector](#)

[IT and telecoms](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Agencies](#)

[Brands and branding](#)

[Children](#)

[Conferences and events](#)

[Customer relations](#)

[Direct marketing](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Materials and mining](#)

[Media](#)

[Film](#)

[Internet](#)

[Magazines](#)

[Newspapers](#)

[Packaging](#)

[Retailing](#)

[Services](#)

[Transport and travel](#)