

Cutting Edge: Our weekly analysis of marketing news

4 November 2020

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Advertising creative and how it works

Marketers are becoming sceptical about advertising creativity in the face of economic pressures, but it would be a mistake to reduce investment in it, according to a new study in the *Journal of Marketing*. The research suggests that ad creativity has “significant positive effects” on consumer responses, with no evidence that this effect becomes less effective over time. To be effective, ad creativity should demonstrate both originality and appropriateness, and it is consumers who will be the judge of this. The research also found that ad creativity has a stronger impact on attitudinal outcomes than on memory outcomes, suggesting that creativity is of less value for, “its ability to cut through the clutter” and more for the positive signals it sends; the effects are stronger in high involvement contexts; and it has slightly stronger effects for unfamiliar than familiar brands.

ama.org, 8 October 2020 (Rosengren et al)

Total media ad spend still down...

eMarketer’s forecast for total global media adspend this year has been revised up from a decline in growth of 4.9% in June to 4.5%. It predicts that total media ad spend will return to pre-pandemic levels next year, reaching \$691.50 billion, up from \$614.03 billion this year. The recovery is attributed to strong digital ad spend growth of 16.4% next year, more than double the 7.9% of traditional media. All 37 of the markets tracked by eMarketer are expected to suffer negative growth with the exception of China which will see an improvement of just 0.3%. The greatest upward revision in spend will be seen in the US this year. Spain will be the worst-performing market with a double-digit decline

alongside Italy, India and Latin American markets.

emarketer.com, 28 October 2020 (Dolan)

...and UK Christmas ad spend down by 10.5%

The final quarter of the year, which usually sees a significant rise in retail ad spend, is expected to decline by 10.5% to £6.2 billion, according to the Advertising Association and WARC. It forecasts that adspend will fall by 14.5% this year, down by £3.6 billion on last year, leading to a slower-than-expected recovery. The second quarter of the year saw UK ad spend fall by 33.8%, UK advertising’s worst ever quarterly performance. The worst hit sectors were cinema (-100%), outdoor (-83%) and direct mail (-62%). Even online display, the best-performing sector, declined by 13.9% while TV fell by 39.3%. However, WARC predicts a return to growth for almost all sectors next year, with 2020 losses not being offset until 2022.

marketingweek.com, 29 October 2020 (Fleming)

Agencies

Better agency-client relationships

As part of its Agencies4GrowthFestival, *The Drum* talked to agencies and clients about how agencies can position for growth. Here it offers some practical tips that are influenced by the difficult conditions caused by the pandemic. They cover general themes that can apply to any agency, such as being agile and specialised and being open about client-agency needs. An interesting trend is the declining need for pitches. Clients have a more “formed” idea of what they want these days. Rather than conducting a pitch (where agencies are often left guessing what clients want), the process increasingly involves a pre-qualification and chemistry check before embarking on the project.

thedrum.com, 27 October 2020 (McCarthy)

Brands and branding

Brand storytelling

Brand storytelling has been on the rise, fuelled by the pandemic and related crises. Over 62% of respondents to Ragan's *Annual Survey on Brand Storytelling* said that storytelling had increased in importance over the past three months, while 76% said that communications relating to their brand's values and mission had also risen. Brand communications focused on subjects such as "how we're helping our community" (60.1%) and brand mission and values (53.4%), which were mentioned more than products and clients (38.8%) and diversity and inclusion (36.8%). Video was ranked as an essential tool for communications, while social media was the most crucial channel (80%) followed by email (50.4%).

prdaily.com, 30 October 2020 (Silber)

Brand value ups and downs

Brand value fell by \$116.6 to \$94.8 trillion between January and April, according to research by Brand Finance and the International Advertising Association who surveyed 55,000 publicly listed companies. However, the total value of intangible assets of publicly listed companies rose by 69% between April and September to an all-time high of \$65.7 trillion. Brands are one of the most valuable assets owned by a company and make up around 20% of total business value on average. The report contends that brands have the ability to drive an economic recovery. David Haigh, CEO of Brand Finance, compares brands to "gold or fine art", arguing that, "well-managed, innovative, and reputable brands are what the global economy turns to in the hour of need".

marketingweek.com, 29 October 2020

Conferences and events

Most ad professionals not at in-person events

A survey by *Ad Age* suggests that most advertising professionals are not expecting much face-to-face interaction until a vaccine is found for Covid-19. MediaLink founder and CEO Michael Kassan believes that he won't ever travel in the same way as he used to because much of his work can be done through video calls. Kassan has built his business largely on in-person relationships and his attitude epitomises the industry's current reluctance to return to traditional ways of conducting business. Many businesses have said they won't be travelling or returning to the office until 2021. While a quarter of respondents to *Ad Age's* survey expect to resume business travel in about six months, nearly a quarter plan to wait until there is a vaccine. Nevertheless, Horizon Media founder and CEO Bill Koenigsberg believes that there are, "a bunch of things you can't get through Zoom" and that people would start travelling again if Covid were to go away.

Advertising Age, Vol 91(17), 19 October 2020 (Poggi)

Consumer behaviour

Prosumers

Prosumers are people who produce and consume their own products. This study looks at home brewers, their motivation for producing their own products and the benefits of it. Two general trends emerge: firstly, home brewers often develop a strong social network that encourages them in their endeavours and improves the consumption experience; secondly, when they realise the value of what they are doing, many home brewers start to think about brewing commercially.

Journal of Marketing Theory and Practice, Vol 28(4), Fall 2020, pp541-552 (Wolf et al)

Customer relations

When to use paid loyalty programs

The pandemic has been a "massive shock" to consumer loyalty. McKinsey research suggests that 35% of US consumers have tried a new brand since the start of the crisis while 77% have tried new shopping behaviours. This seems to apply to consumer behaviour around the world and it presents a challenge for loyalty schemes, many of which were already moving away from points-only systems before the pandemic struck. Paid loyalty programs could be a good option for companies to attract new customers and retain long-term customer value. Other research indicates that members of paid loyalty programs drive higher purchase frequency, basket size and brand affinity than non-paying ones. Here are two business objectives that paid programs can help to achieve and three areas where paid loyalty must deliver.

mckinsey.com, 22 October 2020 (Boudet et al)

Green innovation – better B2B relationships?

Many businesses have made significant forays into green innovation. Understanding how green innovation affects the supplier-buyer relationship is essential for green innovation success, yet there has been little research into how green innovation influences the relationship between suppliers and business customers. This research finds that the relationship between green supplier innovation and relationship performance is dependent on various factors. However, green innovation tends to benefit the relationship more if customer participation and "relational embeddedness" are high or if customer risk-aversion and perceived "product criticality" are low. Overall, green innovation initiatives can result in better relational performance.

Industrial Marketing Management, Vol 90, October 2020, pp170-180 (Wang et al)

Direct marketing

Covid – opportunities for direct mail

The majority of mailing houses believe they will survive the pandemic, regarding it as a short-term issue, according to research from Strategic Mailing

Partnership (SMP). It found that 98% of its members see Covid as a one-off event. Some regard the working from home trend as an opportunity for direct mail while others have boosted their workload by printing Covid messaging. Other research from Jicmail has found that the engagement rate of mail rose to a record 96% in Q2 2020, up by 5% on the previous year. All mail was interacted with 4.5 times in the period. The present environment presents opportunities and some 73% of SMP's members said they thought they could encourage customers to retain or expand their use of physical mail.

decisionmarketing.co.uk, 26 October 2020

Law

Investigating UK data broking

The ICO has recently completed its investigation into data protection compliance in the data broking sector. Audits of the direct marketing data broking businesses of the UK's three largest credit reference agencies revealed that the data of almost every UK adult has been screened, traded, profiled or enhanced in some way without their knowledge. The ICO found that this processing had been used for marketing by commercial organisations, for political party campaigning or for charity fundraising. The investigation did not cover online advertising, which is the subject of another inquiry. While the ICO's report provides useful insights, it could leave brands feeling confused about what they can do with acquired datasets. This article aims to clarify some of the issues by summarising the findings, and consequences.

lexology.com, 29 October 2020 (Todd);

<https://ico.org.uk/media/action-weve-taken/2618470/investigation-into-data-protection-compliance-in-the-direct-marketing-data-broking-sector.pdf>

Marketing

Getting CMO buy in for agile marketing...

While the marketing team might be on board with agile marketing, the CMO might need more convincing. Don't forget that those in the C-suite haven't got time for details. They want to know about strategy and outcomes. To help them recognise the value of agile marketing, don't portray it simply as a process because it is a mindset that everyone has to buy into; don't use agile jargon when describing it because it can shut down the conversation; identify pain points that the CMO can identify with, such as losing talent; and run experiments to demonstrate the value of agile and its outcomes.

marketingland.com, 14 October 2020 (Ackerman)

...and maximising its potential

The importance of marketing agility is mentioned time and again but little is known about what it is and whether it is even desirable for all marketing decisions. In a new study, published in the *Journal*

of Marketing, marketing agility is defined as: "The extent to which an entity rapidly iterates between making sense of the market and executing marketing decisions to adapt to the market". The authors conclude that the outcomes of marketing agility "are likely to be nuanced". Furthermore, while agility could shorten the time to market in some cases, its impact is less great in industries with longer, more complex purchase cycles. Some brand metrics, such as brand differentiation, benefit from marketing agility but it can have a negative effect on other metrics, such as brand relevance. Marketers should be cautious when using marketing agility and aware that it does not suit all businesses and marketing scenarios.

ama.org, 14 October 2020 (Kalainanam)

Eight pillars of B2B digital marketing maturity

B2B Marketing has created a set of eight parameters or "pillars" which show what progress has been made towards digital marketing maturity. They are split into two groups of four: the first group focuses on marketing execution and performance, while the other relates to organisation, asset and infrastructure management and processes. They are explored individually here.

b2bmarketing.net, 28 September 2020

The 7Ps of international marketing

The authors develop a 7P (Potential, Path, Process, Pace, Pattern, Problems and Performance) framework for strategic planning in international marketing. The study is based on the internationalisation of Latin American firms but the typology could be used as a benchmark for firms undertaking international marketing from similar geographical regions, cultures, or industries, especially those from emerging countries. The research discovered that firms from developing countries, such as Latin America, face specific types of challenges, such as cognitive bias, "liability of foreignness" and resource constraints, when internationalising their businesses.

Journal of Strategic Marketing, Vol 28(8), November 2020, pp681-701 (Paul and Mas)

Market research

Face-to-face – still a gold standard?

Online has become a go-to tool for researchers but placing a screen between two people can reduce both rapport and insight. The onset of Covid has shifted qualitative research online which has enabled better research accessibility and respondent reach. So, why should we continue to practice face-to-face research? The answer, argues the author, is that "it reaches the parts online cannot reach". It allows you to get up close and personal with respondents as well as allowing one to explore unexpected areas and adapt techniques to suit the respondent. It is also good for client relationship development

because the client can view the interviews live. One should also consider the continuing professional development that face-to-face enables.

research-live.com, 26 October 2020 (Culshaw)

Radical innovation and research

In the first of a two-part article, Paul Earle, a professor at the Kellogg School of Management, explains what successful breakthrough brands have in common and sets out five markers of disruptive innovation. One characteristic is that they should be "quirky, strange and anomalous in some way". He questions why "weird" should be important, how we go about identifying it and whether big corporates should "be afraid". In part two he considers the role of research in radical innovation.

researchworld.com (Part 1 and 2), 28-29 October 2020 (Joe)

Public relations

Purposeful communication

Organisations must show that they stand for more than just the bottom line. Employees, customers and clients expect brands to have a social purpose. This means that discovering a social purpose, finding ways to place it at the core of the business and sharing it with others have become key priorities for any business. Purposeful companies grow three times faster than their rivals, can retain staff better and have great brand stories to tell. Here are five pieces of advice for getting your purposeful communication out there.

prdaily.com, 30 October 2020 (Sobel)

Organisational resilience – resilient employees

Organisational resilience is important in the current environment. This study investigated how resilient employees can support an organisation by adapting to, and initiating changes during, the recovery process following a crisis. A survey conducted in the US among full-time employees found that organisational resilience is "positively and significantly" associated with employees' proficiency, adaptivity and proactivity, which all contribute to organisational effectiveness following a crisis.

Journal of Public Relations Research, Vol 32(1-2), 2020, pp47-75 (Young)

Sponsorship

La Liga must end gambling sponsorships

Spain has previously announced new laws relating to gambling industry marketing. Now Alberto Garzón, minister of consumer affairs, has sent a letter to leading soccer clubs requesting them to end their gambling partnerships by the end of the 2020/21 season. The La Liga clubs' contracts with betting companies will be prohibited once the Royal decree takes effect. La Liga president Javier Tebas warns that teams could lose a combined €90m as a result.

The decree, which applies to all sport in Spain and affects all types of sponsorship deals, has wide-reaching implications. For example, it will limit gambling marketing on TV, radio and other video media outlets to just one hour a day between 1am and 5am.

sportspromedia.com, 29 October 2020 (Bassam)

Sponsorship, environment and Formula E

Companies often use sporting events as a platform for their social responsibility initiatives. However, the "anti-environmental" image of motorsports somewhat limits its attraction for eco-conscious sponsors. Formula E has helped to promote environmental sustainability through its technologies and in 2019 became the first category in motorsport to receive ISO 20121 certification for sustainable events. This paper looks at how sponsors of Formula E championship races influence consumers' opinions of them as sustainable businesses. It also looks at how these sponsors solve the "value clash" between perceptions of traditional motorsport and environmental considerations, to achieve "narrative authenticity".

International Journal of Sports Marketing and Sponsorship, Vol 21(4), 2020, pp617-631 (Naess)

Agriculture, fishing and forestry

Government makes watchdog permanent

A government watchdog, the Trade and Agriculture Commission (TAC), is to be placed "on a full statutory footing", following a campaign seeking to protect farmers from post-Brexit deals and sub-standard food imports. Farmers have been battling against the importing of cheap food that has been produced using methods that would be illegal in the UK and which would threaten their livelihoods. The new body would give them a voice in trade policy.

fwi.co.uk, 1 November 2020 (Tasker)

Dairy ad results in £6.6m-worth of extra sales

The "Milk Your Moments" campaign, the UK's first dairy TV ad in 20 years, led to an additional 11.2m litres of liquid milk (worth £6.6m) being sold during the pandemic, it is estimated. An additional 212,000 consumers bought milk as a result of the 12-week campaign, according to Kantar. This was quite a feat considering that 98% of UK households already bought milk before the pandemic. Consumers have also shown a shift in attitudes, with more believing that dairy is an important part of their diet, especially for a growing family. Paul Flanagan, AHDB strategy director, said that every pound spent on media achieved £13.99 in retail sales.

farminguk.com, 30 October 2020

Building industry

Building biology

Building biology, an approach that originated in Germany in the 1960s, has been adopted in the UK by Tomas Gaertner, who set up the first accredited building biology consultancy in the UK. The principles are based on a holistic approach which aims to create buildings with a healthy environment, both inside and out. Gaertner argues that sustainability initiatives in the UK have tended to focus on carbon reduction and energy efficiency rather than health or air quality. Over 90% of construction materials currently in use are thought to have a petrochemical element. Meanwhile new materials tend to become mainstream without anyone understanding their effect on health. Building biology seeks to eliminate pollutants and hazards amid a growing interest in air quality in the UK. Gaertner will be presenting building biology principles for healthy buildings at RIBA's Guerrilla Tactics 2020 online conference.

architecture.com, 29 October 2020 (Morris)

Planning not to blame says CIC...

The Construction Industry Council (CIC) has criticised the Government's white paper on planning reform. The *Planning for the future* white paper, published in August, suggests a simpler planning system to encourage more house-building. However, the CIC, which represents the construction industry's professional bodies, argues that it isn't the planning system that is at fault. Instead the failure to build new homes is down to the lack of house-builders, an "oligopoly" of big builders and a lack of SME builders who are not wealthy enough to invest in the infrastructure demanded by councils. It believes that local authorities will need to be properly resourced if they are to increase building levels.

theconstructionindex.co.uk, 3 November 2020

...but FMB wants planning system fixed

One in three SME builders say they want the planning system to be reformed to help them reach pre-pandemic levels of activity, according to the Federation of Master Builders (FMB). There has been a decline in small house builders since 1980 when 40% of all new homes were constructed by SMEs: now the figure is just 12%. Brian Berry, CEO of the FMB, believes that the Government can't reach its target of 300,000 new homes a year without reversing the decline in SME house builders. It argues for a faster, more efficient planning system and an "Ofsted-style rating system" for planning departments.

fmb.org.uk, 29 October 2020

Businesses and strategy

Creating a successful small business

Small businesses thrive by doing things differently from larger ones but many people running small businesses don't know how to go about making their businesses successful. What is needed is a "different" approach, which is where customer service comes in. The author offers some top-level advice on setting down goals; the actions needed to achieve them; the importance of getting the right type of business; and, most importantly, getting customer service right.

thriveglobal.com, 15 October 2020

Successful CX transformation

Embarking on a customer experience transformation with its many challenges can appear overwhelming but not doing so presents risks as well. The shifts in consumer behaviour and expectations brought about by the pandemic are leading companies to change their relationships with customers and those that don't adapt will be left behind. In the last recession, companies that prioritised customer experience achieved three times the shareholder returns of those that didn't. McKinsey has developed a "proven" formula for carrying out customer-experience transformations which requires three core building blocks. These are: a clearly defined aspiration and purpose; an agile transformation approach; and building new capabilities, in particular advanced analytics. The article explains how a European energy provider succeeded in bringing the three building blocks together.

mckinsey.com, 27 October 2020 (Bough et al)

Sharing knowledge – guided meetings

Some companies are concerned that remote working does not allow co-workers to share their knowledge and experience with each other. This kind of sharing can be very valuable but it clearly suffers when employees work apart from each other. However, there are ways in which this kind of sharing can be ported to remote teams. The authors conducted an experiment among salespeople to find out if top performing employees could successfully share their knowledge with others and, if so, whether they could share it organically. Guided meetings emerged as the most effective managerial intervention. Workers who participated in guided meetings with a random partner saw a 24% rise in sales productivity on average, but the greatest beneficiaries were those who had been paired with high-performing peers.

hbr.org, 2 November 2020 (Sandvik et al)

How Covid has speeded up digitisation

McKinsey asked business executives how long they thought it would have taken to digitise 12 activities before the pandemic and how long it actually took

during the crisis. It turned out that companies were able to act 43 times faster when it came to remote working than executives had predicted. They also acted 25 times faster in increasing their use of advanced technologies and in business decision-making. This finding comes from McKinsey's original article entitled *How COVID-19 has pushed companies over the technology tipping point*.

mckinsey.com, 28 October 2020;

<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

Charities and NGOs

Comic Relief axes "white saviour" films

Comic Relief is to "modernise" the international films that it shows on Red Nose Day. Instead of depicting "white saviourism" and images of poverty, which have been the subject of much criticism, it intends to feature local communities being empowered to tell their own stories. This year all African appeal films will be led by local film makers. Sir Lenny Henry, who announced the changes, said: "It is time for young black and brown filmmakers to take charge and say: 'This is my story'."

thirdsector.co.uk, 28 October 2020 (Burt)

Corporate volunteers

Skill-based volunteering is an emerging trend whereby people can offer their professional skills and expertise rather than just participate in fundraising. It is particularly appropriate to digital roles and can benefit small charities where it would be too expensive to hire digital staff. Companies are a good source of volunteers, with corporate volunteering or employer supported volunteering (ESV) on the rise. This article looks at the benefits for charities, companies and participating staff; the rise of digital-based mentoring; and where to find digitally-skilled corporate volunteers. A number of organisations exist to partner charities with corporate talent, including Furlunteer, a platform to help furloughed professionals find volunteering opportunities.

charitydigital.org.uk, 30 October 2020 (Green)

Durable consumer goods

Hornby works like clockwork during lockdown

Hornby, maker of model railways, has enjoyed a 33% rise in sales in the six months to the end of September thanks to people turning to hobbies during lockdown. The company, which made a £2.5m loss in 2019, has seen a remarkable turnaround, with sales rising to £21.1m and a profit of £200,000. Hornby also makes Corgi cars and Scalextric racing kits and has recently widened its range with tie-ins to brands such as Harry Potter and Paddington Bear. The company's first clockwork

locomotive was launched in 1920 but 100 years later people can control their model trains and racing cars by mobile phone.

bbc.co.uk/news, 29 October 2020

Smart homes and connected cars partnership

A new collaboration between Samsung's SmartThings and Mercedes-Benz will enable Mercedes S-Class owners to control their Samsung smart home gadgets while they are driving. Increasingly consumers want interoperability between their car and home services, according to research. The SmartThings platform will integrate with Mercedes' user experience (MBUX) voice assistant, enabling users to connect their homes and cars without a smartphone. They will be able to control items such as lights, thermostats, garage doors and home security. Users will even be able to ask questions such as "Hey, Mercedes, is anyone at home?" There are, inevitably, cybersecurity concerns...

toolbox.com, 28 October 2020 (Priya)

Economy

Business and consumer confidence

This recent research briefing, *Business and Consumer Confidence: Key Economic Indicators*, reports on changes to the economic outlook from a variety of sources. October's figures reflect a mixed picture. According to the EC Economic Sentiment Indicator, the UK sentiment index rose by 1.6 points to 84.6 between September and October 2020, up from a low of 61.7 in May. Meanwhile the CBI Industrial Trends Survey for October reports that more manufacturers thought that output would rise over the next three months than thought it would fall (+16% compared with -6% in September). Finally, the GfK Consumer Confidence Index shows a fall of six points, from -25 in September to -31 in October. There are links to the original sources.

commonslibrary.parliament.uk, 29 October 2020 (Brien)

Coronavirus, economy, society – key findings

The latest *Business Impact of Coronavirus Survey* (5 to 18 October) from the ONS reveals that almost half (47%) of UK businesses have reported a decline in turnover compared with what they would normally expect at this time of year. Meanwhile, the latest *Opinions and Lifestyle Survey* (21 to 25 October) reveals that the percentage of British adults working from home rose to 29%, its highest level since the beginning of July. Interestingly, online job ads increased from 66% to 70% of their 2019 average between 16 and 23 October, which is their highest level since 27 March.

ons.gov.uk, 29 October 2020 (Matthewson);

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirus/theeconomyandsocietyfasterindicators/latest>

Education

Funding pressures – universities and colleges

Universities and colleges in England are likely to suffer, “significant funding shortfalls and heightened uncertainty” because of the pandemic, says an Institute for Fiscal Studies report on education spending in England. It warns that universities are suffering from fewer overseas students, higher drop-out rates and high pension costs. Further education colleges also face budget pressure despite an extra £400m in government funding of this year.

bbc.co.uk/news, 3 November 2020 (Sellgren);
<https://www.ifs.org.uk/publications/15150>

Energy and utilities

Renewables surging ahead in US states

For the first two-thirds of the year, 27 US states generated more power through clean energy than through coal or nuclear, according to analysis by SUN DAY Campaign of data from the US Energy Information Administration. Four states and Washington DC generated no electricity from coal this at all year. Renewables accounted for 20.8% of electricity generation, compared with 19.4% from nuclear and 18.4% from coal.

energylive.com, 30 October 2020 (Bairstow)

Environment

Amazon launches eco-platform

Amazon is dedicating an area of its website to “eco-friendly” products. The shopping platform, which will carry over 40,000 products, will also use 18 certification schemes, such as Fairtrade International and the Carbon Trust, so that shoppers will be able to assess the eco-credentials of the products. Amazon has created its own Compact By Design certificate to encourage manufacturers to use as little packaging as possible. The platform was launched in the US in September and is currently being rolled out in the UK and four other countries.

marketingweek.com, 29 October 2020

Fresh iconography for climate change

Some of the visual icons of the early 2000s depicting climate change have lost their potency. It is time for brands to introduce new sustainable concepts to customers through their marketing and advertising. Now is the time for “a new wave of proactive images” to provoke emotional responses and inspire action. Embedding sustainability into your storytelling in an authentic way can positively impact both business value and the bottom line. These days 81% of customers expect businesses to be environmentally aware in all their advertising and communications. Here are three considerations when creating fresh visual content to demonstrate your brand’s commitment to sustainability.

sustainablebrands.com, 1 November 2020 (Swift)

Fashion

Imperfection – fashion communication

Perceived standards of beauty tend to be monitored and controlled by the fashion industry and media, which means that ideas of perfection and imperfection are constantly changing. Fashion advertising can deliver semiotic messages which influence individuals’ perceptions. This paper examines the ideology behind contemporary fashion advertising that uses images of imperfection and are linked to consumer well-being. It reveals that some fashion brands are challenging the conventional notion of perfection and identifies five themes: anonymity, rawness, banality, ugliness and spontaneity.

Journal of Fashion Marketing and Management, Vol 24(4), 2020, pp685-703 (Lai and Perminiene)

Luxury goods become local in China

For years luxury shoppers in China preferred to go overseas for their purchases. Now they are changing the way they buy luxury, due to the pandemic and travel restrictions, and are making more local purchases. Luxury goods brands have noted the trend for local spending in China as well as the digital transformation of the sector in the country. Alibaba expects over 220 high-end brands to be selling on its Tmall Luxury Pavilion by the end of the year compared with 150 before the pandemic. Luxury brands are also finding innovative ways of selling in China, such as going to people’s homes to show off a new collection. Meanwhile, retailers are using fashion shows as never before. JD.com partnered with the British Fashion Council in September for the rights to launch a virtual London Fashion Week in China, enabling Chinese buyers to make purchases from their homes.

emarketer.com, 27 October 2020 (Cheung)

M&S rejects TV in favour of Instagram

Marks & Spencer will not run its TV Christmas clothing ad this year. Instead it will use social media ambassadors to model its clothing ranges on Instagram. Using influencers is a good way of helping specific products to sell quickly, but is not as effective if done sporadically or without a longer-term partnership. TV advertising has previously been a success story for M&S’s clothing so this change of direction relies heavily on getting its partnerships right and choosing the right people to align with its customer base. With people locked down, they are more likely to be watching TV, so M&S could be making an expensive mistake. The Christmas trading period, often known as the Golden Quarter, could be the last opportunity for some fashion firms to save their businesses.

telegraph.co.uk, 30 October 2020 (Leaper)

Financial services

Fintechs vs traditional banks

This article draws on research from the Economist Intelligence Unit which used conversations on Reddit to compare consumer attitudes towards new banking players with traditional ones. It found that people tended not to discuss traditional players' products and services which are regarded very much as "commodities". The main topics of discussion for traditional banks were credit cards and online safety, areas where customers have a level of confidence not yet present for many challenger banks. However, bigger banks have the problem of lacking personal contact and knowing "how to get into their customers' lives", says Alexa Guenoun of Temenos, which sponsored the research. People want their financial provider to be involved, which is why many are turning to challengers and fintechs, she explains.

thefinancialbrand.com, October 2020 (Cocheo)

Emotional customers

Banking services require a better understanding of the emotions experienced by customers during their service experiences. To this end, the researchers set out to discover whether there are different customer segments in the banking services industry based on their emotions when using the service. They found that emotion-based segmentation is useful for behavioural outcomes in the sector but that bank customers are by no means a homogenous group. Four key clusters were identified: "angry complainers", "pragmatic uninvolved", "emotionally attached customers" and "happy satisfied customers". Needless to say, "angry complainers" proved to be the most challenging group!

International Journal of Bank Marketing, Vol 38(7), 2020, pp1442-1463 (Calvo-Porrá and Lévy-Mangin)

Mobile payments ramping up...

This could be the year that mobile payments overtake both cash and credit card payments by number of transactions. By 2022 mobile payments could even be on the cusp of overtaking debit cards, the most popular payment option. Alipay of China is currently the top mobile payment service with 1.2 billion users, followed by WeChat (1.15 billion users) and Apple Pay (441m users). Apple CEO Tim Cook has recently acknowledged that the US lags in contactless payments and that Apple can do more "in this space". Not surprisingly, China has the highest adoption of mobile contactless payments, with 47% of the population using it, followed by Norway (42%) and the UK (24%).

fastcompany.com, 30 October 2020 (Grothaus)

...as are contactless payments

A new survey of consumers across nine countries reveals that contactless payments are used by 45%. The pandemic has led to a boom in NFC usage and

consumers are becoming increasingly reliant on the technology. The UK has seen the highest NFC contactless usage. Although China has one of the highest penetration rates of contactless cards, it has seen the lowest usage. The US, which is lagging in most areas, is rapidly catching up. Apple and Google Pay are the most popular mobile payment platforms. The research was conducted by ABI Research for NFC Forum.

nfcw.com, 29 October 2020 (Clark)

FMCG

Beverages

Yorkshire Tea defies market trends

Yorkshire Tea has become Britain's best-selling tea brand with more than 28% of the black tea market; it overtook its main competitor, PG Tips, last year. Since lockdown in March, Britons have drunk an additional 111,972,000 cups of tea a day. Nevertheless, sales of traditional tea are in decline as luxury alternatives and herbal blends become more popular. Yorkshire Tea's value sales grew by 16.2% over lockdown, compared with the same period last year. Dom Dwight, marketing director at parent company Bettys & Taylors, explains how the company used a mix of humour and social media in its marketing during lockdown. One ad featured a social-distancing teapot with a six-foot spout.

thedrum.com, 29 October 2020 (Stewart)

Food

Alternative proteins – future scenarios

In this video, four McKinsey experts discuss how they see the evolving meat and protein market. They cover topics such as drivers of consumer demand; whether the market will continue to grow; what companies should be focusing on; and what comes next for alternative proteins. One prediction is that by 2030 fast-food and fast-casual dining outlets will offer multiple options aimed at flexitarian and "lessitarian" consumers.

mckinsey.com, 28 October 2020 (Bar Am et al)

Kraft Heinz boost from US marketing

Kraft Heinz has seen a 6% rise in net sales while profits have risen by 20.4% in the third quarter. It has seen particularly strong growth in its e-commerce services. A big marketing drive in the US has been attributed with boosting company performance.

marketingweek.com, 30 October 2020

Kellogg upgrades forecasts

Kellogg becomes the latest global FMCG player to report better-than-expected results. Organic net sales rose by 4.5% in Q3 thanks to increased demand for packaged goods. In particular, it gained share across Europe for its cereals and Pringles

brand. The company has upgraded its outlook for the year and now expects organic growth of 6% for 2020. However, it admits that higher expenditure on advertising and promotions, plus Covid-related costs, have caused operating profits in Europe to fall by 9%. The results follow Nestlé's reporting of 4.9% growth for Q3. Reckitt Benckiser, P&G and Unilever have also seen positive third quarters thanks to consumers purchasing cleaning products such as disinfectants and handwash.

thegrocer.co.uk, 30 October 2020 (Devlin)

Household

Bother with household essentials?

Bother, an online grocery startup, offers next-day delivery of household goods that don't need to go in the fridge, such as dishwasher tablets and toilet paper. The company started by offering deliveries to NHS key workers but has since launched nationwide. The fact that supermarkets were buckling under the pressure during lockdown has helped business to accelerate. Founder Doug Morton, argues that supermarkets haven't innovated or invested enough and that fresh produce doesn't need to be delivered at the same time as basic household goods: "It's a ridiculous state of affairs... There's no reason for us to have our dishwasher tablets delivered to us in a refrigerated van". However, it remains to be seen whether customers can be weaned off the big supermarkets...

cityam.com, 30 October 2020 (Carrick)

Andrex stocks up with 100m rolls

Andrex, the toilet roll brand, is making sure that shoppers don't run short of loo paper as they did in the first lock down. Brand owner Kimberly-Clark says it is full prepared, having amassed 100m rolls in its UK warehouses. In September areas of Scotland and Wales had already reported rising cases of panic-buying, with toilet rolls being amongst the goods to sell out.

bbc.co.uk/news, 2 November 2020

Tobacco

Children handed free vapes

Vape companies often distribute free samples using third-party marketing companies. Yet health campaigners have identified a loophole in the law which means that it is not illegal to distribute e-cigarettes to children. BAT is currently conducting an investigation after a 17-year-old was offered a free sample of its Vype brand. Promotional teams used to distribute vapes are usually young, wear the livery of the vape brand and sometimes hand out other freebies such as soft drinks. The legal loophole regarding children is because e-cigarettes are not covered by the Tobacco Advertising and Promotion Act since vapes are not considered to be a tobacco product. Ash, the anti-smoking group, has written to the Government to make it aware of "this gaping

hole" in e-cigarette regulations.

theguardian.com, 25 October 2020 (Doward)

Government and public sector

UK falls in freedom of expression

Britain has slipped down the global ranking for freedom of expression, according to the human rights charity, Article 19. Its *Global Expression* report suggests that Britain has become less of a place for free speech and the Government's comms operation is partly to blame for this. The annual ranking uses data from 25 different indicators, such as internet censorship and government social media monitoring. In the 2019/20 report, Britain is placed 31 out of 162 countries, down from 20th in the 2018/19 list. It is also in the bottom third of European countries. Denmark heads the ranking and North Korea is at the bottom. The report mentions a global threat to journalism and tougher regulation of the media as key trends. It also claims that, "political control of information is increasing".

prweek.com, 28 October 2020 (Owen);

<https://www.artilce19.org/gxr2020/>

Digital identity platform piloted in Scotland

The Scottish Government plans to pilot a national identity system which will enable citizens to store their identity information in an "Attribute Store". They can then "share these attributes with other public service providers as and when needed", according to the *Final report – Attribute Prototype Project*. The initiative is part of the Digital Identity Scotland Programme whose objective is to find new ways for people to identify themselves when they access public services. The aim is to reduce the time and effort spent in making online applications.

nfcw.com, 16 October 2020 (Phillips);

<https://blogs.gov.scot/digital/wp-content/uploads/sites/5/2020/10/Attribute-Prototype-Report-new.pdf>

Health and pharmaceuticals

Building an audience for B2B pharma

An audience is usually defined as people who will read your content once, return to it, actively seek it out and often sign up for "push" notifications. In this post, the author sets out ten steps for building an audience of B2B pharma professionals that will ensure success. They include: creating a sub-brand for the channel or content series; allowing multiple subscription options via email; inviting guest contributors; ensuring promotion via third parties; and setting up a marketing automation system to manage the audience.

orientation.agency, 28 October 2020 (Roberts)

IT and telecoms

The big four techs seeing rising profits

Amazon, Facebook, Apple and Google have all reported rising sales and profits in the three months to 30 September. Amazon's sales were up by 37% compared with the same period last year with profits reaching \$6.3 billion, almost three times those of 2019. This is hardly surprising given the rise of e-commerce during lockdown, but its advertising and cloud business have also seen growth. However, many businesses reduced their ad spending this year, which has led to slowing sales at Facebook while Alphabet suffered its first year-on-year decline in quarterly revenue since 2004. Apple, meanwhile, increased its sales of laptops and iPads but saw a 20% fall in iPhone revenue. Financial success is one thing, but the continued tech dominance of these giants is likely to lead to further calls for tougher regulation, this article concludes.

bbc.co.uk/news, 29 October 2020

Increased investment in IoT

The pandemic has promoted 47% of organisations to boost their investment in IoT, according to a Gartner survey conducted from June to July across six countries. Despite companies having limited experience of IoT, those who implement it can expect a predictable ROI within a certain timeframe (on average three years), says Gartner. Meanwhile, 31% of respondents said that they use digital twins to improve their customers' or employers' safety. Gartner predicts that by 2023 a third of mid-to-large companies that implemented IoT will have made use of at least one digital twin associated with a Covid-19-related case. Safety has also prompted the adoption of AI, with 23% using it to ensure compliance with Covid safety procedures. By 2023 it is expected that one third of companies that have implemented IoT will use AI in conjunction with at least one IoT project.

mobileurope.co.uk, 30 October 2020

Materials and mining

Diamonds made from air

A UK team claims to have created the world's first zero-impact diamond using a sky-mining facility to extract carbon from the atmosphere. Dale Vince, founder of green energy firm Ecotricity, developed the Sky Diamond as a way of challenging traditional diamond mining which is damaging the planet. The diamonds, which he calls "bling without the sting", can be made in just a couple of weeks and are certified by the International Gemological Institute. They will be available from early next year.

energyvoice.com, 30 October 2020

Media

Games

ASA bans misleading gaming ads

The ASA has recently banned two ads for the Homescapes and Gardenscapes games developed by Playrix on the basis that the video ads were misleading and misrepresented the games' core play. Playrix had published two paid-for Facebook posts which presented mini-games. Yet these scenarios were hard to find in the main games because they were buried in the many levels and were therefore deemed to be unrepresentative of the games advertised. Games developers are advised to create ads that show actual gameplay; to ensure that what is shown in ads are experienced early enough in the game; and to use ASA published guidelines to help guard against misleading advertising.

mondaq.com, 22 October 2020 (Batista)

Social media

Storytelling in native advertising

This study looks at the effectiveness of storytelling in native advertising on social media. Most research suggests that stories are a good way of building trust and relationships with consumers. However, the research reveals that, even when advertising is labelled using prominent cues, consumers are less likely to recognise the advertising nature of narrative native ads than with informational native ads. The results suggest that native ads which clearly communicate that they are ads using cues, such as high brand presence and prominent disclosure labelling, are more effective than a storytelling style. They also find that advertising recognition lowers perceptions of manipulation by the advertiser.

Journal of Interactive Marketing, Vol 52, November 2020, pp61-78 (Grigsby and Mellema)

TikTok moves into e-commerce

TikTok is entering the e-commerce arena for the first time following a deal with Shopify which allows consumers to buy directly from vendors on its platform. The service, which launches next year, will allow over one million merchants to run campaigns on TikTok. They will be encouraged to create native, shareable ads as well as being able to target audiences and track their performance via the platform.

marketingweek.com, 29 October 2020

Television

Test card returns to TV to encourage sleep

Eve Sleep, the sleep wellness brand, is bringing the TV test card back to Channel 4 at 11pm on Sunday night. The iconic "Test Card F" was first aired on BBC2 in 1967. The campaign is intended to encourage people to switch off their devices and

start preparing for sleep. The test card originally featured a young girl with a rag doll in the form of a clown but now features a young girl with a sloth and the message "switch off". It also carries the Eve logo. OOH advertising in 18 city centre locations will go into "sleep mode" every Sunday night until April to support the campaign.

marketingweek.com, 30 October 2020

Monthly TV viewing in the UK

Thinkbox's latest monthly TV viewing report for September 2020 reveals that people in the UK watched an average of two hours of commercial linear TV set viewing a day during the month. This compares with two hours and 52 minutes a day for total TV set viewing including the BBC. The total weekly reach of linear TV for individuals is still quite high, at 86.7%. This slide presentation identifies key programmes which boosted viewing during the month. It also notes that Premier League Football and Formula 1 dominated device viewing.

thinkbox.tv, 19 October 2020

Packaging

Reusable cups – a change of mindset

UK start-up Bockatech has been working on a reuse model for coffee cups based on its EcoCore technology. The company wants to tackle the waste resulting from single-use paper cups and is proposing a reuse and recycle approach. The EcoCore cups are currently being trialled. In the town of Shrewsbury, for example, takeaway cups are used in cafes with a £1 refundable deposit. When returned, they are washed and reused. One supermarket found that the cups can be washed 1,000 times in a commercial dishwasher. One advantage of the scheme is that it works in the current environment without requiring additional infrastructure although it may require a "new reuse mindset" among consumers.

packagingeurope.com, 3 November 2020 (Hattersley)

Flat wine bottle debuts in Co-op

Banrock Station, in partnership with Garçon Wines, is launching a flat wine bottle made from 100% recycled plastic. Banrock brand owner Accolade Wines claims that the bottles take 75% less energy to produce, emit 79% less CO₂ than PET and are 87% lighter than the average glass bottle. Accolade says that it will allow the brand to target younger consumers who tend to be more environmentally aware. The bottles are available initially in Co-op stores.

packagingeurope.com, 2 November 2020

Retailing

Location, location, location data

For some years, businesses have been using location data to gain valuable insights, enhance customer experience and make strategic business decisions. These days brands and marketers have more location data than ever. Research by Forbes suggests that 53% of organisations regard location intelligence as very important or critically important to meeting their goals. It is especially important for retailers in gaining an understanding of customer purchasing decisions and preferences and making decisions such as hours of operation and improving supply chain efficiency. This article explains five ways in which location intelligence can help retailers to achieve better results.

toolbox.com, 28 October 2020 (Kashyap)

Online to overtake store sales this Christmas

Online spending will exceed that of physical store sales for the first time this Christmas. Online is expected to reach £39.17 billion as UK shoppers spend in the region of £78m on presents and food. This compares with last Christmas when shoppers spent £25.43 billion online and £53.15 billion in store, according to research from ParcelHero. Online sales grew by 53% during September and ParcelHero predicts that it will rise to 55% in October. However, it doesn't believe that there will be a massive increase in overall spend this Christmas because of financial concerns over Covid and Brexit.

chargedretail.co.uk, 28 October 2020 (Stevens)

John Lewis' Christmas ad focuses on charity

John Lewis is devoting its much-anticipated Christmas ad this year to food poverty and helping the needy, having been inspired by acts of kindness during the pandemic. It has also partnered with charities FareShare and Home-Start to raise £5m to provide meals and support for up to 10,000 families. Every time MyWaitrose and MyJohnLewis loyalty card holders shop in store, a penny will be donated to charity. Customers will be encouraged to donate between £3 and £20 and their payments will be matched by John Lewis up to the value of £2m.

thegrocer.co.uk, 31 October 2020 (Calnan)

Services

Gousto achieves unicorn status

Gousto, the recipe box company, has become the latest tech unicorn in the UK. This follows a funding round of £25m, enabling the company to achieve a valuation of over \$1 billion, the fourth tech firm to do so this year. During lockdown the company doubled its monthly meal deliveries from 2.5m to 5m. Founded in 2012, it earlier reported that it was on track for its first ever annual profit. CEO and

founder Timo Boldt says the market presents huge opportunities, "as changes in consumer behaviour drive permanent changes through the entire grocery market".

cityam.com, 2 November 2020 (Thicknesse)

Transport and travel

UK car production lowest since 1995

The UK car industry produced just 114,732 vehicles in September, making it the worst September since 1995 and a 5% reduction on September 2019, according to the SMMT. The industry saw exports fall by 9.7% during the month, as exports to China, the EU and US fell. The industry is particularly concerned about the lack of a trade deal between the UK and EU. This is regarded as essential because of the interconnected nature of the industry whereby vehicle assembly requires parts to cross many borders. Carmakers warn that a no-deal Brexit could damage the car industry to the tune of £100 billion over the next five years.

bbc.co.uk/news, 29 October 2020

Written by CIM's Knowledge Services Team

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www.thriveglobal.com

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