

# Cutting Edge: Our weekly analysis of marketing news

12 June 2019

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

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## Marketing trends and issues

### Advertising

#### Online to account for two-thirds of adspend

Britain has become the biggest online advertising market in Europe and the third-largest worldwide after the US and China. Some 62% of total advertising budgets will be spent online by 2020, according to the latest *Advertising Pays* report from Credos and Enders Analysis. UK retail ecommerce expenditure per capita is now higher (at £1,868 per person) than any other G20 country. The report shows how online advertising has helped UK SMEs: the percentage of SMEs advertising has risen from 30% in 2013 to 42% in 2017. "The UK is a global online advertising powerhouse with the capabilities to drive economic growth and drive societal change," according to Stephen Woodford, chief executive of the Advertising Association.

[marketingweek.com](http://marketingweek.com), 5 June 2019

### Musical branding

The advertising jingle, which was popular for years, is no longer much in evidence; instead we are entering an era of branded music. Advertisers are increasingly using mainstream artists to create full-length, original songs for their campaigns. It has never been so important for brands to address their audio strategies since music is a mode of communication and an expression of the brand. A Nielsen survey found that 75% of Americans regarded music as their top entertainment, above TV (73%), and marketers are responding to that interest. This article examines what and what not to do with musical campaigns.

[marketingdive.com](http://marketingdive.com), 5 June 2019 (Kelly)

### Advertising – conspicuous consumption?

Advertising fulfils an economic role, namely to inform consumers about the goods and services being offered by firms. It should, in theory, improve the quality of purchasing decisions and leave both companies and consumers better off. Yet a lot of advertising encourages people to desire things they can't have, rather than directing them to things they can afford. Recent research, which has looked at the effect of advertising on welfare, reveals an inverse relationship between spending on ads and national welfare: a doubling in adspend is associated with a fall in satisfaction of 3%. Yet, consumption is not necessarily about satisfying needs; it is also used as a sign of status and prestige. In richer countries the motivation to work longer hours could be driven by the need to acquire goods and services that are just outside people's reach...

*The Economist*, 8 June 2019, p75

### Brands and branding

#### Brand protection – extended warranties

Product failures can result in customer dissatisfaction, negative attitudes towards the brand and a loss of brand equity. Here the authors investigate whether extended warranties can offset the negative effects of product failure. They find that the change in attitude towards the brand following product failure is greater among customers who have purchased an extended warranty than among those who haven't. The authors suggest that manufacturers of consumer durable goods might want to become more involved in the management and promotion of extended warranties to protect their brand from the effects of product failure.

*Journal of Product and Brand Management*, 2019, Earlycite (Karande and Gopinath)



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### **Native advertising effectiveness**

This study looks at how brand placement in editorial content – when a sponsoring brand is mentioned in editorial content – influences consumers' responses to native advertising. It also looks at the effect of high- or low-quality editorial content. It reveals significant relationships between brand placement and content quality. Brand placement was found to have a negative impact on source credibility and message attitudes when the quality of editorial content was low, but not when the quality was high.

**Journal of Advertising Research, Vol 59(2) June 2019, pp208-218 (Hwang and Jeong)**

### **Children**

#### **HFSS ads next to kids' channels**

An investigation by the ASA has found that junk food ads have been placed alongside YouTube videos designed for children. In a two-week timeframe leading up to Christmas 2018, the ASA discovered that 2.3% of the 41,030 ads served to child avatars were for HFSS products. In general, it found that brands were adhering to the rules on websites aimed at children, but that there was a greater problem with YouTube where some HFSS ads were breaching the rules. Brands, such as Asda, Kellogg's, KFC, KP Snacks, Lidl, M&S and Pringles, were showing inappropriate ads to children.

**marketingweek.com, 6 June 2019 (Vizard)**

### **Conferences and events**

#### **Audience engagement**

The most important element of any event is the audience so the first objective must be to understand what the audience is to gain from attending. This will determine how one is to engage with it during the event's lifecycle. Audience engagement might start with a focus group to decide on the content to be delivered. Audience engagement is important at all stages, from choosing the venue through to the choice of technology and the marketing and comms strategy. This article looks at the various stages of audience engagement.

**London Business Matters, Issue 156 June 2019, pp50-51**

#### **Effect of diesel emission at events**

World Environment Day, which took place last week (5 June), focused on air pollution. To coincide with the occasion, Hope Solutions and Zap Concepts have gathered the opinions of events industry experts to produce a brief report entitled *UK Events and Diesel Use: Responding to a Public Health Emergency*. It marks the beginning of an initiative to reduce diesel emissions, to move to sustainable energy sources and to improve air quality. This article summarises some key points on the impact of diesel usage for power generation at UK events. Luke Howell of Hope Solutions says that the industry needs to do

more to promote positive change without detracting from the audience experience.

**eventindustrynews.com, 5 June 2019 (Parry); [https://issuu.com/hopesolutionservices/docs/uk\\_events\\_and\\_diesel\\_use\\_factsheet](https://issuu.com/hopesolutionservices/docs/uk_events_and_diesel_use_factsheet)**

### **Consumer behaviour**

#### **Luxury/premium products – guilt and regret**

Previous events experienced by a consumer and the type of product may influence the consumer's justification for indulgent consumption. This study examines the effects of premium vs luxury labels in the context of a preceding event (success vs failure) and comparing hedonic vs utilitarian products. It finds that, after a successful event, the anticipated regret and guilt are lower for a hedonic product than for a utilitarian one. However, following a failure, the anticipated regret and guilt are lower for a primarily utilitarian product. This suggests that people may feel more inclined to buy a hedonic premium or luxury product after a success and a utilitarian one after a failure.

**Journal of Product and Brand Management, Vol 28(3) 2019, pp421-431 (Lyons et al)**

### **Customer relations**

#### **Social media, CRM and green retail sales**

The authors investigate the impact of social media and customer relationship management (CRM) on retail sales in the context of green (organic, natural, healthy) retailing. The study focuses on green retail sales and altruistic or egoistic marketing posts on a Facebook brand page. The findings suggest that: altruistic or egoistic marketing posts have a positive effect on sales; that over time consumers are likely to respond to health-related posts; and that the amount spent by longer-term members of loyalty programmes are higher. Overall the study shows the value of managing social media together with CRM.

**Journal of Interactive Marketing, Vol 46 May 2019, pp87-100 (Lu et al)**

#### **Personalisation at scale**

Personalisation is a key tool in delivering world class experiences to the consumer and value to the business. Personalisation at scale could create \$1.7 trillion to \$3 trillion in new value; but implementing and integrating the technologies is a complex process. Companies that overcome the barriers to personalisation at scale manage to address both business and technology issues at the same time. This means that the CMO must work closely with the CTO/CIO. Personalisation at scale relies on the 4Ds – data, decisioning, design and distribution – as explained in some detail in this article.

**mckinsey.com, May 2019 (Flavin and Heller)**

## **Direct marketing**

### **Improving your opening rate**

Newsletters are struggling to survive: 81% of B2B marketers publish one yet 59% say that email opening rates are among their biggest challenges. An analysis of 100 B2B newsletters by Fins A Way Media looked at the strengths and weaknesses of newsletters. It then made changes to its own newsletter which resulted in a 42% rise in signups and an increase in engagement. It has come up with seven key questions that can help you improve your newsletter's success.

**ama.org, 4 June 2019 (Gillespie)**

## **Law**

### **Adtech and GDPR**

Can the adtech industry ever be fully compliant with GDPR? The adtech system, which involves many platforms and intermediaries, uses information about the user and their interests to deliver ads they may be interested in. It is a complex system which is proving a challenge for online publishers and adtech platforms that are trying to comply with GDPR. This article looks at the lawful basis for proceeding; legitimate interests; consent; and other aspects of GDPR compliance. It concludes that the main problem for adtech is the complexity of its ecosystem. Some regulator decisions have been made in relation to adtech and GDPR, but they tend to focus on problems rather than solutions.

**lexology.com, 31 May 2019 (Heywood and Jeffery)**

## **Marketing**

### **Avoid woke-washing**

"Customers need to be convinced that the message is true and not just a marketing communication gimmick", says Chris Daly, CIM's chief executive. He was referring to the notorious Pepsi protest ad featuring Kendall Jenner. It is important to avoid so-called "woke-washing", a phrase coined by Owen Jones, a political commentator, to describe purpose-driven marketing that has gone wrong. An example is the M&S LGBT sandwich – he questions whether M&S would consider selling this in Saudi Arabia. Consumers are becoming increasingly sophisticated when it comes to sorting out the genuine from the inauthentic. Chris Daly emphasises that "transparency and trust are key. Brands must be up front about successes and failures alike".

**The Times (Raconteur: The Future CMO), 10 June 2019, p4 (Chakrabarti)**

### **Financial risk**

Security and brand safety have become key considerations for marketing. The high-profile nature of some data breaches has made the public increasingly concerned about how their data is being used online. According to the Edelman Trust barometer, 71% of consumers want brands to call on social media platforms to protect their data. The

significant risk to brand reputation and safety, as well as consumer perceptions, are leading some companies to act. Mastercard, for example, has appointed a head of risk management for integrated marketing and communications who will assess and mitigate risks in marketing. Other companies are appointing various types of brand safety officer and increasingly the role of chief security officer is overlapping with marketing. Other companies mentioned in this article are Monzo, Deliveroo and Royal Bank of Scotland.

**Marketing Week, May 2019, pp22-25 (Rogers)**

## **Social listening**

The best way to reach a target audience is through digital marketing: social listening is an effective tool for improving lead generation, developing a new product or retaining customers. Business owners are increasingly using social listening to view relevant discussions. This article discusses how to gather information on a target audience and how to use the data to boost sales. It advises you to identify the "pain points" affecting prospects; to "listen" on your social media page; and to build ideal customer personas.

**business2community.com, 4 June 2019 (Christoff)**

## **Small business and digital marketing adoption**

This study looks at small business adoption of digital marketing and owners/managers who conduct their own digital marketing. It supports the idea that the technological benefits may not be the only reason for small business owners or managers to undertake their own digital marketing. The study also finds that the "DIY behaviour" model applies to small business owners who perform tasks that require specialised knowledge.

**Journal of Research in Interactive Marketing, Vol 13(2) 2019, pp179-203 (Ritz et al)**

## **Market research**

### **Text analysis**

Automated analysis of open-ended text survey data is an attractive proposition since it cuts out costly and time-consuming manual coding. Text analytics is big business yet, within the research industry, text analysis has changed little and there appears to be low awareness of the options available. Here the authors look at the different approaches, the barriers to adoption and how to overcome them. They contrast two tools that can be applied to survey data and that are based on different analytic principles (Q's text analysis and Google Cloud Natural Language). They discover some "surprising" differences between the output of the two.

**International Journal of Market Research, Vol 61(3) May 2019, pp236-251 (Downer et al)**

### **How to deliver value through market research**

Customer insights are important to an organisation's performance (according to 75% of senior executives) yet only 30% are integrating market research into their decision-making. A new qualitative study by the authors suggests that organisations understand the "why" of market intelligence but struggle with the "how" – how it is shared and responded to. The study finds that market research practitioners use five dissemination practices to update and reinforce organisational schemas: distribution, resource centralization, consultative selling, empathic learning and experiential learning.

**Marketing News, Vol 53(6) June-July 2019, pp24-25 (Gebhardt et al)**

### **Public relations**

#### **Rumours – positive and negative affect**

Rumours, shared through word-of-mouth by consumers, can have significant consequences for brands and products. This study examines the role of positive and negative affect in rumour-sharing behaviour and three rumour characteristics: valence, involvement and credibility. It finds that both positive and negative affect are factors in rumour sharing, while positive affect is the stronger of the two. Valence, involvement and credibility are also found to have a strong part to play in positive and negative affect.

**Marketing Intelligence and Planning, 2019, Earlycite (Sudhir and Unnithan)**

### **Sponsorship**

#### **BT sponsors all England teams**

BT has signed a five-year deal with the Football Association to become the lead sponsor for all 28 England teams and for Wembley Stadium. New BT branded training kit was worn by the England women's team in the lead up to the World Cup, which began on 7 June, and was worn by the men's team in the lead up to the Nations League Finals. The deal is part of a broader sponsorship strategy from BT whereby it aims to become a "national champion". Backing a national game and national teams is integral to this.

**marketingweek.com, 4 June 2019**

## **Agriculture, fishing and forestry**

### **Post-Brexit farming programme**

While a member of the EU, the UK continues to participate in its Common Agricultural Policy (CAP). However, the Government is designing and implementing a new domestic agricultural policy for when Brexit occurs. Defra is developing the Future Farming and Countryside Programme to implement Government proposals in England. *The Early review of the new farming programme* report outlines the

main aspects of the change programme which includes a shift away from traditional farming to environmental management. It looks at the feasibility of the programme in relation to its scale and timescales and the proposed approach to digital systems development. It notes that, "the farming industry has been affected by Defra's previous difficulties in introducing change successfully".

**nao.org.uk, 5 June 2019;**

<https://www.nao.org.uk/report/early-review-of-the-new-farming-programme/>

### **Seafood on the up amid concerns**

Rising incomes and a trend for healthier living are benefiting fish farmers. The aquaculture industry has expanded at the rate of nearly 6% a year since 2000 to reach \$250 billion. Yet growth comes at the cost of greater exposure to risk in the form of climate change, an uncertain feed supply and antibiotic resistance. The FAIRR (Farm Animal Investment Risk & Return) initiative warns that the seafood industry is reliant on intensive, high-density farming.

**Financial Times, 11 June 2019, p13**

### **Ocado teams up for vertical farming**

Ocado has acquired a 58% stake in Jones Food, a vertical farm that grows herbs in stacked trays under 12km of LED lights. Ocado believes that at least ten more farms could be built within five years using its expertise in robotics and AI. Ocado has also invested in Infinite Acres, a joint venture with US vertical farming business 80 Acres; and in Priva, a Netherlands horticultural tech provider.

**The Guardian, 11 June 2019, pp30-31**

## **Building industry**

### **Construction output April 2019**

The latest construction figures from the ONS reveal that construction output rose by 0.4% in the three months to April 2019, mainly driven by repair and maintenance work which grew by 1%. New work grew by just 0.1% in the three months, while growth in infrastructure was up by 3.6% and public new housing by 4.7%. By contrast, there were falls in private commercial new work (-2.2%) and public other new work (-2.3%). However, construction output decreased by 0.4% for all work in April month-on-month.

<https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/bulletins/constructionoutputingreatbritain/april2019andnewordersjanuarytomarch2019>, 10 June 2019

### **Theatre renaissance**

The theatre sector is experiencing a revival: West End theatre audiences reached £15m for the first-time last year while gig and concert-going remained very popular. These trends are boosting the need for new venues to be built for live performances. Plans are afoot for new concert halls in London, a



new West End theatre and a raft of new venues outside London. This article reports on the opportunities and challenges.

**Construction News, 7 June 2019, pp26-29**

### **Ikea to trial transformable furniture**

Ikea is to pilot robot-powered furniture to make the most of space in small homes. It is collaborating with Ori, an MIT Media Lab spin-off, which has invented a system that transforms a flat from a bedroom into a living room, walk-in wardrobe or study using a smartphone app. Ikea's budget version, called Rognan, can be controlled by smart speaker or touchpad and claims to be able to save an extra eight square feet of living space. This should pander to those living in so-called "shoebox" homes: the average living space is just 17m<sup>2</sup> today compared with 25m<sup>2</sup> in the 1970s. U+1, a developer, has plans to build 205 sq ft-apartments across London, which is half the minimum size recommended by the Greater London Authority.

**The Daily Telegraph, 5 June 2019, p10**

## **Businesses and strategy**

### **Price vs innovation**

Traditionally, product development has placed an emphasis on continual improvements; this remains a valid model in some market segments, but in others different factors will determine whether products are embraced by consumers and can deliver growth to the companies that make them. It is therefore important to implement product development strategies that are targeted at the right market segment and that reflect the priorities of both direct and end customers being served. This article considers price vs innovation for direct and end customer purchase decisions.

**Industrial Management, Vol 61(3) May-June 2019, pp12-15 (Brown and George)**

### **Fostering horizontal teamwork**

Innovation, globalisation and business opportunities often require collaboration across functions, organisations and national boundaries. This involves breaking down silos and encouraging people to work across boundaries. Yet employees tend to revert to working in vertical relationships and restructuring is expensive and slow. There are four activities that can help to foster horizontal teamwork which, if supported, can help employees to connect with and learn from people who might think very differently from them. This will help to promote connections with networks of expertise both inside and outside the company.

**Harvard Business Review, Vol 97(3) May-June 2019, pp130-139 (Cascaiaro et al)**

### **Shortage occupations**

Britain's Migration Advisory Committee (MAC) has been compiling a list of "shortage occupations"

which includes web developers, psychologists, vets, archaeologists and other professions that should be prioritised as jobs for foreign workers. If the MAC recommendations are accepted, these professions will account for 9% of all jobs in the UK labour market. Employers are suffering a skills shortage due to the current high employment levels, lack of investment in training and decline in net EU migration. Employers who recruit from the list of shortage occupations will enjoy various advantages, such as not having to prove that there are no UK candidates suitable for the job.

**Financial Times, 7 June 2019, p3**

### **Are you passionate about work?**

Having a purpose or cause is good for employees and also for customers who like to buy brands that align with their beliefs. Working in a company with a strong purpose can encourage employees to make more effort. Mark Price is founder of engaging.works website. His latest survey, which measures the happiness of individuals and organisations, asks people whether they "feel proud to work for your organisation" and whether they "feel they do something worthwhile". It reveals that chairmen and chief execs feel most passionate about their work (80%), followed at some distance by HR (46%), while advertising (44%) comes just ahead of manual workers (42%).

**The Daily Telegraph (Business), 7 June 2019, p8 (Price)**

### **Employee experience**

Employee engagement should extend to job candidates and new hires as well as established employees. A positive experience during recruitment and onboarding is essential to retain the best candidates. This article offers some advice and top tools for onboarding and employee experience, including: online onboarding platforms; employer surveys; interactive videos; reviews that give insight into the employer brand; and collaboration tools and apps.

**The Times (Raconteur: Employee Engagement & Benefits), 5 June 2019, pp18-19**

## **Charities and NGOs**

### **Gen Z – relationship with charities**

Today's young adults and soon-to-be adults are some of the most engaged in society so how can the voluntary sector harness some of their energy? The assumption is that Gen Z is best reached through digital means, yet *Third Sector's Donating Trends in the UK* report suggests that more 35- to 44-year-olds have visited a charity's Facebook pages than 16- to 24-year-olds. Some charities, such as CoppaFeel!, regard face-to-face as a key strategy. More 16- to 24-year-olds give to charity to help others than older age groups, who tend to support a "cause they believe in". However, the younger

generation, which is often time- and money-poor, wants to do more than just give money. Nikki Bell, a fundraising consultant, suggests that charities need tools that allow young people to be involved even when they aren't physically present.

**Third Sector, May-June 2019, pp20-25 (White)**

## Durable consumer goods

### Tamagotchi back as nostalgia kicks in

The Tamagotchi, a 1990s digital toy, is about to be re-released by Japanese manufacturer Bandai. Meanwhile, *Sonic the Hedgehog* will appear on movie screens next year. Mintel notes a rise in the amount of retro goods coming back in response to nostalgia. One of Mintel's recent surveys reveals that 57% of toy buyers like to buy items for their kids that they themselves had as children. Brands and advertisers have long played on the concept of nostalgia which can help promote happy feelings and associations. Asia Benoit Wiesser, Ogilvy's chief strategy officer, says that nostalgia is particularly "salient" now because of the questioning attitude of Millennials and Gen Z and the need for reassurance. He believes that there is, "a correlation between the popularity of nostalgia marketing versus how confident, optimistic and secure a particular population feels". Nevertheless, brands need to keep reinventing themselves with new products; they can't just rely on past successes.

[bbc.co.uk/news](https://www.bbc.com/news/2019/06/20190602-tamagotchi-released), 2 June 2019

## Economy

### GDP – April 2019

The *GDP monthly estimate, UK April 2019* shows that rolling three-month GDP growth slowed to 0.3% in the three months to April, compared with 0.5% in January to March. All the main sectors contributed positively to GDP growth, including services, production and construction. However, GDP contracted by 0.4% in April itself, with both production and manufacturing contracting.

<https://www.ons.gov.uk/economy/grossdomesticproduct/gdp/bulletins/gdpmonthlyestimateuk/april2019>, 10 June 2019

### Gender pay gap tool

The ONS has developed an interactive gender pay gap tool which enables you to see the percentage difference between men's and women's median earnings. However, it does not measure the difference in pay between men and women who do the same job. For marketing and sales directors, the gap is just 7%; while for advertising and PR directors it is 14.3%. The biggest gap is in production managers and directors in mining and energy (49%).

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/genderpaygapexplorer/2019-06-07>, 7 June 2019

## Education

### Executive education

Executive education is one of the biggest opportunities for many business schools: a survey by the Chartered Association of Business Schools has found that executive education programmes are regarded as second only to new degree courses as a way of boosting revenues over the next decade. This supplement ranks the top 50 business schools (headed up by Barcelona-based Iese). It includes a range of articles including how French gendarmes are going to business school; executive programmes for non-profits; and a company that is helping online students to complete their courses – currently just 5% of people on Moocs finish their courses; but Udacity, a Silicon Valley company, claims a 34% graduation rate on so-called "nanodegrees".

**FT Weekend (Executive Education Business Rankings 2019), 2 June 2019, pp1-54**

### University guide targets student needs

*The Guardian* has issued its latest *University Guide* which is aimed at young people who are deciding which course to choose. It is based on factors that will affect them, such as quality of teaching, job prospects and whether current students like the course. As well as an overall ranking of universities, there are 54 subject tables.

**The Guardian University Guide 2020, 8 June 2019, pp1-47**

### University entry system to be overhauled

The Office for Students (OfS) is to launch a major review into the university admissions systems this autumn. This follows concerns that universities have been behaving unethically by "pressure selling" unconditional offers. One solution could be for students to be offered places only after they have received their A-level grades.

**The Daily Telegraph, 11 June 2019, p4**

## Energy and utilities

### E.ON not allowed 7-year claim

The ASA has told E.ON to remove an ad claiming that the company had been in operation for 70 years after a complainant pointed out that E.ON was formed in 2000. E.ON argues that its history dates to the pre-privatised East Midlands Electricity board of the 1940s and that it has provided an uninterrupted supply of electricity since 1947. The ASA stated that, while it accepted that name changes or the re-branding of an organisation did not prevent it demonstrating a period of continuing trade, it nevertheless considered the change from a nationalised company to a private one to be "significant".

**utilityweek.co.uk, 5 June 2019 (John)**

### **Kites – high-altitude wind turbines**

Wind turbines are getting taller, mainly because the wind is stronger at higher altitudes. But building ever higher turbine masts is expensive. Some companies are taking a different approach by developing kites. SkySails, a German firm, has developed a parachute-like kite attached to an 800-meter tether, which can be used to power a generator. The SkySails Power system, due to be launched next year, can produce enough electricity to run around 100 homes from a single unit. TwingTec, a Swiss firm, and Ampyx Power, a Dutch company, have developed similar systems. It is not clear whether the new systems can compete with existing wind turbines or if air traffic control authorities will need to get involved.

**The Economist, 8 June 2019, pp76-77**

## **Environment**

### **Sustainable marketing – B2B and B2C**

This study looks at sustainable marketing tools among food and drink industry SMEs in Europe. It also distinguishes between those in the B2B and the B2C markets. The results indicate that both B2B and B2C use sustainable marketing tools to some extent but that B2B businesses use them significantly more. The activities relate mainly to tools that are directly visible to customers, such as packaging, product ingredients or certificates. There is less emphasis on internal sustainable marketing activities, such as production process, use of energy and water, etc.

**Journal of Business and Industrial Marketing, 2019, Earlycite (Rudawska)**

### **UK environment accounts**

The *UK Environmental Accounts 2019* measure “the contribution of the environment to the economy, the impact of economic activity on the environment, and society’s response to environmental issues”. The main points of the release reveal that the shift from coal towards gas and renewable energy led to a fall in UK greenhouse gas (GHGs) emissions in 2017, indicating the continuation of a long-term trend. Households have been the biggest emitters of GHGs since 2015; they generated a quarter of total UK GHG emissions in 2017. Some 56% of all environmental tax revenue last year related to taxes on petrol, diesel and other fuels used for transport or heating. In contrast, vegetation was responsible for removing around 28m tonnes of carbon gases in 2017.

<https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/ukenvironmentalaccounts/2019>, 5 June 2019

## **Financial services**

### **Cash down but not out**

It is predicted that fewer than one in ten

transactions will be conducted using cash in ten years’ time. A new review of payment by UK Finance suggests that cash payments fell by 16% between 2017 and 2018, while the use of the debit card is on the rise. Some of the biggest rises in the use of debit cards for contactless payments have been among pensioners. However, there has been lower take-up in the North West of England, probably because of an ageing population and poor digital connectivity. Despite the rise of debit cards, the conclusion is that cash will continue for some time to come.

**bbc.co.uk/news, 7 June 2019**

### **FCA to crack down on overdraft fees...**

The Financial Conduct Authority (FCA) is to introduce new rules preventing banks and building societies from charging higher fees on unplanned overdrafts. It claims that the fees can cost up to ten times as much as payday loans. Andrew Bailey, FCA chief executive, describes the current system as “dysfunctional causing significant customer harm”. Banks will also have to identify customers who are struggling and draw up plans to help them deal with their overdrafts. However, Sara Nield of PwC warns that the banks might try to make up the lost income in other ways.

**The Daily Telegraph, 8 June 2019, p10**

### **...and peer-to-peer lending**

The UK is one of the leaders in peer-to-peer lending: British companies have lent £6.7 billion over the past 12 months, which is more than the rest of Europe put together. Following a series of problems, the FCA has announced new rules designed to limit marketing, strengthen governance and make lenders more prepared for failure. Peer-to-peer lenders are hoping that the FCA’s intervention will help to restore damaged reputations.

**Financial Times, 10 June 2019, p11**

### **A matter of trust**

Trust in banks has recovered somewhat since the recession but customers are still being careful. A survey by Capgemini last year found that: trust in traditional banks (customer willingness to share personal data with financial services institutions) was highest in North America and lowest in Western Europe; trust in fintechs was highest in Latin America and lowest in Western Europe. In the same survey customers were asked for their top influencers when choosing a bank: trust with the brand (45%) scored higher than price (43%), service (43%) or network coverage (40%) while ease and convenience was the most important factor. The data is presented as an infographic.

**The Times (Raconteur: The Future of Banking), 2 June 2019, p3**

### **NatWest – more accessible debit card**

NatWest bank is to launch a debit card that will help people with conditions such as visual impairment or dementia. All cards will be made accessible by 2023 with a new design carrying larger lettering, a notch to help users insert the card into the cash machine correctly and raised dots indicating that it is a debit card. The bank introduced its first accessible card in 2015 but this one will be made available to everyone.

**nfcworld.com, 4 June 2019 (Morrell)**

## **FMCG**

### **Beverages**

#### **Lager brands rethinking their campaigns**

People are drinking less lager due to trends such as reduced alcohol consumption; the rise of craft beer; and pubs closing. Mass-market lager is struggling due to poor perceptions and different drinking habits, and consumers are turning to more premium products. Lager volumes fell by 5.8% in the three years to March 2018, according to CGA, a research consultancy. Brands are responding to this decline in different ways. Carlsberg has overhauled its brand and reinvented its tagline to become “probably not” the best beer in the world. Meanwhile, Foster’s is going back to basics with its campaign featuring optimistic Aussies, Brad and Dan.

**Marketing Week, May 2019, pp14-15 (Fleming)**

#### **Watneys in supermarket comeback**

Watneys, once the bestselling beer in the UK, could soon reappear on supermarket shelves. It was relaunched as a craft beer in 2014 and is now looking to raise £400,000 in a crowdfunding campaign. The brand will use the money to boost its sales team, broaden distribution in pubs and to market to off-trade distribution. It also plans to launch other heritage beer brands, such as Matthew Brown.

**The Grocer, 8 June 2019, p39**

#### **Whisky boosts food and drink exports**

UK whisky sales rose by 19.2% in Q1 2019, year-on-year, to reach £1.14 billion. Over 300m bottles of scotch whisky were exported. The growth in sales of whisky helped to create record UK food and drink exports (up by 10.7%) in Q1. Exports of salmon (up 40.9%), gin (29.6%), wine (19.7%) and cheese (15%) also drove value sales.

**The Grocer, 8 June 2019, p10**

### **Tobacco**

#### **JTI tackles illegal tobacco trade**

Japan Tobacco International (JTI), working with Facebook, has removed over 16,000 posts that have been selling JTI’s brands illegally. JTI launched

Project Talon four years ago with the objective of tackling the illicit tobacco trade online. Thirty-three illicit tobacco factories have been identified in the UK over the past four years. The Houses of Parliament have recently hosted a Tackling Illicit Tobacco Sales event. JTI has also launched a new programme targeting underage sales of tobacco.

**The Grocer, 8 June 2019, p5**

## **Health and pharmaceuticals**

### **Chinese companies muscle in on cancer treatment**

Western pharma companies selling their PD-1 cancer drugs to China are coming up against local competitors. Chinese companies are launching their own patented cancer therapies based on PD-1 inhibitors, which use the body’s immune system to fight cancer. They are also doing it at a lower price than US drug makers. Some are even planning to launch their offerings in the US. China is new to developing complex treatments, having hitherto focused on cheap generics. Biologics Inc, a Chinese company that sells PD-1 therapy, has a licensing agreement with Eli Lilly; the latter is responsible for clinical trials and marketing the medicine abroad. There are issues, however, such as the fact that PD-1 drugs are not yet on China’s public health insurance list, meaning that patients must pay for it themselves.

**Bloomberg Businessweek, 10 June 2019, pp18-20**

### **Ringling the changes with sleep health**

The Oura ring is a sleep tracker from Oura Health, a Finish start-up, and was developed in response to the link between stress and the importance of sleep. It contains infrared LEDs that can measure heart rate and a sensor to monitor variations in body heat. Co-founder Petteri Lahtela developed the ring because he believed that wrist devices were not accurate enough. A study has shown that the ring can detect sleep with 96% accuracy. The aim is to help users to make the necessary changes to their lifestyles.

**Wired, July-August 2019, p31**

## **IT and telecoms**

### **Proposal for security kitemark**

The Public Accounts Committee has suggested that electronic devices and online sites should carry a kitemark to address consumer vulnerability to cyberattacks. The Committee is concerned that consumers don’t know whether devices or sites are holding their personal information in a secure way. The Cabinet Office has previously rejected the idea of kitemarks, but the Committee insists that it should explain how it will provide consumers with information on the “cyber-resilience” of products and services by November.

**The Daily Telegraph, 5 June 2019, p10**



### **Apple still dependent on smartphones**

Apple's Worldwide Developers Conference in San Jose last week included the announcement that iTunes would be replaced with apps for music, videos and podcasts. This reflects Apple's emphasis on services which are vital to offset slowing iPhone sales. It means that app makers may compete with Apple while at the same time it relies on them to distribute their services. iPhones still accounted for over half of Apple's revenue last year, with digital services, including Apple Music, contributing just 16%. Net sales of iPhones in China (almost a fifth of revenues with Hong Kong and Taiwan) fell by 25% in the last six months of Apple's financial year. Digital services will not make up for the shortfall in China, which has equivalent local services.

**Financial Times, 5 June 2019, p12**

### **Germany wants access to home devices data**

The German interior ministry would like its police and security forces to have access to information stored on devices including smart fridges and home assistants, such as Alexa. This reflects the growing role of connected devices in the home and the "digital traces" that are stored in them. Information from home devices has already been used in some legal cases in the US. There are data protection issues, which the German public is known to have concerns about, and government access to data may face serious resistance.

**Financial Times, 6 June 2019, p8**

## **Leisure and tourism**

### **W Series off to a racing start**

W Series, the new motor racing series for women, is putting on its first racing programme this summer. Eighteen drivers will compete for the prize of \$500,000, but the ultimate objective is to support female talent with a view to them taking part in the F3, F2, Formula E and F1. W Series also hopes to create high-level role models who will be more attractive to sponsors.

**Wired, July-August 2019, pp20-21**

### **Olympic Games – losing younger viewers**

The Olympic Games is a major marketing event with millions of people watching it around the world. Yet the event has been losing younger viewers: for example, the 2016 Rio Olympics saw the 18- to 35-year-old audience decline by at least 25% compared with the previous games. Organisers of the 2020 Tokyo Olympics have introduced skateboarding as a medal event for the first-time. Surfing and sport climbing will also be included with the aim of attracting a younger audience. The marketing opportunities associated with skateboarding have been noted by the likes of Nike and Adidas (already sponsors of the US and UK Olympic teams

respectively) who are expected to extend their sponsorship to capture youth interest.

**Bloomberg Businessweek, 10 June 2019, pp16-18**

## **Media**

### **Books**

#### **Libraries should stick to books**

While 87% of UK residents surveyed have "made use of a book" in the last 12 months, just 8% of those aged 18 to 35 obtained their last book from a library. The proportion rises to 12% for those aged over 54. The poll was conducted by Tim Coates, ex-MD of Waterstones, who says that libraries are "trying to do too much" by having yoga classes and trendy activities rather than just providing reading matter. UK public and school library use is now less than half that in the US where libraries have "stuck to just providing books".

**The Sunday Telegraph, 9 June 2019, p10**

### **Games**

#### **Google launches Netflix for games**

Google's game-streaming service, Stadia, will launch this November with 31 games at a "founder's edition" price of £199 for three months of "premium service". The service has been dubbed "Netflix for games".

**marketingweek.com, 7 June 2019**

### **Internet**

#### **Regulating people-finding sites**

People are becoming more aware of privacy and the need to take control of their data. However, removing personal data from US people-finding sites, such as MyLife, Instant Checkmate or PeopleSmart, can be hard. Even when people-search engines allow a person's data to be removed, it is not necessarily deleted from their records. According to DeleteMe, a service developed by online privacy company Abine, at least one record is put back online for 45% of people within four months. For vulnerable people, the availability of their personal information can be dangerous and privacy groups highlight the need for regulation. In the US no federal legislation has yet been enacted, but brokers are being closely watched.

**Financial Times, 6 June 2019, p17**

### **Social media**

#### **How can brands use TikTok?**

TikTok, a short-form video app from China, has around 3.7m users in the UK. It allows users to share 15-second clips but is controversial because of its popularity with children. TikTok obviously wants to earn money from its growing number of users. Currently ad options (brand takeovers, in-feed video and sponsored lenses) are only available in the US. Therefore, the best way forward for UK brands is

using influencers. Brands wishing to target older audiences, such as alcohol and household goods, should be wary as most users are under 24 (the minimum age for registration is 13!).

**The Grocer, 8 June 2019, p22**

## Television

### US mobile to overtake TV viewing

This year Americans will spend more time on their mobile devices than watching TV, according to eMarketer. Average TV viewing will fall to three hours and 35 minutes a day while time spent on mobile devices will reach three hours and 43 minutes a day. Apps will account for most of the time spent on mobile phones with audio (music and podcasts) outpacing social media.

**The Times, 7 June 2019, pp30-31**

## Packaging

### Sainsbury's to cut out plastic bags

Sainsbury's claims to be the first supermarket to stop using plastic bags for its loose fruit, vegetables and bakery goods. By September it will use paper bags instead of plastic ones and customers will be encouraged bring their own bags. The supermarket aims to reduce its plastic by 489 tons a year. Sainsbury's has been rated the worst supermarket environmentally in Britain by Greenpeace and the Environmental Investigation Agency. Other supermarkets are trying to eliminate their plastic. Waitrose is asking shoppers to bring in their own containers for fruit and veg, wine, pasta, rice and cleaning materials.

**The Daily Telegraph, 7 June 2019, p11**

### Waitrose – bring your own container

Waitrose has embarked on its most radical attempt to reduce packaging and single-use plastics using a trial in an Oxford store. All its flowers and indoor plants are packaged in 100% recyclable paper while packaging has been removed from 160 lines of fruit and veg and there is a refill station where customers can bring in their own containers to fill with dried goods. Four wines and four beers are also available on tap to take home in reusable bottles. If successful, the idea will be rolled out in other stores. The question is whether people will take to a process that is time-consuming and, to some, appears old-fashioned...

**The Guardian, 5 June 2019, pp14-15**

### Olay to trial refillable packaging

Olay becomes the first major skincare brand to offer refillable packaging. It is to trial refillable packaging for one of its moisturisers as an initiative by P&G to reduce the use of plastic in the beauty industry. The Olay Regenerist Whip package, which will have a three-month trial, follows the launch of P&G's Ambition 2030 programme, which sets out goals to

reduce the environmental impact of its packaging.

**marketingweek.com, 7 June 2019**

## Retailing

### CSR and sales growth

This paper looks at the relationship between corporate social responsibility (CSR) and the sales revenues of Marks & Spencer and Tesco to understand how CSR affects retail sales growth. Using data on donations, community work and environmental responsibility activities plus information from the companies' websites and reports, the authors find positive correlations between donations and sales revenues for the two companies. By contrast, community work and environmental activities have the capacity to exert either a positive or negative affect on sales revenue.

**Social Responsibility Journal, 2019, Earlycite (Nyame-Asiamah and Ghulam)**

### France to ban destruction of unsold products

In what is claimed to be a "world first", France is to pass a law banning supermarkets from destroying unsold non-food products. France already has a law banning supermarkets from throwing away unsold food and requiring them to give it to charity. The ban will now be extended to include clothing, electronics, plastics and other goods. This forms part of a "circular economy law" which will go through Parliament in July.

**The Daily Telegraph, 5 June 2019, p15**

### VR to boost consumer buying confidence

John Lewis is trialling a virtual retail experience for its furniture and flooring to give consumers more confidence when buying homeware. Visualise Your Space is an app which enables people to recreate their own home by putting in dimensions, doors and windows, wall and floor colours. The redesigned room can be viewed in 3D AR with an iPad or VR headset. Customers will be emailed a copy of the redesigned room together with links to purchases.

**marketingweek.com, 7 June 2019**

### Amazon's clicks and mortar venture

Amazon plans to launch ten stores in the UK as part of its "Clicks and Mortar" strategy. The first pop-up store opened on 3 June in Manchester. Amazon says it wants to give third-party sellers a chance to experience traditional retail. However, each store will be open for just six weeks using only ten suppliers, mainly food and drink. Enterprise Nation, a small business support network, has been enlisted to handle the daily running of the stores. This article asks if it is this just a PR exercise or is Amazon really trying to help the UK's high street?

**The Grocer, 8 June 2019, pp12-13**

## Services

### **Airbnb changes fee structure**

Airbnb wants to attract more hotels to its site which will see it competing with the likes of Expedia and Booking.com. It also plans to launch a new fee structure for professional hospitality businesses who list after 4 June. Airbnb is positioning itself as a complete travel provider by offering flights and car bookings through third parties as well as experiences. Meanwhile, traditional hotel operators are looking to encroach on Airbnb's territory: in April Marriott launched its own home rental service.

**Financial Times, 5 June 2019, p14**

### **Amazon to launch drone deliveries this year**

Amazon claims that its drones will be delivering customers' packages "within months". The drone will be able to travel for 15 miles and carry a weight of up to 2.3kg. Amazon says that the noise of a drone shouldn't be any greater than that of a delivery truck. It is not clear where the drones will be launched but Amazon has a permit from the Federal Aviation Administration to operate in the US.

**marketingweek.com, 6 June 2019**

## Transport and travel

### **The flying car gets closer**

The Kitty Hawk Flyer, a trimaran that can land on water or the ground, is meant to be "the kind of vehicle anyone can learn to fly in 15 minutes", according to Alex Roetter, a division president at Kitty Hawke. The plane's developers regard it as another step towards the flying car, but it is not ready yet. The long-term aim is to create a vehicle than can fly above congestion without fossil fuel emissions. Other companies, including Airbus, Boeing and EHang of China, are busy developing small, battery-powered aerial vehicles.

**Wired, July-August 2019, pp38-39**

### **Cruise ships – becoming more sustainable?**

The recent scenes of an out-of-control cruise ship in Venice does nothing to boost the image of the cruise sector. Cruise ships transport thousands of people to historic centres where they are unpopular, not just because of the hordes that disembark, but due to environmental concerns. Carnival has been found guilty of dumping waste into the sea on two separate occasions. It is estimated that the shipping industry creates 13% of sulphur dioxide emissions. Despite this, the cruise industry has limited environmental impact compared with tourism as a whole, but this could change as the market grows. However, cruise ships are contained environments and have the potential to become "leaders in sustainable tourism".

**Financial Times, 6 June 2019, p13**

### **Car sales fall in May**

UK sales of new cars fell by 4.6% year-on-year in May, according to the SMMT. It has blamed Government policy for creating confusion among motorists. Anti-diesel messages combined with the reduction in incentives for plug-in hybrid cars meant that sales have fallen steeply. Plug-in hybrid sales rose by 36% during the first five months of 2018 but fell by 25% during the same period this year.

**Financial Times, 6 June 2019, p2**

Written by CIM's Knowledge Services Team

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**Cutting Edge:** Our weekly analysis of marketing news

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The Times

[www.utilityweek.co.uk](http://www.utilityweek.co.uk)

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