

Cutting Edge: Our weekly analysis of marketing news

19 June 2019

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Ban on gender stereotypes

The ASA has introduced a ban on “harmful gender stereotypes” in advertising. Such ads might take the form of a man relaxing while a woman does the hoovering or a woman being unable to park a car. This follows a review by the ASA which found evidence that such stereotypes could “restrict the choices, aspirations and opportunities of children, young people and adults” and that the advertising could “contribute to inequality in society”.

bbc.co.uk/news, 14 June 2019

Digital to have 50% of adspend by 2020

Digital advertising is expected to account for 50% of global ad spend by 2020, according to GroupM’s *Worldwide Media Forecast*. Television advertising is predicted to fall by 3% this year but will rise by 1.5% in 2020 thanks to the US election. It is expected to account for 30% of all ad spend by 2020. Newspaper print ad sales are predicted to decline by 9.3% this year and 5.8% next. GroupM predicts that the global ad market will grow by 3.4% (4.6% on an underlying basis) this year, excluding US political advertising, and by 4.7% next. The UK market will grow by over 6.1% this year and 4.6% in 2020, despite concerns over Brexit.

marketingweek.com, 13 June 2019

Digital advertising

It is 25 years since the first banner ad appeared. Created by AT&T, it had an impressive 44% click-through rate. Since then digital advertising has blossomed into a huge industry. *The Drum* interviews some experts in digital to discuss how

digital advertising has shaped the advertising industry.

thedrum.com, 14 June 2019 (Mulcahy)

Government to protect ad sector

Liam Fox, international trade secretary, said the Government aims to “protect and build” the UK’s reputation as an advertising power house. This follows a report which suggested that the UK advertising sector could face a downturn if a Brexit deal isn’t agreed. The Department of International Trade (DIT) is running a campaign with British industry called “Creativity is GREAT” at Cannes Lions this week. The UK has almost tripled the value of the advertising services it exports over the last ten years, with exports currently worth an estimated £6.9 billion. Growth is 18%, compared with just 7% in the wider services sector.

The Daily Telegraph, 15 June 2019, p35

Agencies

US agency models

The US’s advertising ecosystem is in a state of flux. There are currently four models in operation: outsourcing (traditional agency model); insourcing (agency resources in-house working alongside the advertiser); in-housing (skills in-house as recruited by the advertiser); and offshoring (work done in different locations). In-housing is probably not the threat that it seems. Often (as in the case of Heineken) the advertiser recruits a few people whose work compliments that of their agency partners. Some advertisers (Intel) have even closed their internal groups. Meanwhile, offshoring seems to be gaining traction. It can reduce costs and give round-the-clock service. Sapient has 3,000 people based in India for coding, creative, production and analytics. The future advertising model may be a



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mix of everything but, whichever is chosen, it must be efficient. Advertisers continue to want more value for their money.

Campaign, June 2019, p15 (McAteer)

Sorrell hires ex-WPP chief digital officer

Sir Martin Sorrell has recruited Scott Spirit, the former chief digital officer at WPP, who was dismissed from WPP last year. He will be joining S4 Capital as chief growth officer and will sit on the board. S4 says that Spirit's "proven knowledge of global markets will be invaluable as we continue to expand the business technologically and internationally".

The Times, 13 June 2019, p39

Brands and branding

Global brands

The *FT* special report on global brands centres on BrandZ's *Top 100 Global Brands 2019* ranking. Amazon takes top spot for the most valuable brand: it has gradually progressed up the list as it continues to expand its proposition for consumers, making it easier for them to buy just about anything. It has also expanded into areas such as cloud computing, consumer technology and film production. This year there are 15 Chinese brands in the top 100, up from just one in 2005 when the league table first began. Another trend is the shift from individual product and service brands to that of a "highly disruptive ecosystem". For example, Haier the home appliance brand (new in at 89), is betting its future on internet connectivity for its products by forging partnerships with tech companies.

Financial Times (Special Report: Global Brands), 18 June 2019, pp1-3

Minimal branding – don't forget to protect it

Cosmetic companies are increasingly rejecting fancy branding in favour of minimal branding. The move towards chemical-free, organic ingredients in the beauty industry is helping to accelerate the shift to minimal branding: But how do companies maintain or acquire brand recognition when they have stripped away so many of the brand elements? With so many images online, as well as beauty bloggers and influencers, both the brand and packaging must be instantly memorable. M.A.C., Calvin Klein and Chanel all use minimal but distinctive branding. For such brands, marketing is key to ensure that customers are aware of which company has produced the product. However, remember that even minimal branding needs trade mark protection...

lexology.com, 12 June 2019 (Newsome)

Porto – a case of city branding

Porto, the Portuguese city, is highly successful having been voted the best city destination for three

out of the last six years. Success results from an innovative rebranding which includes the use of attention-grabbing imagery that has been placed on everything from dustcarts to municipal buildings. City branding is big business but it is hard to create something that appeals to people and makes a place distinctive. Here Eduardo Aires, the designer who was behind Porto's rebranding campaign, explains how he went about the rebrand.

The Times (Raconteur: Future Cities), 13 June 2019, p15

Children

Rise in adspend targeting children

Global online advertising targeting children is growing at the rate of 20% a year, according to PwC. It forecasts that the market could be worth \$1.7 billion by 2021, with YouTube taking the greatest share of adspend in Britain. Big brands will be targeting 80% of children aged five to 15 who use YouTube regularly; this is despite strict rules about children aged under 13 using unrestricted versions of YouTube. British companies, who spent 17.2% of their ad budgets online in Q1 this year, will want to be on social media or YouTube if that's where the kids are. The UK is the largest online ad market after China and the US.

The Daily Telegraph (Business), 12 June 2019, p5

IPA rejects further HFSS restrictions

The IPA states that the introduction of further advertising restrictions for HFSS products (the subject of a Government consultation) would be "ineffective and disproportionate". In its submission, the IPA says it supports the principle that children should be protected from harmful advertising and supports methods to reduce childhood obesity. However, it argues that "the existing framework, underpinned by the CAP and BCAP Codes and regulated by the ASA, has already proven to be an effective and flexible means of reducing children's exposure to HFSS advertising and further intervention is unnecessary".

ipa.co.uk, 13 June 2019

Conferences and events

Exhibition visitor numbers surpass 9m mark

Exhibition visitor numbers exceeded 9m last year according to the Size and Scale Index for Events (SASiE) from the Association of Event Venues. In 2018 an estimated 1,077 exhibitions were held in the UK's main exhibition venues of which 43% were trade exhibitions and 48% consumer events. Despite Brexit uncertainty and issues in the property and retail sectors, visitor numbers were 9.06m in 2018, up from 8.66m in 2017.

mitmagazine.co.uk, 12 June 2019

Consumer behaviour

Display price vs review volume

How do consumers choose an online seller from whom to purchase a product? The author suggests that seller choice depends on evaluations of the display price of the product and the volume of reviews. Two studies, which included eye-tracking, revealed that participants were more likely to purchase at the display price from sellers with a high volume of reviews. Participants preferred to buy from high-display-price sellers with high review volumes than from low-display-price sellers with low review volumes. The research emphasises the importance of review volumes for sellers.

Journal of Advertising Research, Vol 59(2) June 2019, pp232-241 (Jaikumar)

Customer relations

Chatbots and customer loyalty

Chris Daffy explores how automation is affecting personalisation. Organisations increasingly rely on chatbots for customer service, yet research suggests that customers don't trust bots to deal with their problems and are doubtful whether they can provide the same level of service as humans. Many organisations are learning that the more that customers are expected to do for themselves, the greater their expectations are that prices will be reduced. By depersonalising the connection between customers and the organisation, you could be harming relationship and future loyalty. Daffy is author of the book, *Creating Customer Loyalty* which is available at:

<https://www.johnsmith.co.uk/cim-shop/product/9780749484309/creating-customer-loyalty-build-lasting-loyalty-using-customer-experience>

koganpage.com, 10 June 2019 (Daffy)

Law

Brand owner wins over low-quality packaging

In general, trade mark owners are not allowed to oppose the resale of their branded products within the EU once they are on the market. However, there are certain legitimate reasons for opposing resale. A recent case in the UK IP and Enterprise Court (Nomination di Antonio e Paolo Gensini SNC and Anor v JSC Jewellery) has highlighted a scenario in which trade mark owners can prevent the resale of their brands. Nomination won the case by arguing that JSC Jewellery had repackaged its jewellery in low quality packaging, thus damaging the reputation of the brand.

lexology.com, 13 June 2019 (Dixon)

Marketing

Change management

Marketers have on the whole stayed away from developing change management capabilities. Instead they tend to behave reactively rather than taking control of their future. Now there is evidence

that more marketers are taking up proactive, practical change management. The author identifies five elements of change management that were mentioned by more than one speaker at the Martech West Conference this year. By learning a few techniques, marketers will be able to drive change in their organisations.

ama.org, 30 May 2019 (Qaqish)

Location data – 89% report higher sales

A recent survey in the US has found that 89% of mobile marketers attribute increased sales to the use of location data, or targeting in their marketing campaigns while 86% attribute customer growth and 84% higher engagement. Over 90% plan to use location data in the future with the most common uses being targeting (67%) and "audience engagement, campaign strategy and customer experience or personalisation" (52%). Only 24% plan to use it for offline measurement or attribution. Overall the report shows that location data has become increasingly sophisticated as a tool for audience segmentation and targeting. Other data from the report (produced by Lawless Research and Factual) are included in this article.

marketingland.com, 12 June 2019 (Sterling)

Ethical marketing

A survey of consumers and marketers across the UK and US (by Phrasee and Vitreous World) focused on attitudes to unethical marketing and Return on Ethics (ROE), defined as "the impact that marketing and communicating to consumers in an ethical and responsible way has on business". It found that marketing can make consumers feel angry (48%), inadequate (39%), sad (38%) and anxious (38%). A separate report from Aflac found that 92% of Millennials are more likely to buy from ethical companies while 82% believe that ethical brands outperform companies that aren't perceived as ethical. For their part, 88% of marketers say they care about ethical marketing while 83% wouldn't work for a brand they deem to be unethical.

dma.org.uk, 17 June 2019

CMO – the architect of growth

In this a transcript of a McKinsey podcast, Simon London speaks to Bilijana Cvetanovski and Jason Heller about the how the scope of the CMO has shifted from being a brand steward to an "architect of growth"; what a successful marketing organisation looks like; and what skills the CMO needs to deliver that growth.

mckinsey.com, June 2019 (London et al)

Market research

Levi's ad followed new MR technique

Levi's iconic Launderette ad, which was launched in the UK on Boxing Day 1985, boosted sales of Levi's 501 jeans by 800% and had a transformational

effect on the business. The ad was created by BBH which had taken over the account in 1982 when both the brand and the category were struggling. Levi's used a new market research technique, which it had co-funded with Coca-Cola and Douwe Egberts. This was Censydiam, an Ipsos tool that helped brands to understand human motivations and needs by bringing together social and personal motivations. BBH had the job of translating the research into reality as this article describes.

Marketing Week, May 2019, p42 (Parsons)

Alternatives to radio buttons in web surveys

It is becoming increasingly difficult to persuade people to complete surveys online but one solution could be to improve the visual design of surveys. The authors examine the impact of visual aids such as smiley faces, stars, hearts and thumbs as alternatives to traditional radio buttons. Through an online survey they investigate how the new designs compare with radio buttons and how the results interact with devices (PC vs mobile), the use of labels, the type of response scale and the number of response categories. Although the study doesn't reveal huge variations in response, quality and experience, there is some suggestion that the use of smiley faces results in worse data quality.

International Journal of Market Research, Vol 61(3) May 2019, pp266-286 (Cernat and Liu)

Public relations

Irrational loyalty

Irrational Loyalty: Building a Brand That Thrives in turbulent Times, a book by Deb Gabor, examines PR disasters suffered by companies like United Airlines and Wells Fargo. She argues that the key to survival is building a base of customers who will remain loyal to the company no matter what happens. In this interview Gabor explains what "irrational loyalty" is; how to build irrational loyalty; the common mistakes made by companies during PR disasters; and how they can be avoided.

CRM Magazine, Vol 23(5) June 2019, p19 (Rowe)

How to distribute press releases

Success as a small business requires media coverage, and particularly press releases, which are important for raising brand awareness and boosting PR. But press releases need to be distributed effectively in order to be taken up by newspapers, magazines or blogs. This guide to press release distribution explains how to distribute them; why to distribute them (boosting SEO, generating sales); what mistakes to avoid; and whether to use distribution services.

<https://blog.hubspot.com/marketing/press-release-distribution>; **blog.hubspot.com, June 2019 (Allcock)**

Sponsorship

Consumer response to a replacement sponsor

This study examines a situation in which the sponsor of an event is replaced by another and the effect of this on consumers' intentions towards the new sponsor. The results of three experiments show that replacing a sponsor that was supporting the event for a short, rather than a long, period of time is more beneficial, but only if replacing a competitor that is congruent with the sponsored property. This effect is explained in terms of the consumers' altruistic motives. The authors propose sponsorship strategies that will increase perceptions of altruism and hence enhance the sponsorship effectiveness for new sponsors.

European Journal of Marketing, 2019, Earlycite (Carrillat and Grohs)

Agriculture, fishing and forestry

British flowers in full bloom

The British homegrown flower market is worth £121m, up from £82m in 2015. Last year homegrown represented 14% of the value of all flowers sold in Britain, according to a report from Defra. The demand for flowers grown in Britain, which has led to an expansion in artisan growers, will also benefit the environment in terms of greater biodiversity. British flowers offer better scent and stay fresh for longer because they haven't had to be transported huge distances. The use of British-grown flowers at royal weddings has helped to boost sales.

The Guardian, 13 June 2019, p23

Building industry

Tackle the wealth gap says think-tank

The Centre for Cities, a think-tank, warns that planning regulations limiting house-building in England's most prosperous cities has worsened wealth disparities, not just between north and south, but between renters and owners in the south-east. The think-tank is calling for a reduction in planning restrictions in the south-east as well as building on the greenbelt close to railway stations so that the supply of homes responds better to demand.

Financial Times, 11 June 2019, p2

Tier one contractors – changing the model

In the 1970s and 1980s tier one building contractors became financial investors thanks to high interest rates. Later, with the introduction of PFI, their overall profits received a further boost. Now contractors are putting their money into people and contract management (rather than plant, machinery or buildings). This model has enabled them to be more agile, but it has left some companies trailing

behind the wider economy. Since 1997, output per worker per hour has risen by 12% in the construction industry compared with more than 28% for the general economy. Tier one contractors are not set up to take advantage of transformative technologies yet there is no single solution for changing the business model and to boost investment in innovation. This means that the sector is ripe for disruption. This article looks at the issues and how contractors are responding.

Construction News, 14 June 2019, pp30-34

John Lewis moves into design and extensions

John Lewis, which already operates a booking site for tradespeople (Trade Solutions), also acquired Opun, a home improvement firm last year. It is now considering combining the two services so that customers can extend and renovate their homes. It plans to offer services ranging from design to construction.

marketingweek.com, 12 June 2019

Businesses and strategy

SMEs become flexible

Small businesses are increasingly embracing flexible working with one in ten now allowing staff to work part-time, from home or flexible hours. TopLine Comms, a PR agency which allows employees to work from home or start early, has seen employee satisfaction rise. Nested, a small company that encourages people to work from home on Wednesdays, says as long as it sees results, "our employees are free to work as they like". Both companies use online project management tools to enable remote staff to communicate. The advice is to avoid tools that track people and to maintain human contact. However, people like the "banter" that takes place in the office which can also be good for generating new ideas.

The Daily Telegraph (Business), 10 June 2019, p8

Four myths of organic growth

Organic growth is essential for an organisation's survival but fewer than 30% of businesses look for and evaluate new growth opportunities. This is for a variety of reasons, ranging from cost-cutting to short-term issues. In the latest *McKinsey Global Survey* on growth, respondents were asked how their companies develop expertise along three dimensions of organic growth: invest (identify areas of growth and invest in it); create (innovate products, services and business models); perform (or excel at functions and operations). The findings from surveying top-growth companies debunk some of the myths about organic growth. The authors look at four of these myths.

mckinsey.com, May 2019 (Ahuja et al)

Defence merger

This month UTC, a jet engine maker, and Raytheon, a missile-maker, agreed to merge to create the second-largest aerospace and defence company in America after Boeing. The merger reflects two trends: changes brought about in the defence industry because of the spat with China and shareholder activism. Critics are concerned that two standalone businesses should feel the need to get together for survival. The two companies will be better placed to produce the types of hardware needed by the US Government, such as hypersonic missiles. However, the merger also emphasises the need to reengineer old-fashioned industrial structures, notably conglomerates. Reconfiguring conglomerates is not always rewarding as General Electric and DowDuPont have discovered in the past.

The Economist, 15 June 2019, p60

Charities and NGOs

Guide to non-profit marketing

Non-profit organisations often have tight budgets and small teams. *The Ultimate Guide to Nonprofit Marketing in 2019* provides tactics to promote your mission, encourage donations and attract volunteers. The four chapters cover: the definition of non-profit marketing; inbound marketing for profits; how to create a non-profit marketing plan; and marketing strategies for non-profit organisations.

<https://blog.hubspot.com/marketing/how-to-run-a-lean-mean-nonprofit-marketing-machine>, June 2019 (Decker)

Refuge uses reverse poem in latest campaign

Refuge, the domestic abuse charity, launched a campaign to coincide with Father's Day (last Sunday) to raise awareness. It features a reverse poem called *Remembering My Father*: when read forwards it depicts a wonderful father but when read from the bottom up it paints a picture of abuse. McCann Bristol wrote the poem for the "Turn To Us" campaign.

marketingweek.com, 14 June 2019

Education

MBAs achieve double-digit growth

Applications for premium MBA programmes at the UK's top business schools have risen by 21% year-on-year. Warwick, Cass and Cranfield are looking at double-digit percentage increases for the academic year starting in autumn 2019. By contrast, many business US schools are looking at a fifth year of declining applications. Predictions that Brexit would lessen demand for British business schools have not proved correct so far. Meanwhile, the US trade war with China on top of stricter Visa requirements, may have tarnished the attractiveness of US MBAs. Judge Business School in Cambridge is the only one of the 11 UK institutions in the *FT* top 100 MBA

ranking to have seen applications fall over the past year.

Financial Times, 17 June 2019, p2

Energy and utilities

UK charging infrastructure needs a boost

Britain's charging infrastructure has been described as "poor" and "lacking in size and geographical coverage", by the Business, Energy and Industrial Strategy Committee. There are concerns over where and how quickly drivers of electric vehicles will be able to charge their cars and how much investment is needed in the energy grid system. The Committee on Climate Change wants the 2040 deadline for ending the sale of petrol and diesel cars to be brought forward to 2035 to help cut greenhouse emissions. Many car owners will charge their vehicles at home but "big charging infrastructure" is needed if electric vehicles are to take off, says Dustin Bentin of the Green Alliance. The transition could cost the UK over £1 trillion, according to Philip Hammond, the chancellor.

Financial Times, 11 June 2019, p2

Renewable energy from Wensleydale cheese

It will soon be possible to create renewable energy from cheese waste. The Wensleydale Creamery is to supply waste whey from its cheese-making to a bioenergy plant. The Leeming biogas plant, which currently uses ice cream residue, is one of nine in Yorkshire owned by Iona Capital which claims to be able to save around 37,300 tonnes of CO₂ emissions every year.

The Observer, 16 June 2019, p29

Environment

Plastic shaming – does it work?

A Vancouver-based grocer is selling plastic bags with embarrassing messages to encourage people to bring their own bags. East West Market has produced bags with slogans on them such as "The Colon Care Co-op" or "Wart Ointment". Separately, *The Guardian* considers "plastic shaming". It points out that the Vancouver experiment with plastic bag slogans has backfired because the bags have become cool and "hipsters are falling over themselves to get hold of them". Instead, it would be better if plastics were covered in images of dead seabirds and unpalatable messages about destroying the planet.

The Daily Telegraph, 13 June 2019, p12; The Guardian, 12 June 2019, p2

England's rivers more polluted than Europe

An environment agency report last year found that only 14% of English rivers met the minimum "good status" standards as set by the EU Water Framework directive. Much pollution results from the thousands of licensed emergency sewer overflows where water

companies are permitted to allow untreated sewage to enter rivers. River water quality has fallen behind much of Europe and none of England's rivers are safe enough to swim in. But no-one knows how much sewage is being released. In 2016 a UK court applied an EU ruling that privately-run water companies in England and Wales are public authorities. This has allowed activists to demand greater disclosure. The Environment Agency is asking companies to fit monitors on 75% of sewage overflows.

Financial Times, 13 June 2019, p11

Fashion

007 merchandise a sell-out

James Bond merchandise has been selling well on its official online site. A blue towelling onesie with a gold clasp, resembling that worn by Sean Connery in *Goldfinger*, sold out in days despite costing £345. Other goods selling well include a *Dr No* dressing gown and door mat with the message "I've been expecting you, Mr Bond...". Event Merchandising acquired the rights to brand items with the 007 number in October. MD Jeremy Goldsmith says there is a sales spike every time a film announcement is made. As well as Sean Connery merchandise, you can buy Roger Moore's linen safari jacket or George Lazenby's pleated dress shirt, but there is nothing yet for Timothy Dalton, Pierce Brosnan or Daniel Craig.

The Times, 14 June 2019, p3

Armani – still a brand to be reckoned with

Luxury brand Armani has been suffering from declining revenues since 2016. Now the company has a plan to streamline its seven labels which could help to reduce customer confusion and enable more focused digital advertising. While rival brands LVMH and Hermes stayed away from wholesalers, Armani introduced a raft of sub-brands to target different types of customer, but the rise of digital has confused the brand's message. Yet Armani is still growing, especially in fields such as cosmetics and fragrances. Despite everything, the value of the brand rose by 5% last year, according to BrandZ.

Bloomberg Businessweek, 17 June 2019, pp16-18

Financial services

India embracing fintech

The Indian Government's policy of ensuring that everyone has a bank account, has resulted in many accounts with just a handful of rupees in them. However, the introduction in 2016 of the Unified Payments Interface (UPI) and "demonetisation" (when 86% of banknotes were recalled) has helped to boost digital payments. Paytm, the largest digital-wallet company in India, now has 371m users and PhonePe, a subsidiary of Flipcart, has over 150m users. The new system seems to suit regulators

because it helps prevent unreported cash deals. It also gives banks information on transactions that are useful for analysis and product customisation. Big tech companies' services, such as Google Pay and Amazon Pay, are also getting in on the act as are chat apps (WeChat Pay) that have expanded into payments.

The Economist, 8 June 2019, p73

Use social media for financial decision making

Social media has led to the blurring of lines between the fake and the true which can lead to the spreading of inaccurate and false information. Reliance on social media can also increase the risk of consumers making poor financial decisions. This study examines the influence of cognitive style, consumer gullibility and demographics on consumers' reliance on social media for financial decision making. A US national survey identifies consumer characteristics which contribute to increased reliance on social media in financial decision making.

Journal of Financial Services Marketing, vol 24(1-2) June 2019, pp1-10 (Florendo and Hooman)

Mobile wallet providers adopt Alipay QR code

Alipay, the Chinese payment provider, is supplying its QR code format to six European mobile wallet providers to enable digital payment interoperability and ensure that customers can use their wallets internationally. The rollout, which commences this summer, will start with over 5m wallet users in Europe and China. Mobile wallet users will be able to make QR-code-based payments with their home apps in ten European countries and merchants will be able to accept payments via the six apps in their domestic markets. The QR code will act as a "recognisable brand" among merchants and consumers, according to Masood Arai of ePassi, one of the mobile wallet providers.

nfcworld.com, 11 June 2019 (Morrell)

Visa introduces sensory experiences

Visa is to use sensory branding in the form of animation, sound and vibration in 25 countries. The aim is to reassure consumers that their payments have been successful in the absence of a cashier. Previous research in San Francisco found that consumers experiencing sensory branding were 12% more likely to trust the security. The sensory experience also resulted in a 14% rise in positive perceptions of the Visa brand compared with PoS terminals that didn't use sensory branding.

thedrum.com, 17 June 2019 (Glenday)

FCA bans backdated interest

The Financial Conduct Authority (FCA) aims to save consumers up to £60m year by banning companies from backdating interest on "buy now, pay later" agreements. The regulator has turned its attention

to "excessive" fees and charges on loans, having previously tackled payday loans, rent-to-own and the overdraft markets.

The Times, 13 June 2019, p47

FMCG

Beverages

Coca-Cola launches first canned coffee

Coca-Cola has announced its first canned coffee drink in the form of Costa-branded beverages. This follows Coca-Cola's acquisition of the coffee chain from Whitbread in January. There is speculation that the main reason for the acquisition was the opportunity it presented for product creation. Coca-Cola already has 500 drinks brands in 200 countries.

The Times, 12 June 2019, p44

Alcohol consumption down, brewers diversify

Alcohol consumption fell by 1.6% last year although growth of 3% in sales volumes is predicted over the next five years, according to IWSR Drinks Market Analysis. AB InBev is expanding outside the beer market; in the US it is even looking at legalised cannabis. Meanwhile, Diageo is marketing Seedlip, a non-alcoholic drink that tastes a bit like gin. Consumers in emerging markets, including India and China, are consuming more spirits and drinking international brands for prestige reasons. Tequila and gin are gaining share while vodka is declining in popularity. A series of infographics show market data for beer, spirits and wine.

FT Weekend, 8-9 June 2019, p16

Students have no loyalty to alcohol brands

A new survey suggests that students are becoming more disloyal to alcohol brands, with 53% saying they would always choose the cheapest option. Two-thirds say they are loyalty to categories, such as rosé and IPA, yet within categories they admit to being "actively disloyal to brands". The report, by YesMore and Hype Collective, concludes that any sense of loyalty to a brand is "often driven by price or practicality".

The Grocer, 15 June 2019, p44

Cosmetics and toiletries

Unilever shifts to beauty

Unilever sales have been slowing for four years as it copes with trends such as veganism and Millennials moving away from established brands. Alan Jope, who took over from Paul Polman as chief executive in January, has signalled that the company will shift its emphasis from food to beauty and personal care, where the margins are higher. Since 2015 Unilever has been focusing on skincare and cosmetics, with almost three-quarters of its acquisitions being in these areas.

Financial Times, 12 June 2019, p16

Food

60% meat alternatives by 2040...

Just 40% of the meat sector will comprise conventional meat products by 2040, according to new research from AT Kearney. Over half the remaining 60% is expected to be made up of lab-grown meat while a quarter will be plant-based products. "The shift towards flexitarian, vegetarian and vegan lifestyles is undeniable" says Carsten Gerhardt of AT Kearney.

The Grocer, 15 June 2019, p47

...while brands embrace vegan trend

Veganism has become a top trend and brands are responding to its popularity. Beyond Meat, the meat alternative brand, has seen its value rise by 600% while celebrities and influencers are supporting vegan lifestyles. This year Lush removed egg from all its products, allowing it to claim vegan credentials. Brands that have introduced vegan offerings include: Ben & Jerry's, Greggs, McDonald's, M&S, TGI Friday's and L'Oréal.

thedrum.com, 13 June 2019

Changing food tastes – forget the jellied eels!

A YouGov survey reveals that many British dishes have fallen out of favour. Only half of respondents said they liked steak and kidney pudding. Black pudding, kippers and liver and onions were among the least favourite dishes, with jellied eels at the bottom of the ranking. Age and gender were significant factors in people's likes and dislikes: only 9% of 18- to 24-year-olds liked liver and onions compared with 56% of over-55s. Men enjoyed black pudding (51%) more than women (33%). Foods in the top tier (with over 80% approval) were: Yorkshire pudding, Sunday roast, fish and chips, crumpets, full English breakfast and bacon sandwiches. Chicken tikka masala, often regarded as Britain's favourite food, has fallen to the middle tier. Some Scots are reported to be incensed at the low ranking of black pudding and haggis!

The Daily Telegraph, 13 June 2019, p3

Feel-good food

Umami, "the fifth taste", is a food principle first discovered by Kikuna Ikeda, a Japanese researcher, and is embraced by Japanese culture. Matsushima, a restaurateur in Nice, France, believes that umami can solve some of the health problems associated with modern food, such as adding salt or sugar to everything.

Wired, July-August 2019, pp56-57

Coconut oil slump

Spending on coconut oil fell by 17% in the 52 weeks to 27 January 2019, due to consumer concerns over its health credentials. This follows a US study which found that coconut oil contains 82% satfat and as

much cholesterol as butter, beef fat or palm oil. The American Heart Association has advised against eating it.

The Grocer, 15 June 2019, p43

Tobacco

BAT vaping products disappoint City

British American Tobacco's (BAT) recent revelation that it had lost market share led to a £3 billion fall in the company's stock market value. Sales of BAT's ecigarettes and "reduced risk products" had been "disappointing", according to City analysts. Jack Bowles, the company's new chief executive, insists that the company is undergoing a "step-change" in vaping and heated tobacco products. BAT aims to increase sales of its vaping products by 30% to 50% this year as the cigarette market continues to decline.

The Daily Telegraph (Business), 13 June 2019, p8

Government and public sector

UK productivity

According to the Cisco Productivity Index, which aims to identify trends and solutions to national productivity, £140 billion could be added to UK GDP if all the UK's boroughs achieved their benchmark productivity levels. The study, conducted in collaboration with Oxford Economics, used data from 391 local authority areas. The UK is the eighth-largest economy in the world, yet productivity hasn't risen since 2008. The Index reveals that Wandsworth in London is in the lead, with 65% higher productivity than the industrial benchmark. Although there is no single contributing factor to a region's productivity, a correlation was found between productivity and certain areas, namely: technology, people, business structure and innovation, geography and physical infrastructure.

London Business Matters, Issue 156 June 2019, p 24

Digital technology – its effect on democracy

A committee appointed by the House of Lords, and chaired by Lord David Puttnam, is to examine how the growth in digital technology has changed the way politics works and what this means for democracy in an era when political parties, campaigners and government increasingly use online and social media to communicate with the public. The Committee is to publish a call for evidence in the near future.

marketingweek.com, 14 June 2019

Health and pharmaceuticals

Data trends

Today's medicine is likely to involve data and software. The US's Food and Drug Administration has already approved 13 algorithms for medical use.

EY has identified five trends which are helping to transform medicine into a data science. The data will be used to “deliver interventions pro-actively and in more personalised ways” says Pamela Spence of EY.

Wired, July-August 2019, p86 (an EY partnership)

AstraZeneca teams up with Chinese pharma

Luye Pharma Group, a Chinese pharma company, has partnered with AstraZeneca to allow it to market a Chinese heart remedy. It becomes the first UK company to have exclusive promotion rights to a Chinese drug. The product, known as Xuezhikang, is made from red yeast rice and could be described as more of a herbal treatment than an innovative medicine. However, Astra’s willingness to enter this area shows how keen it is to get a foothold in the second-largest pharmaceutical market in the world. There are issues, however, since the drug has not been cleared by European drug regulators and there are concerns over its safety.

Bloomberg Businessweek, 17 June 2019, pp20-21

IT and telecoms

5G deployment intentions

This article presents the key results of the 2019 *Mobile Europe* and *European Communications* readers survey of 5G. Almost half of mobile operators surveyed said they would roll out 5G this year while over a quarter said they would deploy it in 2020, with 15% having no timescale for deployment. As well as setting out the report’s findings, this article mentions a European Parliament report published in April: *5G Deployment State of play in Europe, USA and Asia*. It concludes that “5G will cost much more to deploy than previous mobile technologies (Perhaps three times as much)” and offers four specific recommendations to help operators achieve successful deployment and monetisation of 5G.

Mobile Europe, Q2 2019, pp24-29;

<http://www.europarl.europa.eu/thinktank/en/document.html>

CRM software trends

CRM is the largest and fastest-growing enterprise application software, according to Gartner which reports that spending on customer experience and relationship management software rose by 15.6% last year to reach \$48.2 billion. Around 72.9% of CRM spend was on software as a service (SaaS). However, cloud growth, which is still strong at 20%, fell slightly last year. Meanwhile, the top five CRM software vendors made up 40% of the total market.

prolificlondon.co.uk, 17 June 2019 (Johnson)

Leisure and tourism

Chinese cruisers

Chinese tourist tastes are increasingly becoming akin to those of other international travellers,

especially when it comes to cruises. It is estimated that more than half the 26m people who went on a cruise last year were American, but China is catching up fast. Last year 2.4m Chinese went on cruises, spending \$3 billion of the industry’s total value of \$46 billion. Yet Chinese passenger numbers are predicted to fall by up to 15% this year. It seems that Chinese tastes are becoming more sophisticated (famous landmarks and shopping are no longer top of their list according to McKinsey). Tastes have shifted to wanting experiences rather than things, a bit like travellers in the West. Chinese regulation does not help: Western cruise ships are not allowed to sail between two Chinese ports, yet China has few domestic cruise firms and they are all small.

The Economist, 8 June 2019, p66

Robowars – in your living room

DJI, the world’s biggest drone maker, has created a small robotic tank called the RoboMaster S1. It comes as a kit that people can assemble, enabling them to learn about software and robotics. It can then be used to conduct a battle against other RoboMasters, using smartphones and tablets, in the person’s own home. It is the only Chinese tech brand that Americans are likely to recognise on store shelves but whether people will be prepared to pay \$500 for the kit is another matter. DJI sees it as the first of many more educational robots. In the future robotics could become another type of sport.

Bloomberg Businessweek, 17 June 2019, pp22-23

Media

Books

Does Waterstone’s acquisition signal upturn?

Waterstone’s the book chain, has reinvented itself after nearly going out of business a decade ago. But can chief executive, James Daunt, achieve the same success in America? Waterstone’s owner, Elliott Management, has recently agreed to acquire Barnes & Noble, a struggling US bookstore chain. The investment is encouraging for a sector that has until recently been in the doldrums. Booksellers were among the first in the retail industry to suffer from the Amazon effect. This article looks at how the book trade is finding ways to survive.

Financial Times, 12 June 2019, p9

Celebrity campaign supports independents

A new campaign featuring British celebrities aims to promote the benefits of independent bookshops, which are struggling to survive. Celebrities participating in the London Underground campaign include Michael Palin, Dominic Copper, Hayley Mills and Twiggy. Sarah Hamilton, founder of Just a Card (which created the campaign in collaboration with the Funding Circle), says that every purchase, even

a card or small gift, is vital to small business success.

prolificlondon.co.uk, 17 June 2019 (Spargo)

Internet

Internet population – the second half

Over half the World's population is online. Now the second half of the "internet revolution" is beginning. Most of the new users are in emerging countries. Yet, among new users, the attraction of the internet is socialising and entertainment rather than business and work. The "second half" of the internet also offers businesses a larger base of customers. Many of the new users are too poor to spend money which means that, despite receiving venture-capital money, the new firms are still trying to find sustainable business models. Yet these start-ups are likely to grow fast and established businesses in emerging markets could find themselves disrupted faster than those in the rich world.

The Economist, 8 June 2019, pp14-16

Maintaining brand consistency

Internet advertising used to revolve around dynamic keyword insertion whereby you could search for just about anything and eBay would pop up (the author's favourite is: "New and used Dead Pets. Check out the deals now! www.ebay.com"). Since then, digital marketers have got used to working with dynamic ad composition. Facebook's creative process consists of four stages: identity (brand), format, image and text. Google has also "decomposed" its ads into various elements. This article considers how brand consistency is being managed in this environment and how a process is "optimised for ad composition".

searchengineland.com, 11 June 2019

Newspapers

The Guardian – growing audience...

The Guardian is enjoying growing influence as a liberal digital newspaper with a global audience of 163m unique browsers. The problem for the newspaper has been its policy of not charging for content but, by introducing a membership-style model, it has attracted over one million paying contributors over the past year alone. Last month Guardian News & Media Group (GNM) announced that it had broken even for the first time in two decades. This article looks at the newspaper's progress under Katharine Viner (editor-in-chief) and David Pemsel (chief exec of Guardian Media Group).

Campaign, June 2019, pp30-32

...while JPI Media closes ten titles

JPI Media, which acquired Johnston Press last year, is to close ten more regional titles including paid-for and free titles. JPI Media was formed last year following the sale of Johnston Press to its creditors.

Johnston once owned around 200 newspapers, including the *i*, *The Scotsman* and *The Yorkshire Post*. It has struggled following the rise of the internet and social media.

prolificlondon.co.uk, 17 June 2019 (Johnson)

Social media

US social media time in decline

US Facebook users are spending less time on the social network which has led to a decline in the overall time spent on social media in the country. Time spent on social networks rose by 13 minutes in 2016 and 2017, but fell by one minute in 2018. Facebook claims that the reduction in time spent on its platform is due to policy of encouraging users to engage with more "meaningful" content. It is also continuing to see a decline in younger users. However, the fact that 74% of adult users say they visit Facebook daily "continues to make it an attractive place for marketers", according to eMarketer. This year US marketers are expected to spend \$28.52 billion on the platform. An increase in the use of Instagram will help to offset the decline in Facebook usage, with time spent on Instagram expected to overtake that of Snapchat this year.

emarketer.com, 10 June 2019 (He)

Television

Online video advertising pricier than TV

Broadcast TV, including broadcast-video-on-demand (BVOD), generates £5.1 billion in ad revenue per year and accounts for 17.5 minutes of advertising viewed per person per day. By contrast, online video only accounts for one minute of advertising per person per day and is worth £1.9 billion in revenue. The average cost per thousand of TV advertising (linear and BVOD) is just over £6 while for non-broadcaster online video, it is £45. This means that online video advertising costs seven times more than TV.

thinkbox.tv, 4 June 2019

Video

Green YouTube

People are using YouTube to signal their sustainable credentials. Earnest Pettie, trends analyst at YouTube, highlights some ways in which green video content is gaining traction. One is "sustainable haul", a fashion video showing and describing clothes that have been bought. This is not new, but YouTubers are abandoning fast fashion in favour of ethical products. Last year there was a 190% rise in uploads of "haul" videos with "sustainable" in the title. Beauty videos are also paying more attention to what goes into their lotions and creams. Other videos provide tips for sustainable living, such as "zero-waste swap", minimalist living or houseplant tours. The opportunities for brands are highlighted.

thinkwithgoogle.com, June 2019 (Pettie)

Packaging

NFC food freshness detection system

Researchers at Imperial College London have created NFC-based sensors for meat and fish packaging that can detect whether the food is still safe to eat. This should help to reduce the amount of food that UK consumers throw away every year. To check information about spoilage gases such as ammonia and trimethylamine, which are detected by the sensors, consumers simply hold their smartphones to the packaging. The sensors are cheap (1.5p each) and it is hoped that supermarkets will be using them within three years.

nfcworld.com, 12 June 2019 (Morrell)

Lollies without wrappers

Unilever has developed ice lollies without wrappers as a contribution towards using less plastic. Its Solero organic peach lollies will instead be sold in a recyclable cardboard box with compartments. The product will initially be sold through Ocado to get an idea of consumer reactions. If successful, the pack could be used for other frozen products such as ice cream.

The Daily Telegraph, 13 June 2019, p10

Retailing

Stores need to be clear who their customer is

Footfall in British shops is at its lowest in six years. Brexit, weak sterling and online shopping have compounded the situation while the likes of JD Sports and Boohoo are enjoying the spoils. Shoppers are increasingly spreading their purchases across multiple retailers by, for example, combining cheap purchases in Primark with a few luxury items. Mid-market players, such as Top Shop and Monsoon, have failed to respond to this environment. One of the key success factors is to be clear about who your customer is and what they want. Other success factors are: responding rapidly to new trends and getting the online proposition right.

The Daily Telegraph (Business), 13 June 2019, p4

Lidl prepares for ecommerce offering

Lidl is advertising for an ecommerce project manager and is said to be "actively exploring" ecommerce. To date it has not sold online in the UK while its main rival, Aldi, allows consumers to order alcohol and general merchandise online.

The Grocer, 15 June 2019, p6

Services

Deliveroo aims for half the UK population

Deliveroo plans to expand to the point where it can reach half the UK population by the end of this year. It can currently reach a third of potential customers. The expansion, backed by investment from Amazon,

will enable Deliveroo to reach an additional 6.5m homes. The company will also invest in its tech team by hiring software engineers, algorithm experts and data scientists.

The Grocer, 15 June 2019, p7

Transport and travel

Aston Martin to launch 4x4

Aston Martin, the car brand most closely associated with James Bond, will launch its first ever 4x4 next year with the aim of attracting an audience beyond its mainly male clientele. Andy Palmer, chief executive, indicated that the company was targeting multimillionaire women who can afford to spend the £140,000-plus needed to buy one of the cars. However, he stressed that the new DBX is not biased towards a particular gender.

The Times, 11 June 2019, p41; The Guardian, 11 June 2019, p33

Facial recognition at airports

Airports around the world are increasingly moving to facial recognition technology: Delta Air Lines introduced it for boarding at Atlanta Airport in December and Heathrow will trial it at its boarding gates this summer. The aim is to allow people to travel through the airport without hindrance. However, the use of the technology at airports raises three key issues: safety, convenience and privacy...

FT Weekend, 15-16 June 2019, p7

Supersonic flight could take off

Supersonic flight is back on the agenda. Some start-up aerospace companies are working on supersonic passenger planes that could fly at over 660mph or even up to 3,500mph (Mach 5). This would mean one could travel from London to New York in just over 90 minutes (it currently takes seven hours). Sceptics believe that the flights will be too expensive to make them viable. Nevertheless, companies are being funded by investors who are anxious not to miss out on a possible revolution in long-haul travel.

The Times, 8 June 2019, p21

Flying taxis could take off

Lilium, a German flying taxi start-up, recently unveiled a prototype taxi, which can take off and land vertically. Now it has announced that it is to create hundreds of software engineering jobs in a new London hub. It plans to operate "in several cities around the world by 2025". Morgan Stanley predicts that the air taxi market will be worth \$1.5 trillion a year by 2040.

Financial Times, 12 June 2019, p18

Cutting Edge: Our weekly analysis of marketing news

Written by CIM's Knowledge Services Team

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