

Cutting Edge: Our weekly analysis of marketing news

21 August 2019

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Gender stereotyping rules – a step too far?

The Advertising Standards Authority (ASA) has banned an ad for Philadelphia cheese spread after it depicted fathers as “somewhat hapless and inattentive”. This is the first such decision by the ASA following new rules introduced in June regarding gender stereotyping in advertising. The ad shows a father paying so much attention to his lunch that he leaves his baby on a restaurant conveyor belt. Mondelez, owner of Philadelphia, argues that the ad was meant to be amusing. The ASA has also banned a VW ad which showed two male astronauts and a child carer who was female. These decisions have provoked much criticism from the ad industry. Geraint Lloyd-Taylor, a lawyer at Lewis Silkin, has accused the ASA of behaving like the “Morality Police”. Even the ISBA, which helped design the rules, has expressed its reservations about the ASA’s judgement.

The Times, 14 August 2019, p15

Opportunities out of doors

Outdoor advertising is a less obvious choice than it used to be because of today’s emphasis on digital. Yet there are effective ways of combining the new with the old. Billboards are predicted to be a \$33 billion market by 2021, a 12% increase on today. Yet the ability to shift interest to outdoor will depend on the options available. Do It Outdoors has set out some of the benefits in a YouTube video which suggests how location-based mobile display advertising can complement outdoor. It cites research suggesting that 48% of consumers are more likely to click on a mobile ad after seeing the ad in an OOH space. Meanwhile Boxi is a company that has a “patent pending truck wrapping” system;

it is banking on the idea that traffic congestion is an opportunity for high brand exposure. Another company, StickerYou, has an online sticker maker platform which can create real world branding in the form of stickers, labels, decals and temporary tattoos. Vivienne Choi, director of design, says that outdoor advertising is intended to be temporary, so stickers and decals offer a way to enhance brand experience without permanently altering a space. They are also good things to share, allowing them to be seen by hundreds of people.

dmnews.com, 12 August 2019, (Pring-Mill)

Agencies

Agencies vs management consultancy model

Agencies are not as integrated as they could be and should adopt a management consultancy-style model, according to Margaret Jobling, CMO of Centrica, which has just appointed WPP to its global integrated account. She argues that big agency networks need “to figure out how they operate more like a McKinsey, where they ship in a team of experts for that client’s problem”. Peter Mackay, TSB CMO, agrees that a management consultancy approach is needed. However, Sara Tate, TBWA\London chief executive says that any agency “worth its salt” already has “the best bits of a management consultancy model in terms of delivering a fully integrated solution”. She also argues that the future of agencies shouldn’t be “to evolve into something that already exists” and that “consultancies don’t have the creativity of agencies”.

Campaign, August 2019, p8

Brands and branding

Brands appeal to LGBTQ+

As people celebrate the 50th anniversary of the Stonewall riots in New York, many brands are



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looking to attract LGBTQ+ consumers. However, they are often accused of tokenism and insensitivity, particularly if they do nothing more than place a rainbow on their branding. To be taken seriously brands must be sure that they are authentic and that their activities align with the wider brand values. And when Pride season is over, brands must continue to embrace inclusion of a wide-ranging group of LGBTQ+ people...

Marketing Week, August 2019, pp12-13 (Fleming)

Children

Commercial TV viewing down

Total kids' commercial impacts (four- to 15-year-olds) for kids' commercial stations was down by 20% year-on-year for January to June. The data reveal that viewing of kids' commercial channels is falling at a higher rate than total TV viewing. It also shows that girls' viewing in the four- to nine-year age group is declining more than that of boys of that age. A key factor is how savvy kids are at consuming content that is not just viewed on TV. Some 175,000 children are going online for the first time every day while advertisers have a raft of platforms available to them for capturing children's commercial viewing across multiple devices. However, they need to understand the time spent on these platforms and measure the effectiveness of the advertising. After all, toy lists from children aged two to nine are still largely driven by what they see advertised on TV.

TnP, Vol 38(11), August 2019, p12 (Moncur)

Conferences and events

Voice recognition

Voice recognition devices are becoming ubiquitous and are now finding their way into businesses and events. In the Walter E. Washington Center in the US, over 50 voice-controlled wayfinding kiosks, (built around Amazon Alexa and powered by hospitality voice hub Volara), have been installed. They greet visitors and receive voice commands, providing information about local services and businesses. Delegates can also get on-site information, such as where to find food and meeting spaces. The Events DC team believes that wayfinding is a precursor to full voice integration in which each delegate will have a personalised journey. In a separate piece, United Airlines answers questions about its "Entertainment for All" in-flight entertainment system which offers voice recognition for visually impaired passengers.

Conference & Incentive Travel, Autumn 2019, pp28-29 (McCorkell)

The event marketer lifecycle

Joe Davy founded Bonzai, an event marketing platform, after discovering that marketers demonstrated a pattern when creating events. He

argues that the "lifecycle" of event marketers typically lasts a month as they set up a registration website, create email templates and put the relevant coding in place. After the event they need to start afresh for the next event. Bonzai is a platform which allows marketers to delegate some of their tasks. In a 30-minute podcast, Davy discusses marketing for events.

eventindustrynews.com, 15 August 2019

Consumer behaviour

More over-65s shopping online

The key finding of a new ONS report is that over half of over-65s (54%) now say they shop online. Some four out of five Britons said they had shopped online over the three-month survey period, up from three-quarters in 2018. However, 25 to 34-year-olds said they made 11 or more purchases during the period compared with just three to five for the over-65s. The ONS also reports that 93% of households now have internet access, up from 70% ten years ago. Of those without internet access, 61% felt they did not need it while a third expressed privacy concerns.

The Guardian, 13 August 2019, p23

Customer relations

Quaker Oats uses bot for consumer relations

Quaker Oats has been a leading brand in its category for 140 years, according to Elena Parlatore, senior director of PepsiCo consumer relations. But how does a heritage brand maintain brand awareness and stay relevant? Rather than leave it to chance, Quaker Oats has been extending into subcategories, such as organic and gluten-free. PepsiCo also recruited Reve Marketing to develop a chatbot for Quaker Oats fans. This gave the brand a way of engaging with consumers around the clock; in fact, in the two years since introducing the bot, conversations have increased by 13%. The bot is just one part of a "full consumer relations ecosystem".

dmnews.com, 14 August 2019 (Wood)

Direct marketing

Email marketing in six podcasts

You can listen to the latest episode of *My Dog Ate My Email*, a podcast series all about email, on the DMA website. The sixth episode tells you how to use email to drive lead generation; offers ideas on how to go about it and what to avoid; and tells you how to learn more about your customers and how to nurture them. The previous five episodes – *Why it's so hard to engage CMOs about email*; *Segmentation and personalisation*; *Email metrics, KPIs and measuring success*; *Deliverability keeps me up at night*; and *Life after GDPR*, are also available to listen to.

dma.org.uk, 19 August 2019 (Boev and Chaplin)

<https://dma.org.uk/article/my-dog-ate-my-email-a->

[podcast-series-all-about-email?utm_source=Adestra&utm_medium=email&utm_term=&utm_content=Event%20link&utm_campaign=](https://www.marketingweek.com/podcast-series-all-about-email?utm_source=Adestra&utm_medium=email&utm_term=&utm_content=Event%20link&utm_campaign=)

Law

Complaints about Google recruitment tool

Online job recruiters have complained to Margrethe Vestager, the European competition commissioner, that Google's online recruitment tool is anti-competitive. In a letter to the commissioner, 23 European job search sites accuse Google of using its new Google for Jobs feature as a "lever to dominate yet another online industry". The Google box is placed above the websites of the search companies and on mobile devices the box fills the whole search screen. The companies say that this case has many parallels with the Commission's investigation into Google's shopping service for which it received a €2.4 billion fine. Google says it is "improving the search experience for jobs" because the search tool can be used by employers and job listing companies.

The Daily Telegraph, (Business) 14 August 2019, p29

Distribution rules – e-commerce and digital

The European Commission's review of EU distribution rules has now been published in the form of a summary of its public consultation on the Vertical Block Exemption Regulation, which expires in May 2022. In the meantime, the Commission has continued to enforce the policy by imposing fines for infringement. Nike has been fined for its territorial restrictions on the distribution of football club-branded merchandise and AB InBev for hampering parallel trade in beer. Areas of the regulation in need of updating include online sales restrictions; retail price maintenance; online search ad restrictions; price comparison websites and market share thresholds. The Commission plans to host an open public stakeholder workshop later this year in Brussels.

lexology.com, 8 August 2019 (Tamke)

Marketing

B2B digital marketing transformation

Digital marketing has been around for a while, but digital marketing transformation (DMT) is another thing altogether. It is more about "fully digitising" marketing, all the way from people and processes through to customer experience. Stein IAS conducted the first large qualitative survey of senior marketers to find out how B2B brands are undertaking their digital journeys. It reveals that 81% of B2B company believe that DMT is important while over three-quarters regard it as a complex process with cost being the biggest barrier. However, the biggest drivers of DMT are the ability of marketing to directly contribute to revenue growth and to deliver a connected customer experience. Here *B2B Marketing* talks to some marketing leaders about the benefits and barriers to successful transformation.

B2B Marketing, Summer 2019, pp43-45

Tackling fake sponsored content

Influencers with fake followers and bots are among the greatest concerns for marketers, according to a recent survey by Influencer Intelligence. Brands are using due diligence and fraud detection analysis to tackle fake followers and platforms have been busy trying to weed out fraudulent accounts. The latest trend in unethical practice is fake sponsored content: some influencers have admitted to creating non-sponsored content that looks like a paid endorsement using brand terminology and hashtags. Brands are advised to consider carefully what the real definition of influence means when deciding on partnerships. The decision should be based on the individual and their real ability to influence a consumer.

marketingweek.com, 15 August 2019 (Penny)

Market research

How to understand customers

An important part of marketing is understanding consumers' motivations and behaviours but, as budgets have tightened, customer insight has suffered. What consumers need from brands has probably remained unchanged over the years, but their benchmarks have shifted. For example, instead of expecting a delivery next week, people want it the next day. Yet people often don't understand their own motivations for doing something. Some have the tendency to "confabulate" or invent an explanation for their behaviour. To help understand customer behaviour, marketers should heed the following advice: source multiple data points; take into account the power of cultural context; not to project their assumptions on to the research process; to be prepared to question results; to get back to basics by understanding the fundamentals of behavioural science; and not to focus on short-term metrics. A case study of D2C brand, HelloFresh, is included.

Marketing Week, August 2019, pp22-26 (Rogers)

Public relations

Brands behaving badly – C2C influence

Little work has been done on how consumer-to-consumer influence within virtual brand communities plays a role when brands behave badly. This research examines the role of network embeddedness, (network centrality and network density) and psychological ownership in consumer responses to a brand transgression. Through four studies, the authors identify an "inherent conflict" for those consumers who occupy a central position within a brand community. Central consumers are more likely to punish the brand for its transgression, but their centrality also results in greater psychological ownership of the brand community and the brand, which makes them less likely to

punish the brand. Psychological ownership also leads to a greater likelihood of helping the brand recover from the transgression. The conclusion is that firms should encourage the formation of dense virtual brand communities and cultivate psychological ownership among central community members. This will help them to gain protection from the negativity surrounding a transgression

Journal of Interactive Marketing, Vol 47, August 2019, pp129-143 (Kuchmaner et al)

Sponsorship

Paddy leaves its name off football shirts

Paddy Power's campaigns are always controversial and therefore achieve varying degrees of success. This year's "Save our shirt" initiative from VCCP sees its sponsoring lower-league football clubs. In a move that is unusual for a betting firm, it is not putting its name on the shirts. So many betting firms place their names on footballers' shirts that this makes a refreshing change! (See also Cutting Edge 14th August which discusses concerns over the extent of football shirt sponsorship by the betting industry).

Campaign, August 2019, p16

Esports comes of age – targeting male fans

Brands such as Intel and Red Bull were hosting esports events a decade ago but over the last year other brands (Coca-Cola and Mercedes for example) have come on board, moving the sport out of the experimental marketing budget and into the core sponsorship proposition. Meanwhile, investors have valued at least three esports organisations at over \$100m. "Esports has the potential to be an even more powerful branding medium than traditional sports because of the interactivity of streaming", claim the authors. Nevertheless, sports marketers wishing to target young men (83% of esports fans in the US are male) through the medium face a challenge in achieving the necessary reach. Here are some considerations to keep in mind.

mckinsey.com, August 2019 (Singer and Chi)

Pringles takes up esports

Pringles has become a sponsor of League of Legends EU Championship (LEC), the largest eSports league in Europe. To mark the end of the first LEC season, which began in January 2019, Pringles containers will bear a unique code allowing people a chance to win a Legacy skin as well as match day experience.

marketingweek.com, 16 August 2019

Agriculture, fishing and forestry

First hemp harvest licence in the UK

For the first time a licence has been granted to harvest hemp flowers for cannabis oil in Britain. The Jersey farm was set up by a former Royal Marine

commando and two firefighters. They came up with the idea of growing hemp for CBD extraction six years ago after developing a fire-resistant building material from the hemp plant, called Hempcrete. Jersey Hemp will be allowed to supply products made using CBD with a British provenance to retailers and direct to the public rather than having to import it. Sales of CBD products are estimated to be worth £300m a year.

The Guardian, 10 August 2019, p20

Meat industry fighting back?

A new report from the Intergovernmental Panel on Climate Change, has linked livestock and dairy production to climate change, claiming that 25% to 30% of greenhouse gas emissions come from the food system; it suggests that eating less meat would reduce emissions. Even though it admits that meat is an important part of a balanced diet, the media has focused on the message that people should give up meat and move to a plant-based diet. Minette Batters, NFU president, says she will not stand by and see farmers being "bullied" by people who can't see that "meat eating alone doesn't tackle climate change". This has probably been the most robust response so far from the usually defensive farming community. So, how will the industry fight back?

The Grocer, 17 August 2019, pp10-11

Rooftop growing takes off in Paris

Rooftop plantations growing fruit and veg have been appearing all over Paris. However, next year the largest rooftop farm in the world is set to open in the city. At 14,000 square metres, it will also be the biggest urban farm in Europe, producing over a tonne of fruit and veg every day in high season. Pascal Hardy, founder of Agripolis, the urban farming company responsible for the project, says he wants to make the farm a "globally recognised model for sustainable production". The farm will also use aeroponic vertical growing which doesn't need soil. Agripolis already runs five sites in Paris.

The Guardian, 13 August 2019, p33

Building industry

Scenario planning

The number of disruptors to architecture (AI, 3D printing, digitised construction) have multiplied so how can architects plan for an unpredictable future and how can they grasp the opportunities while avoiding the threats? One solution is scenario planning, which was first used as a tool for developing business strategies by Royal Dutch Shell in the 1970s. Scenario Planning is a structured method of examining "what if" scenarios. At RIBA's latest Future Leaders conference, Duncan Campbell of Cognosis led a workshop on Scenario planning where he explained that the process aligns a business with future market drivers. Here he briefly

summarises scenario planning in the context of the building industry.

architecture.com, 15 August 2019 (Campbell)

Businesses and strategy

KAM – digital leadership

Key account management (KAM) – traditionally a personalised experience delivered by sales reps who respond to the smallest request from the customer – is changing for B2B businesses due to digital and advanced analytics. Those who get digital right will reap the benefits: the five-year CAGR of total returns for digital leaders is nearly double that of other businesses. McKinsey undertook a survey of over 150 decision-makers at big companies that would all be considered “key accounts”. The results highlighted three areas of KAM in which leading vendors have become more sophisticated: giving the right level of support; personalisation; and better tools.

mckinsey.com, August 2019 (Paulowsky and Stanley)

CSR outcomes and managerial efficiency

Managers have the ethical dilemma of allocating limited resources to corporate social responsibility (CSR). The underlying motivation behind CSR spending can range from pure altruism to financial incentives. This study examines how managerial efficiency influences the outcomes of CSR. The authors use a newly developed measure of managerial efficiency to reveal that, on average, efficiency is positively associated with a subsequent change in corporate social performance (CSP), although the association is weak at the level of total CSP. Efficient managers are more likely to engage in product-related CSR that directly links to corporate financial performance (CFP) but are less likely to engage in environment-related CSR.

Journal of Business Ethics, Vol 158 (2)2019, pp467-486 (Cho and Lee)

Relationships and start-up development

Relationships are important in the business start-up phase for various reasons. Internal relationships support the knowledge exchange that influences the business model development while external relationships can facilitate a range of opportunities, support and insights. This paper explains the key relationships experienced by the founders of a Swedish digital trading platform start-up. The findings show how important relationships were created during the initial start-up period targeting international expansion. Interaction with early adopters enabled a rapid evolution of the business platform with the goal of building a community of users to support development

Journal of Strategic Marketing, Vol 27(7) 2019, pp559-582 (Mattsson et al)

Consumer CSR scepticism towards content

Stakeholders respond to CSR messages with user-generated content (UGC), showing either approval or disapproval. This can influence consumers' perceived legitimacy and scepticism towards CSR. Few studies have investigated how UGC impacts these consumer responses. This study, conducted in the UK food industry, looked at what makes UGC more or less credible than company-generated CSR communication on social media. It found that certain unique characteristics of social media result in UGC being more credible than company-generated content. The study suggests that the risks of communicating CSR through social media may be greater than previously thought. It identifies conditions under which these risks can be minimised.

Journal of Marketing Management, Vol 35(9-10) 2019, pp886-95 (Dunn and Harness)

IP for business – a new toolkit

As part of the UK Government's IP for Business offering, it has developed a free, B2B collaboration toolkit aimed at providing UK businesses with the “skills needed to successfully collaborate, whilst taking control of how IP is managed and commercialised”.

<https://www.ipo.gov.uk/ip-support>

15 August 2019

Charities and NGOs

A new approach to fundraising

As charities suffer from falling donations and changing donor expectations, a new approach to fundraising is called for. WaterAid's recent Untapped campaign is one example of what the new model could look like. The campaign, which focused on Tombohuaun, a village in Sierra Leone, broke many of the rules of fundraising. For example, it didn't always request donations in its campaign materials. This approach proved to be a success: the charity's fundraising target of £3.9m to provide clean water and sanitation reached £4.2m and it attracted 60,000 donors, a third of whom were new. It also won seven awards. Marcus Missen, director of comms and fundraising, believes that other charities could do well by using the principles behind the campaign, one of the main ones being engagement.

Third Sector, July-August 2019, pp28-29 (Cooney)

Amazon donates unused products to charity

Amazon will donate to charity thousands of new products that have not been sold. Unwanted or unsold products from third-party merchants will be distributed amongst British charities such as Barnados, Newlife and the Salvation Army. This follows a recent investigation revealing that Amazon has sent millions of products, including flat-screen TVs, to incineration or landfill. Merchants say that

Amazon charges them £17 to return goods but 13p to destroy them. The new donation scheme, called Fulfilled by Amazon Donations, will begin in the UK and US in September.

The Times, 16 August 2019, p20

Durable consumer goods

Barbie teams up with female astronaut

Barbie and the European Space Agency (ESA) are collaborating to promote the achievement of Samantha Cristoforetti, the only female astronaut in Europe. The Barbie doll has been made to look like her as a way of inspiring other girls. The initiative forms part of the Barbie Dream Gap project, which aims to level the playing field for girls.

TnP, Vol 38(11), August 2019, p8

Economy

Vietnam, the next China, had better watch out

To side-step Donald Trump's trade war with China, US component makers are flocking to Vietnam. Yet Vietnam, which has a growing trade surplus with the US, may itself become a victim of heavy American trade duties. Vietnam has become an attractive alternative to China. Intel and Samsung together employ 182,000 workers assembling chipsets and smartphones at factories in the country. Other manufacturers are looking to shift their production to Vietnam. Yet Vietnam's dependence on exports makes it vulnerable to US protectionism. Vietnam has agreed to buy more US products in an effort to placate Trump. In the meantime, it must try to crack down on Chinese exporters who are rerouting their products through the country.

Bloomberg Businessweek, 12 August 2019, pp30-31

Education

Mentoring – the key to retention

It is hard to recruit and retain good employees. One answer could be mentoring: a study of Sun Microsystems' mentoring scheme found that it achieved 72% higher retention rates for mentees and 69% higher for mentors than those who don't use mentoring schemes. Setting up a mentorship scheme can be difficult since there is no "one-size-fits-all" template. Melbourne-based start-up, Mentorloop, matches mentors with employees from different companies, almost like a dating site for mentoring relationships. Having raised funding, the company is now starting out in the UK, having signed up the BBC, Sky, Just Eat and others.

Wired, September-October 2019, pp46-47 (Weiss)

Cash incentives for school leavers

Some universities have been offering cash incentives of up to £4,500 to entice school leavers to join them. The number of prospective students has fallen by nearly 3% this year while universities have been

expanding quickly. This has led to fierce competition among institutions, such as Bedfordshire, Roehampton and Aberystwyth, all of whom are offering monetary incentives. Westminster has been offered clearing scholarships worth £4,500 over three years, arguing that "clearing is fast becoming the new normal for students". However, critics warn that students may be lured into making decisions that are not right for them and that universities are prioritising what is best for them over what is best for students.

The Times, 16 August 2019, pp1-2

Energy and utilities

Businesses call for AI centre

Some of the UK's biggest business groups have written to the Government asking it to set up an International Centre for AI, Energy and Climate. This would help to speed up the development of AI technologies which are necessary for the transition to net zero emissions. While emphasising that the UK is a leading hub for AI technologies, the letter says that it needs to "rapidly turn general AI support into joined-up sector-specific propositions". Those signing the letter include techUK, Energy UK, Make UK, Greenpeace and various energy and tech companies, such as National Grid ESO, Arup and Octopus Energy. Leading academics are also backing the proposal.

businessgreen.com, 20 August 2019 (Murray)

Environment

Milk & More appeals to Millennial needs

Milk & More, Britain's largest dairy delivery service, is enjoying rapid growth. In the past year alone, it has signed up 75,000 customers, bringing its customer base up to 500,000, 90% of whom have their milk delivered in glass bottles. These can be returned and reused around 25 times. In 1975 94% of milk was delivered in a glass container, but by 2016 this was down to just 3%. Now, thanks to Millennials' needs for sustainability and convenience, there has been a massive turnaround. In May last year Milk & More invested £6.5m on a fleet of zero-emission electric vans which it claims will make it the largest operator of EVs in the UK. Despite the increased cost of the milk, people seem to be happy to pay to support local producers.

The Daily Telegraph (Business), 14 August 2019, p20

Nespresso bike made from coffee capsules

Nespresso, in collaboration with Swedish bicycle brand Vélosophy, has created a bike made from recycled aluminium coffee capsules. Re:Cycle, a limited edition product, has a bell shaped like a coffee pod and a basket for holding portable coffee cups. It costs €1,290.

The Grocer, 17 August 2019, p33

Fashion

Dr Martens stays with the times

Dr Martens reports record sales as the trend for “chunky” shoes makes its products more fashionable than ever. Sales of new fashion lines, such as vegan sandals and pink stacked boots, rose by 84% in its latest financial year. This compares with growth in overall shoe sales of just 20% to 8.3m. Pictures posted online by Dr Martens wearers are its biggest source of inspiration for patterns and trends, according to creative director Damien Wilson but the classic 1460 boot is still the brand’s top seller. Kenny Wilson, hired last year to run the company, says that the independence of thought being seen around the world presents “a zeitgeist moment for a brand that is all about rebellious self-expression”.

The Guardian, 17 August 2019, p15

Financial services

India plays key role in finance industry

India has become an “essential hub” for international banks. In fact, it is often their second-largest place of employment after their home country and it is becoming increasingly essential for innovation. Indian universities turn out large numbers of engineers and solving complex technical problems is essential to modern finance. In addition, financial companies can avoid many of the regulatory and political barriers that manufacturing companies face when setting up in India. Goldman Sachs has a new campus in Bangalore costing \$250m while UBS has opened three new centres in India.

The Economist, 10 August 2019, p61

Digital challenger banks reach inflection point

Digital challenger banks have raised \$2.5 billion in 55 deals this year, already exceeding their money-raising efforts in 2018, according to a new report from research company CB Insights. Some 30m accounts have been opened with start-ups this year (excluding data from groups such as Alipay and Tencent). Digital startups are most common in Europe, where customers are attracted by low or no fees and a mobile interface. Lindsay Davis of CB Insights says that challenger banks are the fastest-growing sector among fintech startups. Companies are beginning to move from “monoline to multiline” business as they expand into credit and debit cards and other services. We’ve reached an “inflection point” as consumers are more willing to adopt the products and services on offer, says Ms Davis.

Financial Times, 14 August 2019, p14

Change overdue for US payments

Perhaps the biggest news in the payments industry recently was the US Federal Reserve’s

announcement that it wants to build its own rapid payment system to rival that of large banks such as JPMorgan Chase. The US has been very slow in the field of electronic payments and the FedNow service might not launch until 2024. In the US, electronic payments can still take days to settle as they have to go in batches through an “ageing” clearing house, operated by the Fed and banks since 1974. This compares with just a few seconds to clear a payment in many countries, such as Australia, the UK and Mexico.

Financial Times, 15 August 2019, p11

FMCG

Beverages

Relaunch of kombucha links with health trend

Lanchester Wines relaunched Dragon Tree Kombucha, a drink that was last seen on the shelves 16 years ago. When it first appeared, kombucha wasn’t well-known and the health drinks category was only just emerging. Now kombucha sales are booming. Each can of the drink claims to contain 50% daily intake of vitamin C, B6, B12, thianin, folic acid, niacin and biotin.

The Grocer, 7 August 2019, p35

Greene King sold to Chinese buyer

CKA is a Chinese business empire whose businesses include Superdrug and Three, the mobile operator. Now it is to acquire Greene King, the UK’s 220-year-old pub and beer business. Sales of Greene King’s IPA have been booming in mainland China ever since President Xi Jinping was spotted drinking it with ex-PM David Cameron back in 2015. This marks the second recent acquisition of a UK brewer by an Asian company: earlier this year Fuller’s was sold to Asahi, a Japanese drinks company.

The Guardian, 20 August 2019, p3

Food

Fast food and vegetarianism – can it work?

Dunkin’ (which used to be Dunkin’ Donuts) is trialling a meatless sandwich in Manhattan, while Burger King has introduced the Impossible Whopper, a vegetarian option. Fast-food chains are no longer side-lining their veggie options but are instead competing to attract environmentally-conscious young people. The environmental impact of meat production, and the belief of Gen Z that the climate crisis “demands urgent action”, may not be enough to encourage young people to seek out plant-based fast food. Some might argue that fast-food options are neither organic nor particularly healthy. For example, the Impossible Whopper comes with a Coke and fries!

The Guardian, 12 August 2019, p25

Waitrose first to sell small eggs...

Waitrose is to sell miniature eggs on its shelves, becoming the first retailer to stock pullet eggs from young birds. The eggs, which are around a third the size of those from older chickens, are often thrown away by farmers as they don't conform to supermarket regulations. Around 10% of eggs are discarded because they are too small according to data from Farmdrop. Although consumers don't always like the smaller eggs, they are prized by chefs and are especially good for pastry and poaching.

The Daily Telegraph, 15 August 2019, p6

...while egg sales soar

British sales of eggs have continued to rise over the past year, with volumes rising from by 260m to 6.5 billion, according to the British Egg Industry Council (BEIC). It says that the market is larger than at any time in the last 30 years.

The Grocer, 17 August 2019, p36

French surprise at squashed insects

The British have known for years that the red food dye used in food (cochineal extract) such as children's ice lollies, comes from crushed insects, but the news has only just reached the other side of the Channel. The French realised that the colouring was made from insects after a Foodwatch campaign for better food labelling reached several newspapers in France, including *Le Parisien*. Foodwatch, a consumer rights group, is lobbying the French government to force manufacturers to list ingredients as "products of animal origin". Yet eating insects is gradually finding favour. As one consumer put it "The real problem isn't the presence of insects, it's the prevalence of processed foods".

The Daily Telegraph, 15 August 2019, p3

Tobacco

Fewer smokers among schoolchildren

A recent survey suggests that just 16% of secondary-school pupils have ever smoked tobacco, down from 19% in 2016 and 49% in 1996. The 2018 survey also reveals that 17% of pupils drink alcohol at least once a month; 13% think it is all right to try cannabis; and 25% has used cigarettes. The survey was compiled by NHS Digital which said that young people who had either drunk alcohol, smoked cigarettes or taken drugs, had suffered low levels of happiness. Fewer young people are smoking probably due to public health campaigns, changing attitudes and the difficulty in obtaining cigarettes.

bbc.co.uk/news, 20 August 2019

Government and public sector

NationBuilder popular for political campaigns

NationBuilder, an LA-based company, is popular as an online campaigning platform among politicians wanting to launch a grassroots campaign. It has already been used by the likes of Donald Trump and Emmanuel Macron. At just \$29, the platform allows anyone to launch a campaign website. This is especially true for politicians in the UK or France, who don't have the type of funds available to US politicians. It is also popular because it is nonpartisan. While most major platforms have suffered from some form of backlash, it has emerged unscathed.

Wired, September-October 2019, pp40-41 (Volpicelli)

Knife crime campaign attacked by Labour

The Home Office's #knifefree campaign, aimed at reducing knife crime, has been heavily criticised by the Labour Party. Some 321,000 fried chicken boxes will carry real life stories of young people who chose to do boxing or music rather than carry a knife. The launch follows a trial at the Wireless and Lovebox music festivals. David Lammy, Labour MP, accused the Government of a "ridiculous stunt" that is "either explicitly racist or, at best, unfathomably stupid", since it assumes that "black people have fried chicken". Diane Abbott, shadow home secretary, has been similarly condemnatory.

marketingweek.com, 15 August 2019

Health and pharmaceuticals

Apps tackle mental health in China

In China there are just two psychiatrists and five registered nurses for every 100,000 people, compared with 13 and 23 respectively in the West. Now the Chinese government is trying to tackle the problem with a national mental health law which includes the launch of the 686 scheme for community-based psychological services. Know Yourself, a company that promotes the idea that mental health should be of interest to everyone, is launching an app enabling patients to communicate with counsellors. Its two main competitors in the country, Jiandan Xinli and Yi Xinli, focus more on the clinical and medical aspects of mental health. The companies are all using the WeChat platform to raise awareness of the condition, the aim being to tackle the stigma attached to it, but for now there is a demographic imbalance in the use of such apps.

Wired, September-October 2019, p43 (Bram)

The fertility business – big money, big data,

Fertility is big business, predicted to be worth \$41 billion by 2026, up from \$25 billion today. In China alone revenues could reach \$7 billion by 2023 according to Frost & Sullivan. In America one in 60 people is now born through IVF and in some countries the numbers are even higher. Unsurprisingly, fertility firms are receiving plenty of

investment from venture capitalists. In the US and Europe consolidation is taking place as private-equity firms try to cut costs, capitalise on patient data and build brands in the same way as they have done with dental clinics. Clinics are also adding expensive new services such as testing embryos for genetic problems. The fertility business attracts its fair share of controversy but none of this seems to harm its appeal or the amount of money pouring in...

The Economist, 10 August 2019, pp51-52

Sweet brands could disappear if sugar cut

The Institute of Economic Affairs (IEA) has revealed that public health agencies have set 220 targets for cutting salt and sugar in common foodstuffs. If these are adhered to, we could see the demise of some of Britain's traditional sweets, such as sherbet lemons or liquorice allsorts. The targets, drawn up by Public Health England (PHE), advise manufacturers on reducing sugar consumption. In its report, the IEA warns that this could lead to 50% less sugar in sweets, making it impossible for some well-known brands to be made. Josie Appleton, author of the IEA report, *Cooking for Bureaucrats*, calls the plans "infantile" and "the largest extension of state control over the British diet since rationing". Tim Rycroft, COO of the Food and Drink Federation warns that "If you change the recipes of the UK's best loved brands and people don't like it, they won't buy it". However, the PHE insists it is a way of tackling obesity.

The Daily Telegraph, 15 August 2019, p3

Migrant health workers – the latest data

The ONS's latest report, entitled *International migration and the health sector*, reveals that around 1.9m people were employed in health care in the UK in 2018. British nationals accounted for 88% and non-British 12% (6% EU and 6% non-EU). The proportion of non-British nationals in the health care workforce has remained fairly stable since 2012. But the proportion of the health workforce that are non-British varies greatly across the UK. In London, for example, nearly a quarter were non-British in 2018.

ons.gov.uk, 15 August 2019 (Briggs)

<https://www.ons.gov.uk/releases/internationalmigrationandthehealthsector>

IT and telecoms

Android rules the world – not quite!

While Apple created interest in the modern smartphone, it was Android that made the devices so pervasive. Three factors have helped to boost Android's presence: Google; Samsung; and China, which created a huge market. This article charts the rise of Android. An infographic reveals that Apple's

iOS is doing well in countries like the US and UK where phone penetration is high, but that Android leads in markets where there is still scope for growth, such as India. Even though Apple has a smaller share of total smartphones, it takes the majority of the profits among smartphone manufacturers, while loyal iPhone users buy billions of dollars' worth of additional Apple hardware and software every year.

Bloomberg Businessweek, 12 August 2019, pp18-22

China's growth market – the over-50s

Less than one in three Chinese people over the age of 50 owned a smartphone in 2016 (the latest year available) according to Pew Research. Another survey found that only 17% paid for purchases using a mobile phone and half had never done so. Tech companies are keen to attract more older Chinese and grab a slice of the \$1 trillion that Chinese seniors are expected to spend on consumer goods next year. The 250m older Chinese (18% of the population represent a huge opportunity. Once they adopt the internet, older Chinese consumers tend to spend 2.3 times as much as the average user, according to JD.com.

The Economist, 10 August 2019, p54

US voice assistant use

The voice assistant market (Siri, Alexa and Google Assistant) has moved into the mainstream and is expanding rapidly. Emarketer estimates that 39.4% of US internet users and 33.8% of the overall population will use a voice assistant at least once a month this year. The number of US voice assistant users is expected to reach 122.7m or 36.6% of the population by 2021. Top reasons for using voice assistants are: for directions, making phone calls, listening to music and finding nearby stores, according to a 2018 study. Despite most voice assistant use being on smartphones, smart speakers are on the rise. As the software expands into cars, wearables, smart TVs and other appliances, usage will rise further.

emarketer.com, 15 August 2019 (Petrook)

Leisure and tourism

Football – data, content and the 24/7 fan

The rise in digital content has changed the relationship between football clubs and their fans with some fans expecting 24/7 conversation. Today's fan takes part in forums, blogs, Twitter feeds and dedicated YouTube channels. Clubs are taking a more tailored approach to different parts of the global audience and there has been an explosion in the amount of digital activity as clubs engage with fans at all levels. Manchester City, for example, has a team of producers and editors to create bespoke content in 12 languages. In July it launched Man City for TV, a video-streaming platform. For years,

brands who sponsored fans were happy with seeing their names on shirts or on TV. Now they want greater access to fans. Football clubs realise that there is huge value in their fan database. In fact, "sponsorship on a global basis is basically selling data", according to Drew Barrand, ex-marketing director of the English Football League.

Campaign, August 2019, pp41-43 (Bradley and Oakes)

TUI beats squeeze on tour operators

Package tour operators are being squeezed by discount airlines, internet bookings, terrorism, politics and hotter summers in the north. Club Med, Kuoni and now Thomas Cook have sold out to other companies. TUI, a German company, remains an exception. It has survived by going upmarket, taking in more exotic destinations and getting closer to its customers. While Thomas Cook is mainly a booking service, TUI owns or manages 380 hotels. Its acquisition of Hapag-Lloyd in 1997 gave it a cruise business which now consists of 17 vessels. Germany has a generous vacation policy and an ageing population so cruises could become big business. Two-thirds of TUI's profit now comes from hotels and cruises.

Bloomberg Businessweek, 12 August 2019, pp15-16

Materials and mining

Steel tariffs – only good in short-term?

When Donald Trump imposed 25% tariffs on steel imports last year, the effect was to raise steel prices in America and improve domestic shipments. Now steel prices have returned to pre-tariff levels and the US's three biggest steelmakers, Nucor, US Steel and Steel Dynamics, have all seen a steep decline in Q2 earnings. The problem is that the imposition of steel tariffs, and the extra money that it generated, have encouraged steel companies to expand their capacity, but now there may be nowhere for the extra steel to go. Some US manufacturers are delaying steel-dependent projects or are using other materials. Demand for steel is falling and some old, inefficient blast furnaces will have to be retired if "steelmageddon" is to be avoided.

The Economist, 10 August 2019, p53

Media

Books

The long listen

There is a growing demand for "long listens" – *War and Peace* (Tolstoy), *Frankenstein* (Mary Shelley), *Jane Eyre* (Charlotte Bronte) – on the radio. Marcel Proust's *In Search of Lost Time*, a seven-volume work, is to be broadcast by Radio 4 over the forthcoming bank holiday. Amazon's Audible clearly supports the view that long listens are popular: last year's Audible UK best seller was *Sherlock Holmes: The Definitive Collection*, consisting of 72 hours of

stories narrated by Stephen Fry. Although audiences balk at the idea of reading massive novels, they are still curious about them and happy to listen all the way through while indulging in other activities, such as washing the car, says Celia De Wolff, producer of the Marcel Proust epic.

The Observer, 18 August 2019, pp12-13

Newspapers

Brands rejecting hard news sites

An increasing number of brands are choosing not to place digital ads on "hard news" sites which will of course hit newspaper revenues. The *Wall Street Journal* says that Colgate-Palmolive is blocking ad placements in its online news stories and McDonald's is withholding its automated ad purchases from hard news content in the UK. Subway has blacklisted 70,000 websites including most hard news outlets. Colgate says it prefers to "advertise where people are most likely to be receptive". According to Integral Ad Science, advertisers running campaigns in June chose to block words such as "shooting", "Trump" and "ISIS".

marketingweek.com, 16 August 2019

Social media

Facebook losing youth in Germany and France

Facebook user growth in France and Germany is expected to stagnate according to eMarketer's latest forecast. Total user numbers in Germany will rise by 0.1% this year, up by just 20,000. More significantly, the number of users aged 35 and under will fall by 2.2%. eMarketer predicts that by 2023 the proportion of internet users in Germany who use Facebook will fall to just over a third and that the growth in usage among older users will not make up for the decline. The picture is similar in France where growth will become negative this year for the first time when the number of users will fall by 0.2% to 28m as younger people desert the platform.

emarketer.com, 14 August 2019

Television

Love Island – lucrative for all involved

It is estimated that ITV will make about £77m in ad revenue from its popular *Love Island* show. It reportedly charges ten times more for spot ads during the show than the average price for a slot on ITV2 because the show has such high ratings. Media buyers reckon that the show earned £59m in spot revenue which compares with around £20m for *Coronation Street* during the same period. ITV receives a further £8m through commercial partnerships with *Love Island* from brands including Superdrug and Samsung. I Saw it First reports that week-on-week sales rose by 105% during the final week of the show.

Campaign, August 2019, p8

Packaging

Smart packaging – consumer perceptions

Packaging is unpopular among consumers who criticise what they perceive as being an unnecessary use of materials. Can smart packaging change those perceptions? Deloitte's report – *Capturing value from the smart packaging revolution* – identifies three types of smart systems in terms of function: design-led, which improves the form and function; active, which improves the functionality or appearance; and connected, which generates data and communicates with the consumer. It concludes that smart packaging is still in its early stages of market adoption, with pharmaceuticals being the most developed and food and industrial very low down the scale. This article cites examples of smart packaging and mentions Deloitte director Tim Paridaens' talk at the FINAT European label Forum 2019.

Digital Labels & Packaging, Issue 42, July-August 2019, p48 (Madsen);
<https://www2.deloitte.com/insights/us/en/industry/retail-distribution/smart-packaging-how-to-create-and-capture-value.html>

Retailing

July retail sales up but Brexit looms

July saw an improvement in the fortunes of department stores as they enjoyed their first sales increase (1.6%) this year. The overall number of goods purchased rose by 0.2% in July compared with June, according to the ONS. However, non-store shopping, including internet and mail order, rose by 6.9% in July month-on-month, the largest rise since May 2016, almost certainly boosted by Amazon Prime day, according to Samuel Tombs, an economist at Pantheon Macroeconomics; he believes that sales volume "are likely to fall back in August". As the 31st October Brexit date gets closer it's likely that consumers will scale back their spending. The full details are accessible in the ONS's latest report, *Retail sales, Great Britain: July 2019*,

The Guardian, 16 August 2019, p33
[ons.gov.uk, 15 August 2019 \(Murphy\)](https://www.ons.gov.uk/releases/retailsalesgreatbritainjuly2019)
<https://www.ons.gov.uk/releases/retailsalesgreatbritainjuly2019>

Iceland loses out in sustainable meat survey

Having gained so much publicity from its initiative to ban plastics in store, not to mention its attention-grabbing campaign on palm oil, Iceland has found itself at the bottom of a ranking of top ten UK supermarkets for sustainable meat. The "Meat us Halfway" scorecard, published by environmental group Feedback, gave Iceland a score of just 14%. It lost points due to a lack of a publicly available corporate policy on sustainable animal feed and for not having publicly signed up to the Cerrado Manifesto. Iceland's MD, Richard Walker, said that

Iceland "rarely performed well in trawler surveys like this" in which the information is gleaned directly from the website.

The Grocer, 17 August 2019, p37

Toys R Us to pilot experiential stores

Toys R Us is making a comeback with the opening of two new pilot stores in Texas and New Jersey in November. The shops, which are smaller than the previous warehouse-type stores, will focus on experiential shopping. Tru Kids, which owns the Toys R Us brand, is collaborating with b8a, an experiential retailer.

TnP, Vol 38(11), August 2019, p19

Services

We Company ups marketing spend

The We Company (umbrella brand to WeWork following a rebrand) spent \$378.7m on sales and marketing last year, up from \$143.4m in 2017 and it plans to spend yet more. WeWork already has several sub-brands, including WeLive (rentals) Rise by WeWork (gyms) and WeGrow (schools). According to its August 14th IPO filing, it has been hiring "more experienced" sales and marketing personnel over the past year. The company is currently recruiting 60 marketing positions, ranging from junior event managers to a director of performance marketing. This article considers what this means for the company's marketing, what its spend will look like in the future and asks whether spending more money, in the light of its losses, is the answer.

thedrum.com, 15 August 2019 (Deighton)

Weddings – a costly business

There is a growing trend for designing weddings so that they look good on Instagram. The 14th National Wedding Survey found that 42% of respondents felt pressured into making their weddings look attractive on social media and 30% spent extra money to ensure that this happened. The average cost of a wedding has risen from £20,799 in 2014 to £31,974 this year. The article also touches on the fact that page boys seem to be out of fashion compared with flower girls. In another article, *The Times* focuses on the growing cost of attending weddings: a survey by Spareroom.co.uk has found that millennials will go into debt this summer because of the cost of attending friends' weddings. One in seven guests spends more than £400 on attending a wedding.

The Times, 15 August 2019, p3; The Times, 116 August 2019, p9

Rise in complaints to Gambling Commission

Data from the Gambling Commission reveal that there were 8,266 customer complaints about betting companies in 2018 compared with only 169 in 2013, a rise of nearly 5,000% in just five years. Problem

gamblers claim that the companies encourage them to carry on betting using various enticements, even after it is clear that they have an addiction problem or have been asked to remove a person from their mailing lists. In July the Commission fined Ladbrokes Coral £5.9m over its “systemic failings” to protect problem gamblers. Last year gamblers lost £14.5 billion to betting companies.

The Guardian, 12 August 2019, p17

Transport and travel

Cadillac and Lincoln make headway in China

American luxury vehicles, such as Cadillacs and Lincolns, are popular in China, the world’s top automotive market. It is already General Motors’ largest market for Cadillac, having overtaken the US in 2017. This is good for Detroit automakers who have been experiencing falling sales of mainstream models in their home market. Chinese demand for Lincolns grew by 7% during April to June and for Cadillac by 36%. Both brands are busy launching new brands in China. Rather than churning out the TV advertising of the sort they use in the US, Lincoln and Cadillac have turned to social media and online stores operated by Alibaba. The automakers are also targeting third- and fourth-tier cities in China where there are wealthy people looking for premium cars.

Bloomberg Businessweek, 12 August 2019, pp16-17

Asian airports open for business

Beijing Daxing International Airport will be one of the biggest in the world when it opens in September. It is just one of many airport projects in Asia aimed at dealing with the demand for air travel among the growing middle classes in the region. Around two dozen airports are expected to open over the next six years. Airports are increasingly regarded as destinations for local businesses and consumers rather than just transportation. Beijing’s new airport has a 50-square-kilometer economic zone which will house research labs, exhibition spaces and medical facilities. Singapore’s Changi airport has a five-story glass dome housing a shopping mall, gardens and the world’s highest indoor waterfall. Both Singapore and Hong Kong airports generate around half their revenue from retailing rather than travel activities. Such airports will help to boost the local or national economy. As Asian cities surge ahead, many countries in the west are struggling with their airport infrastructures.

Bloomberg Businessweek, 12 August 2019, pp36-38

Written by CIM’s Knowledge Services Team

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