

Cutting Edge: Our weekly analysis of marketing news

2 October 2019

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Comparative advertising

Comparative advertising is a tried-and-tested tactic, but it seems to be on the rise as more brands attack each other as they seek to differentiate themselves. Tim Calkins, a marketing professor at the Kellogg School of Management, suggests that comparative advertising may be part of the “cultural shift towards more aggressive behaviour” as reflected on the current political stage. While consumers say they don’t like comparative or negative advertising, they do work, according to Kit Yarrow, a consumer psychologist. He says that the number of people turned off by a comparative ad is about the same as those who are positively influenced by it. Here is a list of the dos and don’ts of comparative advertising.

Advertising Age, Vol 90(17) 9 September 2019, p11 (Schultz)

In-app advertising a serious proposition

The global market for in-app advertising is expected to reach \$220 billion by 2020, according to a new report from KBV Research. It says the market will grow by 18.8% over the next year while North America, which has so far dominated the market, will grow at a rate of 16.8%. However, Europe will grow more strongly over subsequent years, with growth of 17.6% between 2021 and 2025. The fastest-growing ads will be rich media and interstitial.

prolificlondon.co.uk, 30 September 2019 (Hall)

Agencies

Award-winning ads less effective

In June a report from Peter Field, a consultant,

concluded that the ad industry had reached a “crisis in creative effectiveness”. Having looked at the award-winning campaigns in the IPA’s databank, he found that they were no more effective than those that hadn’t won awards. Separately Kantar has identified poor branding in award-winning ads as a key factor for the decline in their effectiveness – only around 25% of Cannes award-winners this year could be easily identified by brand. Kantar also suggests that ads have become less enjoyable due to the decline in humour. Few ads produce brand affinity or a positive emotional response, sometimes relying overly on “shock factors”.

marketingdive.com, 26 September 2019 (Levine)

Brands and branding

Burger King – from generic to creative

Burger King CMO, Fernando Machado, has been speaking about how he uses creativity in his campaigns to give the company an edge over brands, such as McDonald’s and Subway, which have larger budgets. He described Burger King as “an amazing brand” that had been producing “shi**y” ads featuring celebrities which was “fake advertising that has nothing to do with the brand”. He believes that this type of “very generic” marketing is bad for a brand like Burger King because customers probably remember the products being advertised. People need to be able to look at a product and think that: “only Burger King could have done that”, which is why creativity is so important. This has resulted in the introduction of four key initiatives to boost creativity at Burger King.

thedrum.com, 25 September 2019 (Lepitak)

Don’t try to be everyone’s friend

The author argues against brands trying to cosy up to customers as if they were a friend. The internet



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has been a boon for written language and there is plenty of artistic licence in advertising, but it is sometimes difficult to get the right balance when it comes to informality and experimentation. Last year Econsultancy deputy editor Rebecca Sentance wrote that: "When a brand starts trying to talk and act like a person, it inevitably comes off as creepy – and that disconnect intensifies when they start to use slang or sound like a young person". The advice is to promote your product or service but don't try to add personality.

marketingweek.com, 26 September 2019 (Davis)

Children

ASA sees red over gambling ads

In September the ASA upheld complaints against 32Red Ltd, an online casino. It ruled that its two sponsored search engine ads breached the UK Code of Non-Broadcast Advertising because they were likely to appeal to children and the ads had been directed to children under the age of 18. The ads appeared alongside search results after the expression "Jack and the Beanstalk" was used. 32Red argued that the search terms were part of a marketing strategy using search terms that corresponded with the names of its games.

lexology.com, 26 September 2019 (Zeffman and Gandhi)

Conferences and events

Industry should take the lead with CSR

The events industry is well-positioned to take the lead in corporate social responsibility (CSR), according to the events and charity industry experts who took part in a roundtable discussion last month. It was agreed that the events industry has recently made great strides in sustainability, energy, waste and environmental issues but needs to tackle wider socio-economic issues. Jennifer Jenkins, trustee of events industry charity Meeting Needs, argued that: "It's about building corporate social reputation – not just having a policy". Kay England, chair of the Meetings Industry Association stressed the need for integrity and authenticity. The report from the discussion, together with suggestions on how the events industry can become a leader in CSR.

<https://qeiicentre.london/wp-content/uploads/2019/09/CSR-in-the-Events-Industry-Roundtable-Findings.pdf>; **mia-uk.org, 25 September 2019**

Customer relations

Not enough personalisation

Personalisation can lead to better customer experience but many marketers are not satisfied with their achievements in this area. This is despite 98% of marketers agreeing that personalisation can help enhance customer relationships. According to research from Evergage and Researchscape International, 70% of marketers say that personalisation has a "strong" or "extremely strong" impact on cultivating customer relationships. Among

the top impediments cited by marketers are: issues with data, siloed personalisation, limited resources and not maximizing potential. Only a third of marketers believe that they are delivering personalisation to customers effectively. However, some are using more sophisticated methods such as machine learning and algorithmic personalisation which have reached 40%, up from 26% last year. Of the marketers who are making strong personalisation efforts, 90% have experienced a measurable lift.

Marketing News, Vol 53(9) October 2019, pp4-5 (Zeng)

Direct marketing

Conversational commerce

Text messaging is central to communication, but most Western businesses still rely on email to promote their products and use the phone in their customer service departments. Yet they are missing a trick when it comes to engaging with customers and selling goods using personalised messaging. WeChat, the Chinese messaging app, uses chat tools enabling customers to browse and pay for goods and services. This so-called "conversational commerce" is about to enter the Western world. Apple Business Chat enables users to engage with a brand and transact with retailers, allowing them to interact with a business without having to wait in a phone queue. Gartner says it could take some time for the concept to take off but that, "all the pieces are in place".

Financial Times, 25 September 2019, p16

DMA tackles neurodiversity

The "neurodiverse" community is underrepresented in the data and marketing industry. With the aim of changing this, DMA Talent has announced new guidance to support autistic employees in creative, data and marketing roles. The *DMA Talent: Autism Employer Guide* aims to help businesses understand autism, to make reasonable adjustments and to broaden their talent pool. Data from the National Autistic Society indicate that there are about 700,000 people on the autistic spectrum in the UK but that only 16% of autistic adults are in full-time, paid employment.

<https://dma.org.uk/dma-talent-autism-employer-guidance>; **marketingweek.com, 26 September 2019**

Law

ASA bans beauty ads for misuse of celebrities

The ASA has ruled that companies should not use celebrities in their ads if the celebrities have not themselves used the products. The watchdog has banned two Instagram ads from beauty companies who claimed that their procedures can make people look like Kylie Jenner. AKI Aesthetics and Queen of Aesthetics, which both market "filler" cosmetic procedures, told the ASA that they use images of Kylie Jenner because she appeals to their target

audience. They also claimed that Jenner and her family had themselves undergone facial enhancements using filler.

The Guardian, 25 September 2019, p24

Right to be forgotten – but not outside the EU

The CJEU has ruled that, in order to comply with a “right to be forgotten” request under data protection law, Google does not have to remove search results outside the EU. This is the first time that a ruling has been made with reference to the territorial scope of individuals’ rights under GDPR. It shows that privacy rights must be balanced against other rights such as free speech and access to information. This ruling will be of interest to multinationals with operations in different jurisdictions although it doesn’t give them an automatic right to ignore GDPR outside the EU.

lexology.com, 25 September 2019 (Erskine-Fox)

Marketing

The 3Cs

The business environment is becoming increasingly difficult to navigate, which makes the 3Cs (Context, Content and Connection) a good model to adhere to. Context is about having an in-depth understanding of the environment in which the business is operating and takes into account the context for planning and carrying out the marketing mix; content is how to express the marketing mix in terms of what type of product to develop, what problem the product is expected to solve and how it is priced, positioned and distributed. Finally, a marketing mix that is well aligned to the first two Cs should lead to the third C: greater consumer connection.

Marketing Africa, Issue 31 2019, pp26-27 (Wandera)

Influencer marketing will survive

Influencer marketer will be hit by Instagram’s removal of “likes”, which are perceived to be the main indicators of success (See also Cutting Edge 25 September). However, the author argues that influencer marketing is no longer all about paid sponsorships on social media. Instead brands are moving to unpaid “micro-influencers”: people with fewer than 1,000 followers. Evidence suggests that it is more effective to use micro-influencers. For example, the average Instagram engagement for a paid influencer is 3% to 4% compared with 14% for micro-influencers. Several large brands are already shifting their budgets to the latter. While influencer marketing will continue to exist, it will be “in new and creative forms”.

businessgrow.com, 23 September 2019 (Shaefer)

Facing the consumer “techlash”

Marketers face a “techlash” (a backlash against technology), with 80% of Americans and 62% of

Chinese fearing a loss of privacy. This is according to a study by the American Marketing Association New York which highlights the “digital disconnect” in which marketers are not taking consumer concerns over technology seriously enough. For example, while US consumers said they expect their use of social media to fall in the next three years, 68% of advertisers said they are likely to spend more money on it. Americans reacted unfavourably towards personalised ads based on big data (55%); IoT connected devices (50%); and micro-influencers (43%). However, they were more favourable towards VR, AI and technologies they could use voluntarily. Overall they tend to be more wary of marketing technology than Chinese consumers.

marketingdive.com, 25 September 2019 (Williams)

Market research

Tackling claimed behaviour

The “use and attitude” survey, a mainstay of the market research industry, is in decline as brands make increasing use of their own “first party” data. Yet the idea of getting consumers to record what they’ve done – so-called “claimed” behaviour – is still at the core of research projects. The key focus for data quality is to eliminate the respondents who deliberately distort the data. However, this doesn’t take into account the fact that what people remember may significantly differ from what actually takes place. The authors devised a study on consumer smartphone usage to test what actually happened vs what consumers thought happened. It revealed some key challenges for claimed behavioural data. They discuss the use of observational tools to help overcome these discrepancies.

research-live.com, 26 September 2019 (Bonny and Gunn)

Can the pollsters turn things around?

Opinion polls vary widely and are often wrong so what is the point of them? In 2017 research by Ipsos MORI found that 43% of people didn’t trust pollsters, an all-time high. They may not be trusted but they are still used by journalists, politicians and campaigners alike. Yet, after being wrong about two elections and the referendum, the pollsters can’t afford to be wrong again. Gregor Jackson, research director at ICM, says that if there is another high-profile failure, he would have to “ask if there is a long-term future for political polling”. This article investigates what the polling companies are up to now.

The Guardian (Weekend), 28 September 2019, pp39-47

Public relations

50 years of PR

To celebrate its 50th anniversary, *PR Week* looks back at 50 years of public relations to see how it has evolved. It interviews key players in the industry for each of the five decades and highlights ten key UK

campaigns for each decade that it considers have had the most influence on the industry. These range from “Clunk click, every trip”, the public information film (1970) to Live Aid (1985), Princess Diana’s anti-landmine campaign (1997), Movember (2007) and 2018’s “Iceland’s Christmas ad that never was”.

PR Week, September-October 2019, pp46

Sponsorship

Creating authentic sponsorships

When Danish pharmaceutical company Novo Nordisk decided to sponsor a cycling team, it seemed a strange choice given the sport’s doping and drug scandals. However, its partnership with American Team Novo Nordisk turned out to be “authentic” because the company produces insulin therapies and the cycling team in question all had Type One diabetes. Brands have traditionally used sponsorships like billboards or TV ads but, according to Professor Cornwell of the Lundquist College of Business, “sponsorships have the potential to give consumers an experience and win brand loyalty”. This article discusses the creation of authentic links; engaging consumers in the experience; and measuring that engagement.

Marketing News, Vol 53(9) October 2019, pp12-13 (Conick)

Agriculture, fishing and forestry

North Sea cod loses blue tick

North Sea cod stocks have halved in just two years, according to the Marine Stewardship Council (MSC) which is encouraging consumers to buy pollock, hake or whiting instead. It was only two years ago when cod numbers were reported to be at their highest since 1982, following the success of a major recovery plan in the region. The MSC has now removed its sustainability certification from North Sea cod. UK consumers eat 115,000 tons of cod a year, 37% of which carries the blue tick sustainability label. From 24 October any cod caught in the North Sea won’t carry this label.

The Daily Telegraph, 25 September 2019, p9

Farming concerns over post-Brexit policies

Some British farmers have been campaigning for a second referendum due to fears over what Brexit will mean for them. After leaving Europe’s common agricultural policy, farm subsidies will change, while new trade deals and tariffs could threaten the competitiveness of farm products. The Government says it will put the environment at the centre of its policy on farm subsidies, but experts predict that this could force up to a quarter of farmers out of business. The NFU says the UK will become less self-sufficient and more reliant on imports.

Financial Times (Special Report: Food Sustainability), 25 September 2019, p2

Building industry

Attracting Gen Z – who is responsible?

This article looks at how construction is being presented as a career choice in schools, but should the onus be on schools or the industry? The pressure for schools to prepare young people for the workplace is increasing, yet there is still uncertainty over who should be responsible for the next generation of talent. The *Construction Skills Network* report for 2019-23 predicts that an additional 168,500 workers will be needed over the next five years. But are schools presenting construction as an attractive enough option? A common issue for young people is a lack of engagement which derives from a lack of understanding of the industry and the roles available.

constructionnews.co.uk, 19 September 2019 (Wadham)

Zero-carbon construction material

Cambridge Carbon Capture, a Cambridge-based start-up, says it has developed a process that removes CO₂ from the air and can convert it into a building material. The new material, which is strong and lightweight as well as being fire and water resistant, has many potential applications in the building industry. Now the company is looking to scale up the process.

theconstructionindex.co.uk, 1 September 2019

Businesses and strategy

The straw man

The “straw man” is defined as a draft version of something that can be debated and improved upon. It is also an important tool for collaborative problem-solving during all phases of client engagement. The author gives examples of where the straw man could be used to aid team problem solving, why it is important and how to use it. He warns against an over-investment of time and effort because the concept simply needs to be developed enough to provoke the necessary debate and thinking.

Marketing Africa, Issue 31 2019, pp60-61 (Ferguson)

Demonstrating social commitment

Businesses are increasingly being held responsible for their social impact. The modern CEO and CMO have a duty to create models that are both inclusive and beneficial to more people. Most companies know that CSR is more than just a marketing buzzword. PR firm Edelman’s *2018 Earned Brand Report* noted that 64% of global consumers: “will buy or boycott a brand solely because of its position on a social or political issue”. Brands that can demonstrate values that align with those of consumers will attract purchasing loyalty, higher brand awareness and favourable perceptions. Brands that have already made positive moves in this direction are Patagonia and Toms. There are

five ways in which companies can demonstrate their commitment to social responsibility.

fortune.com, 24 September 2019 (Andrews)

Metrics and strategy – avoiding surrogation

Most companies are overwhelmed by numbers. While strategies are abstract, employees tend to replace them with performance metrics which indicate whether the strategy is a success. This trend, referred to as “surrogation”, can destroy value, which Wells Fargo found out with its focus on cross-selling goals. This confusion between what is being measured and the metric being used can be avoided by: ensuring that the people who execute the strategy have a role in formulating it; by not linking incentives too closely with strategy metrics; and by using multiple metrics to assess performance.

Harvard Business Review, Vol 97(5) September-October 2019, pp63-69 (Harris and Taylor)

Small businesses ill-prepared for no-deal

Just a fifth of small British businesses have prepared for a no-deal Brexit, according to a new survey from the Federation of Small Businesses (FSB). It reveals that the average costs for companies that have made initial preparations have been as high as £3,000; some companies say this has already led to reduced profitability. The FSB found that nearly 40% of its 165,000 members would be badly affected if Britain leaves the EU without a deal. Yet nearly two-thirds of business feel unable to plan because they don't know what to plan for. Although the Government has launched an ad campaign to get businesses preparing for Brexit, many say they do not have enough sector-specific information about trading and tariffs.

Financial Times, 27 September 2019, p2

Charities and NGOs

Micro-volunteering

The charity sector focuses on raising funds, attaining goals and making progress on a large scale using the digital tools available to them. Yet some charities are embracing small interventions, such as micro-volunteering, which are producing significant results. Micro-volunteering was defined in a 2013 paper as “no commitment to repeat and with minimum formality, involving short and specific actions that are quick to start and repeat”. Actions might include signing a petition, sharing a hashtag or picking up plastic on a beach. This article explores the opportunities for charities of “bite-sized” action and their changing relationships with volunteers.

Third Sector, September-October 2019, pp22-25 (Burt)

SEO tips for charities

It has become harder to improve search engine

rankings because of Google's complex algorithms. Yet charities need to be found by the people who help them and who want to be helped. This guide to SEO offers ten tips for improving charities' search engine rankings. They include making your site mobile-friendly, making the site shareable and making the most of analytics.

charitydigitalnews.co.uk, 23 September 2019

Durable consumer goods

Christmas campaigns

Some Christmas TV ads, such as those from M&S and John Lewis, are highly anticipated. The Entertainer, the toy retailer, began last year's Christmas campaign with sponsorship of ITV's *This Morning* programme, a strategy that delivered increased in-store and online sales. Nick Richardson, MD of Kids Insights, warns that there is more to it than just TV. Data show that children are spending less time watching linear TV and that it may be time to, “start looking beyond pre-Christmas TV advertising”. Phil Geary, CMO of The Entertainer, believes that a pre-Christmas ad campaign will only translate into sales if supported by a marketing strategy across all channels. This article looks at what sort of campaigns we can expect from a variety of toy manufacturers this Christmas.

TnP, Vol 38(11) September 2019, pp63-68

Gender inclusive doll

Mattel has created a customisable “gender inclusive” doll. The Creatable World dolls come in a range of skin tones with a variety of clothing, wigs and accessories. The innovation follows research showing that children “don't want gender norms”. Mattel has already introduced a greater range of body shape and ethnic diversity to its Barbie range.

marketingweek.com, 26 September 2019

Economy

Consumer spending helps economy

Consumer spending rose by 0.4% in the second quarter of the year thanks to higher wages. This has meant that families have also saved more (6.8% of their incomes on average, up from 6.4% in Q1) which could help to shield them in the event of a downturn. The spending trend is one of the clearest signs that higher wage growth is affecting the wider economy. Average income is growing at the rate of 4% a year, its fastest in a decade.

The Daily Telegraph (Business), 1 October 2019, p3

UK employment

The latest *UK Business Register and Employment Survey* gives provisional results for UK employment for 2018. The estimated number of employees in the UK rose by 0.8% between 2017 and 2018, from 30.3 million to 30.5 million. For the same period the number of employees increased in all regions except

the North East and the West Midlands, while the South East showed the greatest rise (up 1.1%). The survey supplies a detailed breakdown by region and industry.

<https://www.ons.gov.uk/releases/ukbusinessregisterandemploymentsurveybypregionprovisionalresults2018revisedresults2017>, 26 September 2019 (Williams)

Ultra-wealthy individuals

Hong Kong has the highest number of ultra-wealthy adults relative to its population (number per thousand adults). These are defined as having a net worth of over \$30m. Worldwide there were 265,000 such people, with 30% residing in the US.

Financial Times, 27 September 2019, p1

Education

Over half of young people go into HE

Over half (50.2%) of young people aged 17 to 30 in England were in higher education by 2017-2018. In 1999 the then prime minister, Tony Blair, set the target for 50% of young people to be in higher education. However, Britain has not developed as fast as other countries: in 2017 45% of under-30s had graduated in Britain compared with 66% in Australia and 50% in Denmark. Gavin Williams, the education secretary, is concerned about "virtual signalling" whereby universities talk about recruiting poorer students but are not doing enough.

The Times, 27 September 2019, pp1-2

MBA's in Asia

The Economist looks at two top business schools in Asia – Hong Kong University (HKU) and Hong Kong University of Science and Technology (HKUST) – to see how their MBA approach differs from that in the West. A survey of HKU's executive MBA course found that Asian students are more tolerant than Western students of undesirable leadership traits, such as authoritarianism and asociality. Those who worked for local companies were also more positive about performance-oriented leaders than their Western counterparts. These differences may be because the corporate case studies developed by US business schools are less relevant to Asian audiences while family businesses are more common in Asia. HKUST also encourages students to consider corporate "purpose" rather than just making money; this concept is becoming more common in the West but is relatively new in Asia.

The Economist, 21 September 2019, p75

Energy and utilities

Wind power – blown off course?

Britain is the biggest off-shore wind market. Last year its off-shore turbines had a third more capacity (eight gigawatts) than Germany, the next-largest market. By 2030 its capacity is predicted to reach 30GW, second only to China. Investment is expected

to continue since offshore wind is a key part of the Government's efforts to achieve net-zero emissions by 2050. However, this will require investment in technology that doesn't exist yet, such as batteries capable of storing power for weeks. There are broader problems in Britain's electricity system (for example the state of the grid) that will need to be resolved. A Government white paper on the topic, due to appear this year, has been postponed...

The Economist, 21 September 2019, pp29-30

Shell – a balancing act

Shell faces a future that is increasingly turning against fossil fuels. It has begun to embrace low-carbon technologies while still being focused on oil and gas, where most of its profit comes from. The company has developed wind and solar-power projects and invested in low-carbon start-ups ranging from electric vehicle charging to home energy storage. It has also promised to half the emissions of its products by 2050. This won't change the fact that the bulk of its profits for years to come will come from oil and gas. It also needs to please its shareholders, some of whom want good returns while the more socially-conscious may end up selling their holdings.

FT Weekend, 28-29 September 2019, p15

Environment

Brands take part in global climate strike

On 20 September, the date of the global climate strikes against political inaction, 1,000 companies and websites expressed their solidarity. These included Ben & Jerry's, Kickstarter and Patagonia. The recent *Edelman Trust Barometer Special Report* revealed that 67% of people expect brands to play a larger role in society, while 54% of those polled in the US say that brands are trusted more than government (40%).

ama.org, 23 September 2019 (Heisler)

Supermarkets act on plastic and food waste

Sainsbury's is to replace the plastic wrapping around its flower bouquets with recyclable paper. Supermarkets are also trying to reduce the amount of food they throw away every year through various initiatives. Tesco's Chief executive, Dave Lewis, wants reporting of food waste to be compulsory for UK businesses. Iceland claims to have prevented all its food waste going to landfill by selling it back to farmers or converting it to beer. Morrisons has been reducing food waste from farmers by selling "wonky" veg and selling food that is past its sell-by date. Ben Elliot, the Government's food waste champion, says the "Target, Measure and Act" scheme has helped to rescue 53,000 tonnes of food so far.

The Daily Telegraph, 25 September 2019, p9

Sea levels will rise more than predicted

A new UN report warns that by 2100 sea levels will rise by as much as 1.1 metres (10cm higher than its previous estimate) if CO₂ emissions keep increasing. This will pose a risk to coastal cities and low-lying Pacific islands. The Intergovernmental Panel on Climate Change (IPCC) says that extreme floods will occur at least once a year by 2050 in many regions. Despite pledges to reduce CO₂ emissions, they continue to rise. The report also warns that changing marine habitats will result in the loss of plant and animal species, which will affect people's livelihoods, especially those who are dependent on marine life.

Financial Times, 26 September 2019, p8

Climate change entrepreneurs

Some investors have become less enthusiastic about clean technologies as green subsidies around the world start to decline. *The Economist* has identified 12 industrialists and entrepreneurs, who are both wealthy and climate-friendly. They include well-known names such as Bill Gates, Elon Musk and Michael Bloomberg; others are only well-known within their respective industries. The article examines these climate-change entrepreneurs and concludes that, without such people, "the planet would be considerably more daunting than it already is".

The Economist, 21 September 2019, pp73-74

Fashion

Why fashion ads work

Fashion houses tend not to use ad agencies for their campaigns, yet their style and imagination can prove inspiration for agency creatives. *Campaign* asks some of adland's top creatives to comment on the latest tranche of fashion ads from Louis Vuitton, Saint Laurent, Fearofgod.com, Balenciaga, d'xxit, Gucci, Prada and Stella McCartney.

Campaign, September 2019, pp36-51

Financial services

Buy now pay later

Retail brands are increasingly offering consumers "Buy Now Pay Later (BNPL)" options with their Visa, Credit Card or PayPal payments. This plugs the gap between credit cards and store credit while the companies make money out of the fees paid by participating retailers. One player is Klarna, a Swedish payment service provider, which offers options to shoppers who check out on some online shopping websites. It has already accepted over 4,000 UK retailers and has reportedly become the largest private FinTech in Europe. This article offers advice to retailers when considering the BNPL option.

lexology.com, 20 September 2019 (Drew and Akwaboa)

Glint collapses

The Glint app, a start-up that enabled people to buy part of a physical bar of gold, has gone into administration following a dispute over an outstanding loan. Glint says it has handled over \$50m in transactions since its launch last year. It was publicly backed by Conservative MP Steve Baker. The gold is stored in a vault in Switzerland.

Financial Times, 27 September 2019, p27

Amex launches pay with bank transfer

American Express has created a new service allowing UK consumers to pay for items directly from their bank account. Customers will be able to pay online without a debit or credit card. It is partnering with retailers for the "Pay with bank transfer" service which launches later this year. The service will be available to current account holders even if they don't have an American Express card.

The Daily Telegraph, 23 September 2019, p3

Branded payment pen

Starbucks has launched a branded contactless payment pen in Japan. Customers can load the pen with funds and make payments at any compatible terminals. Starbucks Touch: The Pen has "coffee brown" ink, a coffee-machine inspired design and costs 4,000 yen (\$37.02). Starbucks has previously launched other contactless payment products such as a flask, phone case and a tiny handbag called The Hug.

nfcw.com, 19 September 2019 (Clark)

FMCG

Beverages

Lager sales plummet

Lager brands have suffered a significant fall in sales. Becks has lost over a quarter of its value over the past year (down 25.9%). Other major brands include: Budweiser (down 3.8%), Carlsberg's pilsner (down 11%), Molson Coors' Carling (down 2.9%) and Coors Light (down 7.6%). No overall reason is given for the decline and each brand has cited individual issues.

The Grocer, 28 September 2019, p54

Cosmetics and toiletries

The first CBD tampons

Daye, a feminine hygiene start-up, is to launch the "world's first" CBD tampons in the UK. The direct-to-consumer service will sell its standard Naked tampons alongside the cannabidiol-infused variety. The company claims that the CBD has relaxing properties that can sooth menstrual cramps. All the company's tampons are plastic-free and made from sustainably sourced cotton.

The Grocer, 28 September 2019, p52

Food

The rise of superfoods

So-called "superfoods" have become commonplace. Some traditional foodstuffs, such as broccoli and spinach, have been rebranded while sales of blueberries and cranberries in Britain have quadrupled in the decade to 2018. Most supermarkets now stock little-known products such as freekeh and kefir. The legal definition of superfood is unclear but under EU regulations it must explain what the health benefits are. The idea that eating certain food can improve our health plays to people's neuroses and the emotional role of food in their lives. Ben Wilson, author of *The Way We Eat Now: Strategies for Eating in a World of Change*, explores why superfoods have taken off.

1843 (The Economist), October-November 2019, pp102-105 (Wilson)

KitKat embraces premiumisation

Brands are increasingly investing in premium goods and services, with the confectionery industry leading the way. Now Nestlé has introduced a "luxury handcrafted" eight-finger KitKat. With a price of £14 and 1,500 flavour combinations, it can be purchased via the website or at pop-up shops in 30 John Lewis stores leading up to Christmas. Consumers can choose a base chocolate and select up to three flavours including rose petals or popping candy. In Japan, Nestlé has a history of trialling innovations – such as KitKat Ruby – before introducing them to the UK. KitKat's rivals, Mars and Mondelez, have prioritised affordability for their premium products. KitKat's more expensive offering will initially gain publicity and social media likes, but what will it do for its long-term strategy?

marketingweek.com, 25 September 2019 (Rogers)

Tobacco

Juul needs Altria's tactics

Juul Labs is having a difficult time, having been accused of encouraging teenage vaping and creating health problems in the US. President Trump has threatened to ban flavoured ecigarettes while regulators in some states are planning their own restrictions. Meanwhile, Juul's sales growth has been slowing. This comes just nine months after Altria (maker of Marlboro) acquired a 35% stake in Juul. Juul's chief executive, Kevin Burns, has been replaced by Altria's chief growth officer, KC Crosthwaite, who says that Altria will help Juul because it is, "adept at aligning itself with regulatory concerns". He was instrumental in convincing the US FDA to give the go-ahead for Altria's IQOS product.

Financial Times, 27 September 2019, p17

ASA investigates ecigarette ads

Having received numerous complaints about ads for vaping in the UK, the ASA is launching an investigation into ecigarette marketing. There are

concerns that the ad campaigns appear to target the under-18 age group which is not allowed to vape while other ads "misinform" about the dangers of ecigarettes. A survey by King's College London and the University of South Carolina revealed that a third of 16- to 19-year-olds thought that ecigarette ads made them look attractive.

The Times, 1 October 2019, p6

Government and public sector

Britain seeks to maintain its warplane status

Britain's ageing warplanes will eventually be retired from service, but the country wants to retain its world-class status for building them. In July last year the Government announced almost £2 billion of funding for its Combat Air Strategy. Already over 1,000 people are working on Team Tempest, the latest plane. Yet few countries have the funds to build warplanes on their own and Britain has recently entered into an agreement with Sweden to begin a one-year study. Italy is also partnering with Team Tempest. There is competition from other European countries which have co-operated to build a sixth-generation "air system". France and Germany want the EU to develop a more integrated defence industry that can hold its own against American offerings. Brexit has put another spoke in the wheel...

The Economist, 21 September 2019, p34

Design your own Brexit-ready campaign

Led By Donkeys, a pro-remain group, is inviting the public to redesign the Government's "Get Ready for Brexit" campaign. It has created a mock-Government website, NoDealBrexit.info, that allows users to design their own "Get Ready for Brexit" poster. The five best designs will be placed on billboards across the UK.

marketingweek.com, 26 September 2019

Health and pharmaceuticals

Technology helps deliver vaccines

Health experts say that vaccines are unrivalled among health interventions at giving the "maximum benefit to the highest number of people in the most cost-effective manner". Despite immunisation rates being at their highest in history, some 15% to 20% of people in the developing world are not immunised. Technology can play a part in addressing this, according to Seth Berkley, chief executive of Gavi, the Vaccine Alliance. Gavi encourages vaccination through innovative technologies such as: chatbots; crowdsourcing of information; mobile data; facial recognition; and fingerprint technology. Zipline, a Californian company, is pioneering the delivery of vaccines by drone in Rwanda. Gavi is experimenting with drones

in the DRC and Ghana.

Financial Times (Special Report: The Future of African Healthcare), 23 September 2019, p3

NHS needs new approach to technology

Healthcare professionals need technology that can assist in more accurate diagnoses, but the NHS has procurement rules that prevent small companies from selling their innovation. Adoption of a new product involves a pilot but even if a product is adopted by one trust, the others still need to be approached individually. The NHS could benefit from taking a different approach by, for example, using procurement teams to review innovation alongside clinicians. It could also learn from other countries. This article looks at how China, Denmark and the Netherlands approach advances in technology in their healthcare systems.

The Times (Raconteur: Public Sector Technology), 27 September 2019, pp4-5

Health and social care supply post-Brexit

The NAO has published a report *Exiting the EU: supplying the health and social care sectors*. The Department of Health & Social Care, NHS England and NHS Improvement have been working to understand the scale and nature of the supply challenge post-Brexit. This report examines the progress made in implementing the Continuity of Supply Programme.

<https://www.nao.org.uk/report/exiting-the-eu-supplying-the-health-and-social-care-sectors/>, 27 September 2019

IT and telecoms

Mobile operators need change to embrace 5G

Mobile operators around the world are rolling out 5G networks. Initially this will take the form of enhanced mobile broadband (eMBB) which will boost applications such as streaming, downloading and gaming. It will also be used in fixed wireless access (FWA) and areas such as "massive" Internet of Things and AR. Tech companies that develop and market such services will rely on mobile operators to deliver them to the end user and operators will need to transform themselves to take advantage of this. The author identifies three main areas where operator transformation will be required: network architecture, business models and ways of working.

Mobile Europe, Q3 2019, p34 (Nordström)

Echo updated with raft of products

Amazon is introducing a range of updates for its Echo smart speaker. These include the ability for Alexa to mimic the voice of various celebrities. At a cost of \$0.99 per voice, the user will have the choice of a "clean" or "explicit" mode, where the actor swears. Other innovations include: Echo Frames (titanium-framed glasses with built-in microphone and speakers) and Echo Buds (wireless Bluetooth

earbuds that can activate Alexa simply using voice). The Alexa smart assistant will also be built into General Motors' vehicles from 2020.

marketingweek.com, 26 September 2019

Ofcom acts to end loyalty penalty

Ofcom says that 40% of people are paying too much for their internet because they allow expired contracts to automatically renew rather than choosing a new one. These customers are paying £8 to £9 more a month than new customers, a practice known as the "loyalty penalty". So-called "out-of-contract" customers are also receiving slower internet speeds. The worst operators in this respect are BT and TalkTalk. From February 2020 new Ofcom measures will mean that broadband customers will be informed when their contract is coming to an end and told about the best deals available.

The Daily Telegraph, 26 September 2019, p14

Leisure and tourism

Liverpool fails to score with trademark

The Intellectual Property Office (IPO) has rejected Liverpool FC's application to trademark its name. Both Tottenham Hotspur FC and Chelsea FC have been awarded trademarks for their names. However, the IPO said that the name Liverpool had too much "geographical significance" to be trademarked. The club had also underestimated the strength of feeling from Liverpoolians: many people, including football supporters, believe that the word belongs to the City of Liverpool and its people. The application was originally made to stop third parties selling merchandise using the Liverpool name.

The Times, 27 September 2019, p15

Motor homes and RVs

Sales of caravans and motorhomes have been booming. The trend has been attributed to the high cost of US housing and the ageing population in Europe. Northern Europeans appear to be in favour of motorised caravans, with ownership per capita in Sweden and Finland doubling over the past decade while ownership of towed static caravans has stagnated. Caravans are discretionary items of expenditure and could be a good economic indicator. Meanwhile, US sales of recreational vehicles (RVs) have fallen this year which has affected manufactures such as France's Trigano and the US's Thor Industries.

FT Weekend, 28-29 September 2019, p24

Media

Books

Educational publishing – out of print?

Pearson, the educational publisher, has seen shares fall by 14% following weak sales in the US. John Fallon, Pearson's chief executive, had hoped that the "huge opportunity" in global education would prove lucrative, especially in the area of US courseware, which makes up a quarter of the company's revenues. Yet spending by US and Canadian students on course materials has fallen by 41% since 2009, according to the National Association of College Stores. Meanwhile there is a rise in the use of free, "open" educational resources. Print's share of US courseware is predicted to fall from 45% to 35% in 2019. A wider issue is the slowing interest in the benefits of university degrees as Gen Z increasingly considers alternative ideas to a traditional college education.

Financial Times, 27 September 2019, p14

Games

Mario goes mobile

Nintendo has launched *Mario Kart* as a mobile app, but it is charging as much for the one game as Apple charges for its entire gaming service. *Mario Kart Tour* could change the way that Nintendo makes money outside its console business. The game will be offered via a \$4.99 a month subscription service but Apple's Arcade, which has over 100 games, costs the same.

Financial Times, 26 September 2019, p15

Magazines

Revamping Dennis the Menace for Gen Alpha

Dennis the Menace, who is two years away from being 70, is to be rebranded. According to Emma Scott, chief executive of Beano Studios, Dennis will no longer just be a figurehead for naughty children but a "poster child for what his generation stands for". Even before climate campaigner Greta Thunberg came along, kids were "passionate about causes", claims Scott. Beano Studios still sells 41,000 print copies of *The Beano* every week with circulation up by a 10th year-on-year. But it needs to find a place for its classic characters which were originally developed for baby boomers. Scott has recruited Matt O'Mara, an expert in marketing to Millennials, as CCO. He believes in a mixed media business and will offer a service targeting the children of Millennials: Generation Alpha.

The Daily Telegraph (Business), 26 September 2019, p4

Digital media – too dependent on advertising?

Vox Media, a digital publisher, has acquired *New York Magazine* and its parent, New York Media. Vox runs a raft of websites such as Recode, The Verge and New York Media. The agreement will help Vox

to become a leader in a generation of digital media companies, such as BuzzFeed and HuffPost, that have expanded rapidly but then struggled to generate enough ad revenue. Mark Thompson, chief executive of *The New York Times*, is quoted as saying that "the future looks bleak" for digital publishers unless they can "pivot away from depending on advertising".

Financial Times, 26 September 2019, p17

Newspapers

Apple News teams up with The Times

Apple's subscription news service, Apple News+, has launched in Britain having partnered with *The Times* and *The Sunday Times*. The service enables readers to access hundreds of magazines and newspapers for £9.99 a month and *The Times* will provide a daily selection of articles. Apple originally launched its service in the US and Canada in March. Rebecca Brooks, chief executive of News UK (owner of *The Times*), said that the Apple service is "the next step as we evolve our digital strategy".

The Times, 1 October 2019, p47

Social media

Trends for 2020

The author makes four major predictions for social media in 2020. The first is the removal of "likes" by Instagram, a move which it says will help address "mental health" issues but cynics says it is a PR initiative: brands who want to measure their campaigns may instead be tempted to run Instagram ads. A second expectation is that Google will incorporate existing social networks into its search algorithm, having failed to enter the social space itself. Thirdly, niche social platforms will expand and vie for the attention of brands and, lastly, social sharing tools will become free or add more value. Other trends that are likely to come to the fore next year are discussed.

forbes.com, 23 September 2019 (Farmiloe)

Television

Streaming services ramp up the marketing

Netflix's marketing seems to have produced results at the recent Emmys, with over 40 of its shows nominated and 27 wins. Meanwhile Amazon won in some high-profile categories including Outstanding Comedy Series for *Fleabag*. Disney+ is due to launch in November and marketing has already begun for its first raft of shows and films, its first ad being shown during the Emmys. Ads from Apple, Amazon Prime, Hulu and Netflix were also aired during the Emmys. They reflect growing competition in an increasingly fragmented entertainment industry and investment in marketing is expected to ramp up.

ama.org, 23 September 2019 (Heisler)

Video

Success stories

Stories help to unlock the imagination but to achieve cut through they must be “creative, compelling, relevant and memorable”. They also need to be accessible which is where video comes in. The brain processes visual images a million times faster than text, much of the processing being unconscious, so a well-produced video can be a valuable tool for business. The internet, faster smartphones and the falling cost of producing a video makes it accessible to most businesses. This article gives some advice on producing a successful video and how to achieve ROI.

London Business Matters, Issue 158 September 2019, p40 (Boa)

Packaging

Napolina replaces plastic with cardboard

Napolina, the Italian food brand, plans to package most of its pasta in cardboard boxes rather than plastic. It aims to remove 17.5m tonnes of plastic from UK waste. The new packaging, which will be used on its “added value” pasta range, will consist of “fully coated folding boxboard”. The company claims that despite the more expensive packaging, there will be no change to the weight or price.

The Grocer, 28 September 2019, p52

Reuse build brand loyalty

The first universal recycling symbol was launched 40 years ago, yet today only 14% of plastic packaging is collected for recycling and very little is recycled into new products. Reuse is one way of changing how we think about packaging. It allows brands to build customer loyalty, enables product customisation and reduces costs. The Ellen MacArthur Foundation recently published *Reuse-Rethinking Packaging*, a book which showcases 69 examples of businesses that are moving to reuse models. Some of these are highlighted here.

The Guardian (Sustainable Packaging), 30 September 2019, p2 (Wingstrand and Lendal) (A promotional supplement)

Retailing

Sainsbury's to close stores

Sainsbury's is to shut up to 125 outlets over the next five years, ranging from Argos stores to Sainsbury's Bank, a division that has been a drag on company profits. Sainsbury's merger with Asda failed to go ahead after being blocked by regulators. Chief executive, Mike Coupe, had hoped the merger would place the company in a better position to compete with the discounters Aldi and Lidl.

The Daily Telegraph (Business), 26 September 2019, p3

McKinsey opens store to test technology

McKinsey, the management consultancy, is to open a retail outlet selling underwear, make-up and jewellery in Mall of America, the biggest US shopping centre. The new store is designed to test out technology that retailers could use to keep their stores viable in the age of internet shopping. Visitors will be able to try gadgets such as mirrors and software to help them choose the right garment size. Cryptocurrency will be offered as a payment option. McKinsey will also be analysing data on shopper behaviour. It hopes the information will improve its understanding of what works in retail.

Financial Times, 27 September 2019, p16

Marketing boosts bottom line at Boohoo

Boohoo Group, the fast-fashion retailer, has shelled out £90m (9% of annual sales) on marketing over the past year. Now it has reported a 43% rise in year-on-year revenues for the six months to the end of August, with pre-tax profit up by 83%. Much of the marketing budget was spent on influencers but also included a music video for its Pretty Little Thing brand. The group has been expanding through acquisition, having recently acquired Karen Millen and Coast. Experts agree that Boohoo still has potential for growth.

The Times, 26 September 2019, p50

Services

University bars in decline

The University of Portsmouth's Waterhole Bar has closed its doors. Before the era of mobile phones, university bars tended to be places for students to meet and buy cheap booze. Brewers would sell their drinks at below cost price so that students might become attached to certain brands. Other universities have closed their bars or transformed them into “events spaces” offering food, coffee and other services. Other factors in their decline are: competition from pubs; students who are drinking less; pre-drinking at the student residence before going out; and the fact that students have become more serious about study!

The Economist, 21 September 2019, p30

AA turns to Red Dwarf to change staid image

The AA is ditching its traditional “fuddy duddy” yellow van ads as it seeks to address declining customer numbers. It has recently launched a campaign starring the *Red Dwarf* cast: Lister, Kryten and Rimmer. The series, first screened on the BBC in the 1980s, has been revived on the Dave channel.

The Times, 25 September 2019, p47

Transport and travel

£1 billion fund for car industry

Andrea Leadsom, the business secretary, has plans to invest “up to £1 billion” to help the British car industry shift towards electric vehicles. The fund is expected to be used for R&D and, “in the manufacturing of batteries, electric motors, drives, power electronics and hydrogen fuel cells”. Leadsom warns that the car industry will have to change its “just in time” business model after Brexit. However, she believes it should be possible to establish good just in time supply chains using other British ports and technology than the usual Dover-Calais route. However, the *FT* says the car industry “is unlikely to respond enthusiastically” to this idea.

FT Weekend, 28-29 September 2019, p2

Written by CIM’s Knowledge Services Team

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