

Cutting Edge: Our weekly analysis of marketing news

29 January 2020

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Covert advertising and persuasion

“Covert” advertising differs from more direct forms of advertising in ways that can affect consumer responses. Studies of various types of covert ad format, such as sponsored editorial content, native advertising, and product placement, have shown that consumers' responses are largely influenced by whether they recognise the message as advertising. The authors present a model of covert advertising recognition effects (CARE) that outlines processes underlying the recognition of covert advertising. It maps several pathways to persuasive outcomes that depend on advertising recognition as well as consumer perceptions of the ad in terms of information and presentation.

International Journal of Advertising, Vol 39(1) January 2020, pp4-31 (Wojdyski and Evans)

Kim Kardashian's Butt gains greater exposure

The World's Best Case Studies offers what it considers to be the world's best campaigns in terms of delivering results and ROI. One of the latest entries is the campaign for Dallas Pets Alive (DPA) which encourages people to adopt a dog. The organisation attracted attention by identifying the top trending topics on social media and naming its dogs after them. When people searched on those terms, their attention was drawn to the dogs. The dogs, with names such as Miley Cyrus Twerking and Kim Kardashian's Butt, were introduced on social media! In the first month there was 98% more traffic to the website and an 112% increase in engagement per post, plus a fourfold rise in the chances of adoption.

worldsbestcasestudies.com, 27 January 2020

Agencies

Vodafone blends in-house with agency skills

Vodafone's decision to in-house parts of its media buying operations last year led to speculation that it was about to ditch some of its agencies. Instead the company has been scaling up digital operations while finding new ways of working with both existing and new agencies. Maria Koutsoudakis, UK brand and marketing director, explains that the company now has a more “blended” way of working with its in-house talent and its creative and media agencies. Other brands, such as Arla, Renault, Unilever and P&G have adopted the “blending” model.

thedrum.com, 24 January 2020 (Stewart)

Brands and branding

The Sussex brand

The UK's Royal family has survived through thick and thin by “acting as glue” in a fragmented society. Prince Charles's Duchy brand sells over £200m worth of organic food a year with the profits going to charity. By contrast, the Duke and Duchess of Sussex are embracing true capitalism with their Sussex Royal brand. Apart from trademarking the brand and working on a website, they have already recruited a branding agency (Article) and are looking at a relationship with Disney. Branding experts estimate that the Harry and Meghan brand could earn as much as £500m in its first year. They could expect to receive \$34,000 for a branded post on Instagram. The royal couple are already behaving more like celebrities than royals. However, they will need to ensure that their brand remains “hot” and that they supply their channels with compelling content, which may yet implicate the monarchy!

The Economist, 18 January 2020, p28

Netflix tops YouGov index

Netflix has become the top brand in YouGov's

BrandIndex "Buzz" rankings with a score of 21.4. Aldi, which has fallen to second place, was in pole position for six years. The BBC's iPlayer has fallen to ninth place and BBC One has left the top ten altogether. Greggs, at number seven, and Spotify, at eight, are new entrants to the top ten.

prolificlondon.co.uk, 22 January 2020 (Spargo)

Amazon first brand to exceed \$200 billion

Amazon's brand has been valued at \$220.8 billion, according to the *Brand Finance Global 500*, making it the first brand to be valued at over \$200 billion. Google was in second place, Apple in third, then Microsoft and Samsung. Interestingly Amazon still derives most of its sales from online retail. Writing in the *World Trademark Review*, Trevor Little notes that there has been a "resurgence" in physical retail in the *Global 500* while there has been a fall in the value of some e-commerce companies. Almost 44 retail brands appear on the list, making the sector the third most valuable after technology and banking. "Ultimately the customer is king", says Brand Finance CEO David Haigh.

**prolificlondon.co.uk, 23 January 2020 (Prior);
lexology.com, 22 January 2020; World Trademark
Review, 22 January 2020 (Little)**

Children

ICO publishes Age Design Code

The UK's ICO says that social media sites, online games and streaming services used by children will have to observe a new privacy code. Its *Age Appropriate Design Code* will be "transformational" says Elizabeth Denham, ICO commissioner. The changes, which are due to take effect in Autumn 2021 after approval by Parliament, include 15 standards that companies responsible for online services must comply with to protect children's privacy. The *FT* reports on the mixed reactions to the new regulation, which will carry the same penalties as GDPR. Critics claim that it will increase the monopoly of the big tech companies because it is tackling harmful content with a "broad-brush" approach that could harm smaller companies.

**bbc.co.uk/news, 22 January 2020; Financial Times, 23
January 2020, p2; <https://ico.org.uk/for-organisations/guide-to-data-protection/key-data-protection-themes/age-appropriate-design-a-code-of-practice-for-online-services/>**

Conferences and events

Evaluating exhibition success

Badge scanning has long been a fast and efficient way of logging and collecting data on event attendees, but does it really reflect the success of the event? On the one hand it means that you have acquired many new contacts but how many of these have you engaged with, how many want to hear from you and how many will unsubscribe when you send them their first email? Badge scanning without first engaging with that person, "defeats the point of

face-to-face marketing" but building relationships can result in sales and long-term partnerships. However, resist the temptation to go straight in with a sales pitch. Instead take a more personalised approach, ask the right questions and build a rapport. Here is some advice on setting goals and measuring your performance.

eventindustrynews.com, 27 January 2020 (Ali)

Consumer behaviour

Creating consumer desire

The central question of marketing is: "How do you get someone to fall in love with you?" Many new products and services fail to stoke the necessary levels of consumer desire. There are five key elements that create "arousal": novelty, unexpectedness, complexity, ambiguity and the creation of puzzlement. These provide a framework for building desire for a product, but the trick is to incite enough interest in consumers without creating aversion. The author looks at some examples of success and failure, citing Steve Jobs and the iPhone.

ama.org, 5 December 2019 (Kunz)

Direct marketing

Email over twice as popular as other channels

New research from the Data and Marketing Association (DMA) reveals that email is still the most popular channel for consumers: 46% said they preferred email, compared with 26% who favoured post and 24% text or face-to-face. At the end of 2019 consumers reckoned they received an average of 54.9 emails per week in their personal accounts, down from 73.3 in 2017; 56% said they thought that over half of the emails were marketing messages from brands.

prolificlondon.co.uk, 23 January 2020 (Peachey)

Law

Prosecco – will the bubble burst for Australia?

In 2009 the EU granted the name "Prosecco" to Italy as a geographic indicator (GI). Although the EC applied to have it registered in Australia as well, the country declined on the basis that Prosecco was a grape variety rather than a geographic region. Last year the EU asked Australia to honour the name as a GI of Northern Italy. If Australia were to comply, then the country's producers would be unable to market their wine under the name "Prosecco". The country's Prosecco exports are expected to be worth \$500m over the next decade so the wine industry could be badly affected. Now the Australian Government has given a \$100k research grant to a team at Monash University to put together a case against the geographic claim.

lexology.com, 23 January 2020 (Wang)

UK to set up own scheme for GIs

Am Nut OK, the London-based vegan cheese company, was recently told to rebrand the product following a complaint from the Parmigiano Reggiano Consortium which said that Am Nut's fake parmesan breached the protected designation of origin (PDO). Under EU rules dairy terms, such as milk, cheese and yoghurt, must only be used for products coming from "mammary secretions". In 2017 Tofu Town of Germany had to rebrand its "tofu butter" and "veggie cheese". In the UK expressions such as "non-dairy alternative to cheese" can be used. In the future the UK will set up its own geographical indicator (GI) scheme to be run by Defra. Producers of EU GIs will have to apply separately for UK protection.

lexology.com, 22 January 2020 (Dent)

Marketing

Smarketing – sales and marketing

There has been increasing collaboration between business departments as silos within organisations gradually disappear. This has led to the blurring of lines between functions, notably sales and marketing, hence the term "smarketing". As sales and marketing continue to overlap, businesses are looking at aligning their goals and processes in search of greater synergy. When bringing about this sort of change, they must demonstrate how it will deliver value to the organisation. Here are three ways to foster the sales and marketing relationship to provide more efficient, productive smarketing.

skyword.com, 21 January 2020 (Crowl)

The content cycle

Many marketers publish a piece of content and then don't bother revisiting it, which means that good content doesn't always reach its full potential. Yet research shows that content can remain valid for years: a 2017 study from Ahrefs found that 60% of pages ranking number one on Google were at least three years old. Content life cycle management can help your content to remain relevant, drive traffic, and help to gain and retain customers. Unlike social media posts which tend to have a short lifespan, blog content can be optimised and extended by a matter of years, but the content must align with business goals and offer a return on the amount of marketing effort. Here are five tips for optimising your content life cycle.

ama.org, 13 January 2020 (Varshneya)

Entrepreneurial marketing – social enterprises

The author investigates the entrepreneurial marketing aspects of social enterprises through an extensive literature review. He reveals that social enterprises can benefit from entrepreneurial marketing in four key areas: competing in the market; efforts to attract finance; employing volunteers; and presenting products or services to

its target audience. He presents a model of entrepreneurial marketing in social enterprises and explains that it is a multi-purpose tool to be used in any social enterprise.

Journal of Marketing Development and Competitiveness, Vol 13(6) 2019, pp1-12 (Ghods)

Salary survey – the gender pay gap

FMCG is the best paid sector for marketing with a mean salary of £63,916, according to *Marketing Week's* annual *Career and Salary Survey*. It is followed by gaming and gambling and health and pharma. The lowest salaries are seen in health (£44,424), followed by construction/property and charity/not-for-profit. Meanwhile junior marketers can expect to earn an average of £26,599 and those at the top of the profession around £100,000. Perhaps more importantly, the survey identifies the serious gender pay gap problem that is present in marketing: its pay gap currently stands at 28% compared with the national average of 8.9%!

marketingweek.com, 20 January 2020

Market research

Working towards a representative workforce

Three more agencies have signed up to the Market Research Society's *Manifesto for Opportunity* which takes the number of participants to 21. The manifesto, which was launched last year, is a commitment to: publish pay statistics and demonstrate progress towards gender and BAME equality; work towards being representative of the UK's diversity; meet government targets for women and BAME people at board level; improve recruitment of representative intake; and create safe places to work.

research-live.com, 21 January 2020

Public relations

Negative reviews may not be all bad

It need not be a disaster when customers leave negative reviews. Research suggests that e-commerce operations that receive a 4.1- to 4.5-star rating are viewed as being more realistic than those that consistently get five stars. Customers know that a business can't get it right all the time. Being open and honest when something goes wrong can help to improve customer confidence. This in turn can make people more, rather than less, likely to buy something. One way of tackling a customer service response is to use Disney's "Heard" (Hear, Empathise, Apologise, Resolve and Diagnose) system. The author provides a five-point plan for dealing with negative feedback; gives advice on managing Google and Amazon reviews; on handling difficult customers on eBay; and navigating negative social media.

Catalyst, Issue 1 2020, pp60-63 (Moran)

Tackling misinformation

Digital communications can make or break a brand. While having a constant flow of “misinformation” is not a new phenomenon, it has become more prevalent over recent years. This presents a challenge for PR and comms professionals who need to be skilled in tackling fake news to protect the brand’s reputation. A study by Hill Holliday among 18- to 61-year-olds found that once a brand had been found to generate fake content, 59% of participants would stop buying it immediately. However, fake news could present an opportunity for brand engagement. The Edelman Trust Barometer describes a new behaviour in which people do not necessarily trust traditional media but are instead turning to non-conventional sources. This disintermediation presents a big opportunity for corporate communication and brands that create content which aligns with their customers’ values and can achieve brand loyalty.

Marketing Africa, Issue 33 2019, pp12-15 (Mbonge)

Sponsorship

Sport 2020 – ambush marketing

This year sees a number of major sporting events, including the Tokyo 2020 Summer Olympics, UEFA’s Euro 2020, the Ryder Cup and The Hundred, which offer huge opportunities for sponsors. As usual there is also a chance of ambush marketing which event organisers and stakeholders are getting ready to address. The rules surrounding ambush marketing do not just cover brand assets, such as trademarks and mascots, but extend to everything from athlete images to event tickets. The British Olympic Association (BOA) issued new guidelines last year. However, different national Olympic associations may interpret the International Olympic Association’s rules differently and this should be considered carefully. The Scottish Parliament has passed a bill banning ticket touting for Euro 2020 matches where Glasgow is a host city. It has also set out three zones where street trading and advertising will be restricted during the matches.

lexology.com, 17 January 2020 (Hallaway and Sng)

Chelsea shirt deal gives 5G connectivity

Chelsea FC has struck a three-year deal with Three which will become the primary shirt sponsor for the club’s men’s, women’s and academy football. Three will ensure that Chelsea’s Stamford Bridge home will be 5G-enabled during the first year of the partnership. The new deal sees Chelsea on a par with Liverpool and Arsenal regarding shirt sponsorship revenue (the joint third highest at around £40m). Manchester United remains way out ahead for shirt sponsorship revenue thanks to a £64m-a-season deal with Chevrolet.

sportspromedia.com, 24 January 2020 (Bassam)

Agriculture, fishing and forestry

CCC recommends changes in land use

The Committee on Climate Change’s (CCC) first in-depth report argues that there need to be substantial changes in agriculture, land use and diets if the UK is to meet its target of net zero carbon emissions by 2050. The UK’s land use (agriculture, forestry and peatland) accounted for 12% of emissions in 2017 while transport and energy accounted for a quarter and housing 15%. The CCC recommends that the proposed changes, which would cost around £1.4 billion per year, would be part private- and part government-funded. It also wants 90m to 120m trees to be planted every year, for peatlands to be restored and for farmers to convert some land to woodland and embrace low-carbon practices. Meanwhile consumers should reduce the amount of meat and dairy they eat by a fifth.

Financial Times, 23 January 2020, p2

Biopesticides

Pesticide alternatives – natural protection for crops such as insect sex pheromones – are gaining traction and biopesticide sales are expected to double to \$10 billion a year by 2025. This is small compared with the \$61 billion that farmers currently spend on agrochemical crop treatments. Biological protection start-ups, which received \$184m in venture capital last year, are emerging all the time. Big brand crop protection companies, such as BASF SE, Bayer AG, and Syngenta AG, have also started to invest in the space. There are various barriers to the widespread acceptance of biological solutions, such as cost, licensing and the greater effort required by farmers.

Bloomberg Businessweek, 20 January 2020, pp18-19

Netherlands risks being smoked out

The Netherlands decriminalised marijuana in 1976 and since then Amsterdam’s “coffee shops” have drawn people from around the world. Yet producing or selling it in bulk is risky because Dutch marijuana has never been fully legalised. This is tough when legalisation is being passed in other countries around the world. Dutch seeds are widely considered to be the gold standard but many of the country’s growers have decamped to Canada or the US. Legal cannabis sales in Europe could reach \$39 billion a year by 2024, according to Prohibition Partners, a UK consulting firm. It believes the Netherlands will remain the biggest producer for some years to come but it could fall behind as other European countries open up. The Dutch Government wants to restore the balance by offering permits to grow marijuana for coffee shops in ten cities. However, David Duchos, head of marketing at Sensi Seeds which has the world’s largest collection of

seeds, believes that the Netherlands has “missed a major chance”.

Bloomberg Businessweek, 20 January 2020, p29

Building industry

Brexit promise leaves uncertainty

Britain’s construction output is expected to decline this year according to the Construction Products Association (CPA). The CPA had previously predicted growth of 1.4% in 2020 and 1.7% in 2021 but has since downgraded to a forecast of -0.3% for this year and a rise of 1.2% next year, assuming HS2 goes ahead. The CPA blames bad weather and political uncertainty for the slowdown. Economics director Noble Francis says that there are grounds for optimism in areas such as warehouses and infrastructure, but that government delivery of infrastructure projects will be key.

theconstructionindex.co.uk, 27 January 2020

NIMBYS vs YIMBYS

England’s green belt has always been sacred but now a cross-party group of MPs is calling on the Government to reduce planning restrictions in parts of the green belt. Most people agree that building more will reduce housing costs and YIMBYS (“Yes In My Back Yard”) want to speed up the pace of construction. Some countries, such as Germany, Canada and New Zealand, are trying to streamline planning processes. Around the world three types of planning systems exist (discretion-based, autocratic and rules-based) but taxation is also a key factor. In Switzerland local taxes stay where they are levied rather than being distributed across the whole country as in Britain. Local governments in the UK derive little economic benefit from allowing construction despite having to put up with the inconvenience. There is a balance to be reached between a construction boom which could boost affordability and the disruption caused by building at scale.

The Economist (Special Report: Housing), 18 January 2020, (after p46) pp5-7

Businesses and strategy

SMEs – the path to growth

Over 99% of UK businesses can be classed as small or medium enterprises but, despite their diversity, UK SMEs have some common characteristics. *Catalyst* magazine gathered together a group of successful entrepreneurs and medium-sized business owners to discuss paths to growth and the biggest challenges for SMEs. The consensus of those around the table is that size is not a barrier to growth and that growth requires speed but not at the expense of quality or principles. Founders should try to work collaboratively and embracing partnerships can help SMEs to benefit from others’ marketing initiatives. Meanwhile, building brand

equity from the outset is essential for effective competition.

Catalyst, Issue 1 2020, pp26-31 (Cuddeford-Jones)

Developing a good business case

It is essential to have a good solid business case. Good business planning requires a number of critical elements pertaining to product strategy. Yet a business plan can run to many pages and might be based on “non-validated assumptions and guesswork” which investors probably won’t read anyway. The author calls for a leaner, more systematic way of developing a product strategy and sets out steps to create a business case that “sells”.

Marketing Africa, Issue 33 2019, pp82-84 (Ferguson)

Negotiators – nice or tough?

In a bargaining situation, people must decide whether to be friendly or tough. Recent field experiments provide some guidance on which stance to adopt. In one study, sellers were more likely to accept an initial offer from a buyer when their tone was firm and more likely to make a counteroffer when their tone was friendlier. While a firm approach was more likely to receive an outright rejection, friendly ones were more likely to be ignored which is less desirable because there is no room for negotiation. Another study revealed that friendly negotiators paid 15% more on average for the same item than did tougher negotiators. The researchers concluded that negotiators could benefit by “toughening up”.

Harvard Business Review, Vol 98(1) January-February 2020, p28

Charities and NGOs

Voice tech in fundraising

Voice assistants, such as Alexa and Siri, have become commonplace in many households. Increasing use of voice technology can also present an opportunity for charities in fundraising, engaging new audiences and helping beneficiaries. Charities can clearly benefit from being part of this voice tech revolution provided they deliver services for public benefit and take steps to reduce risks such as privacy concerns. The authors advise charities to consider the following: Charity Commission guidance on fundraising; the charity’s reputation; entering into an agreement with a commercial partner; and benefiting from the Gift Aid scheme.

lexology.com, 17 January 2020 (John and Jones)

2020 trends

Third Sector asks charity and digital experts for their predictions on fundraising and communications in 2020. One prediction is that “Agile” project management methods will be on the rise as charity teams use it for initiatives ranging from web content

updates to big events. Save the Children has been using Scrum (a framework for effective team collaboration on complex products) for digital transformation and innovation projects. Another key trend is the use of TikTok, the video-sharing platform: charities might want to start considering how it could fit in with their channel strategies especially when working with young people.

Third Sector, January-February 2020, p49 (Marrins)

CRM for charities

Charity Digital News, in partnership with Salesforce, has produced a new report entitled *CRM systems for charities: forecasting 2020 trends*. In this instance "CRM" stands for "Constituent Relationship Management", a concept which offers more scope than traditional CRM. For example, it can give charities a 360-degree view of their organisation, supporters and beneficiaries. Yet the survey reveals that just 55% of medium, 34% of small and 11% of micro charities have a CRM system in place. However, 82% of the charities that have CRM say they have noticed benefits. So how can charities unlock insights, maximise the information they have and build an efficient CRM?

charitydigitalnews.co.uk, 23 January 2020 (Paterson);
<https://charitydigital.org.uk/crm-ebook/>

Economy

Developing countries – still playing catch-up

There has been a long-term slowdown in productivity among rich economies but developing countries are also suffering from a decline in productivity that is the "steepest, longest and broadest yet", according to a new World Bank report. According to Capital Economics, a consultancy, "the widespread emerging-market catch-up growth of the past two decades will come to an end" over the next decade. One cause is a lack of technology transfer while another is a shortfall in investment especially in South Asia, the Middle East and North Africa. However, a major explanation lies in the boom that preceded the slowdown. For five years China benefited from "exceptional" growth which has left it little space for "catch-up" growth.

The Economist, 18 January 2020, pp71-73

UK falls down corruption ranking

The UK has fallen from 11th to 12th place in a league table of the least corrupt countries. The latest annual *Corruption Perception Index* (CPI) from Transparency International, shows the UK scoring 77 on a scale where 100 means "very clean". It has slipped from a score of 80 in 2018 and 82 in 2017. Since 2012, only 22 countries had improved their scores. This year New Zealand and Denmark scored the highest with 87 while Syria, South Sudan and Somalia scored the lowest (ranging from 13 to 9).

The Daily Telegraph (Business), 23 January 2020, p8

UK trade in services

In its latest update the ONS reports that the UK's exports grew faster than imports during July to September 2019. Exports of services were £3.9 billion higher for the period compared with Q3 2018, while imports of services grew by just £3.2 billion. The UK imported £29.2 billion of services from non-EU countries in Q3 2019, compared with £28.8 billion imported from the EU. It exported £49.1 billion of services to non-EU countries compared with £33.0 billion to the EU. The UK's largest trading partner for both exports and imports of services was the US.

<https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/bulletins/exportsandimportsstatisticsbycountryforuktradeinservices/julytoseptember2019>, 22 January 2020 (Gibbs)

Education

Apprenticeships – a funding gap

There is a funding gap of £750m for apprenticeship training, according to Jennifer Copeland, head of the Institute for Apprenticeships and Technical Education. She points to a gap between employers who can and can't afford the training and wants the Government to step in to help SMEs so as to restore the balance between large and small employers. Following the levy's introduction in 2017, there was a 20% rise in new apprenticeships among companies paying the tax; however, smaller businesses, which provide most of the new jobs, have reduced their on-the-job training by 10%. The average cost of an apprenticeship is £9,000, twice as much as that predicted by the Department for Education.

Financial Times, 22 January 2020, p2

Universities continue to expand

Some British universities are spending millions on building new campuses both at home and abroad so that they can take in even more students. UCL, which already has 40,000 students, is constructing a campus on London's Olympic Park and the Government is contributing £100m towards the project. Coventry University wants to undercut the larger institutions by offering degrees in London with tuition fees of just £6,500. Some universities (Bangor and Glyndwr) have been forced to close their London branches. Others are building campuses across Europe: Queen Mary in London offers scuba diving at its site in Malta. Over recent years universities have also opened up in the Far East and other areas but some have ended in failure. Sir Anthony Seddon, vice-chancellor of Buckingham University, warns of the "significant risk of over-extension abroad".

The Times, 27 January 2020, p4; The Times, 27 January 2020, p14

Global MBAs

In his forward to the *FT's Global MBA Ranking 2020* Andrew Jack argues for a "strategic rethink by business schools" in the light of falling demand for MBA places, rising fees, changing skills and disruptive technology. As the US continues to discourage immigration and international students, business schools in Canada, Europe and emerging markets, notably China, are benefiting. The MBA still provides a "passport" to a good career and salary as well as offering a tool for employers to assess candidates. But to stay ahead, schools must adapt to the demand for hard skills, such as data analysis, in addition to soft skills such as leadership and entrepreneurship. Many studies emphasise the need for greater diversity in MBA recruitment to better reflect society and customers. Nevertheless, the US continues to dominate the current listing with 51 out of the top 100 institutions (followed by the UK and China with nine each). "The strength of the brand" is also apparent in the top ten institutions, with all but one remaining in the same place as last year.

Financial Times (FT Business Education: Global MBA Ranking 2020), January 2020, pp1-58

Energy and utilities

Shift to smaller suppliers

The number of consumers who switched energy supplier last year reached a record 6.4m, representing one in five customers. According to Energy UK interim chief executive Audrey Gallacher, this shows that "competition continues to flourish in the retail market and customers are benefiting from new innovative products and services". With around 60 suppliers in the market, she believes that we have reached a point of no longer having a Big Six. In December 167,000 customers switched from big firms to smaller brands who jointly have around 30% of the market.

cityam.com, 22 January 2020

Environment

Tesco to ditch shrink wrap from cans

Tesco, the UK's largest supermarket, is to remove all plastic shrink wrapping from multipack tins of food from March this year. It will offer the same discounts to customers provided they buy the same number of tins. This should result in 67m pieces of plastic being removed from stores every year. Sian Sutherland, co-founder of A Plastic Planet, welcomed the move but said that it was "a drop in the plastic ocean" and that retailers should take more action.

The Times, 24 January 2020, p11

Consumers find it hard to reduce plastic use

A survey of British consumers found that 88% of them try to recycle but that 60% say they need help in reducing the amount of plastic they use. MPA's

Environmental Innovations series also found that most people are in favour of changes but 17% don't believe the plastic pledge will make a difference to the level of waste. Only 26% said they would pay more for products that are eco-friendly, while half said they would not wear eco-clothing that could be worn without washing. Stuart Bentley of MPA, says that packaging is a huge industry with annual sales of around £11 billion in the UK but that consumers are beginning to reject single use plastic and unsustainable packaging.

packagingnews.co.uk, 27 January 2020

Sainsbury's to be net-zero carbon by 2040

Sainsbury's aims to become a carbon-neutral business by 2040, ten years before the Government's target of achieving net-zero carbon for Britain. Measures planned by the supermarket over the next 20 years include: more efficient fridges; use of alternative and low-carbon fuels; and halving plastic packaging by 2025. Mike Coupe, chief executive, says that Sainsbury's has already reduced its CO₂ emissions by 35% over the past 15 years.

The Guardian, 28 January 2020, p34

Fashion

The latest catwalk catastrophe

A range of tight-fitting women's clothes launched by a Manchester fashion trader has caused a furore because its "The Presidents Club" branding is the name used by a men-only fundraising event in 2018 when women wearing skimpy black outfits endured groping and sexual harassment. The use of the name for the clothing, which is being stocked in retailers such as House of Fraser, has caused consternation at a time when the MeToo movement is so high profile. The brand's marketing campaign hasn't gone down too well either since it features models wearing tight clothing in a stately home. This article refers to other "catwalk catastrophes", such as H&M's sweatshirt bearing the message "coolest monkey in the jungle", which was modelled by a black child.

The Times, 27 January 2020, p7

Financial services

Australia introduces rivals to Big Four banks

Australia's financial services industry has been plagued by scandal over the past few years. The sector is dominated by just four banks which have 75% market share in mortgages and customer deposits. To give consumers more choice, the Australian Prudential Regulation Authority, a watchdog, licensed five new online banks last year and more are expected this year. Yet research in December 2019 found that seven out of eight Australians said they had no interest in a digital banking alternative. Around half of Australians are

still with their first bank but small businesses could prove a good opportunity for the new banks. The country's regulators hope that an "open-banking" initiative, to be introduced in July, will help new entrants and smaller banks.

Bloomberg Businessweek, 20 January 2020, pp21-22

Monese the next unicorn?

Monese, a London-based fintech, hopes to raise another £100m, which would create yet another British "unicorn" valued at £1 billion. Monese, which helps people with poor credit histories including immigrants, to have access to banking, claims to be acquiring customers at the rate of 9,000 a day. Founder, Norris Koppel, says the bank is becoming very popular in big cities across Europe.

prolificlondon.co.uk, 22 January 2020 (Prior)

Open banking to take off this year?

According to the UK's Open Banking Implementation Entity (OBIE), the number of consumers using open banking has more than doubled to over a million during the past six months. Open banking gives consumers more control over their financial data. The OBIE believes that 2020 will be the year when it really takes off.

nfcw.com, 22 January 2020 (Clark)

Central banks developing cryptocurrencies

At least 52 central banks were developing their own digital currencies last year, according to a survey by the Bank for International Settlements (BIS). The Bank of England says it has formed a coalition with five other central banks to look at the possibility of launching their own digital currencies. It is likely that central banks are responding to Facebook's Libra cryptocurrency which has a planned launch this year. BIS claims that no central bank has so far reported "significant" use of cryptocurrencies by the "wider public". Currently its use is "trivial" and restricted to niche groups, it claims.

The Daily Telegraph (Business), 24 January 2020, p8

FMCG

Beverages

Alcohol free options boost dry January

It is dry January, but non-drinkers will not be short of options. The "no-to-low" category is worth £188m, a rise of 23% year-on-year, according to Nielsen. The question is whether the change in drinking habits constitutes a long-term trend. Some 79% of adults are now staying within the 14 recommended units per week (84% among 16- to 24-year-olds) while almost a quarter of Gen Z are teetotal. It is estimated that there are around 70 zero-proof spirit brands on the UK market and many start-ups entering the space. Despite the surge in interest, no and low sales still account for just 1.1%

of the total alcohol market. A key barrier is price as people expect to save money when they don't drink alcohol.

The Daily Telegraph (Business), 28 January 2020, p8

Brexit could see influx of new wines

The UK Government's plan to move away from EU regulations could result in a more diverse supply of wine into the country. Under EU law, imports from some non-EU wine regions are prohibited, but all this could change.

The Grocer, 25 January 2020, p40

Cosmetics and toiletries

South Korean makeup brands look overseas

Young men in South Korea, influenced by the country's celebrities, are donning makeup that would once have been worn only by women. Some \$683m was spent in South Korea on male skincare in 2018, almost a fifth of the global market. Male skincare is one of the fastest-growing segments of the industry with Euromonitor forecasting that the market will grow by 20% to \$5 billion by 2023. Now South Korean cosmetics brands, such as AmorePacific, are looking to expand overseas to make the most of the trend. Global brands, such as Chanel, are also getting in on the act.

FT Weekend, 25-26 January 2020, p11

Food

Oxo launches vegan stock cube

Oxo plans to launch a vegan version of its iconic beef stock cube. This follows the trend for plant-based foods – especially during Veganuary – which has been boosted by the rise of new vegan products, such as Greggs vegan "sausage" roll. Mintel forecasts that sales of meat-free products will soon exceed £1 billion. The new stock cube will retain its distinctive packaging and beef flavour but will be labelled "meat-free".

The Guardian, 18 January 2020, p45

Young's looks at new ways to market fish

This article looks at how Young's is "disrupting" its marketing to tap into the flexitarian trend by offering protein options for those wanting to reduce their meat intake. It faces various barriers, however, such as perceptions that fish is expensive and hard to cook. There is also prejudices associated with the frozen food aisle. The company has just launched a multi-million-pound campaign using emotional storytelling to target younger consumers.

marketingweek.com, 20 January 2020 (Fleming)

Lab grown meat on the menu?

Memphis Meats, a US company that produces lab-grown meat, has acquired an additional \$16m in funding with which it plans to build a pilot production facility and launch its products to

consumers. It is currently working with regulators to achieve a “timely and safe” market entry.

The Grocer, 25 January 2020, p10

Peas Please helps sell more veg

The *2019 Peas Please Progress* report from the Food Foundation reveals that an additional 90m portions of veg have been sold and 63 businesses have increased their marketing of vegetables in-store. Launched in October 2017 and backed by Jamie Oliver and Hugh Fearnley-Whittingstall, the initiative aims to deliver more than a billion additional portions of veg by 2023. Selling that amount of additional veg in just two years shows that it is possible to make, “a real impact when businesses take the challenge seriously”, says Anna Taylor, executive director of the Food Foundation.

The Grocer, 25 January 2020, p4;

<https://foodfoundation.org.uk/publications/>

Government and public sector

Labour – too targeted?

The Labour Party was once considered to be the expert when it comes to social media, but the recent general election has proved otherwise. In 2017, despite spending only a third that of the Tories on Facebook advertising, Labour achieved twice the “engagement” (likes, shares and comments), but in the 2019 election the Tories gained 10% more engagement. This was partly because the “Get Brexit done” message worked and partly because the Tories made better use of online advertising. One strategy was to use broad categories for targeted advertising, rather than micro-targeting. The Labour Party, which was much more targeted in its approach, used data to create audience profiles and probably spent twice as much per 1,000 views than the Conservatives. The Conservative campaign seems to prove that broader advertising may work better...

The Economist, 18 January 2020, p26

Government’s Brexit campaign ineffective

Over £46m was spent on the “Get Ready for Brexit” campaign up until the extension to the 31 October deadline, according to the National Audit Office (NAO). This represents the biggest ad campaign by the UK Government since WW2. The NAO claims that, despite spending all that money, the Government, “could not demonstrate that the campaign resulted in significantly better preparedness”. The report comes just as a “Ready to Trade” campaign is set to launch on 1 February, the day after the UK leaves the EU. The NAO says that the proportion of citizens who had looked or started to look for information had not “notably” changed since the start of the campaign. However, it says that the campaign had raised public

awareness of some areas, such as passport renewals and international driving permits.

Financial Times, 28 January 2020, p3

Health and pharmaceuticals

Start-up to launch medicines in just ten years

EQRX, a Boston-based biotech start-up, wants to change Big Pharma’s business model by launching ten high-end medicines within ten years and charge a third of the price of competitor drugs. With the backing of some well-known Silicon Valley names, it plans to outsource where necessary, to cut the costs of drug development and to reduce failure rates from 90% to 40% using “precision medicine”. In so doing EQRX might find a middle way between expensive branded medicines and cheap generics. Industry experts are doubtful that it can do this...

The Economist, 18 January 2020, p64

App to enable hospital consultations online

An NHS trust is to allow half of its hospital appointments to be conducted online. Royal Wolverhampton is partnering with Babylon Health to adapt its “virtual GP” programme to cover hospitals. The app will share information between GPs and specialists, allowing patients to consult with them online. David Loughton, the trust’s chief executive, believes that the app’s AI triage system was as good as doctors at making initial diagnoses. If successful, the trust hopes to sell the technology to other parts of the NHS. Sir Simon Stevens, chief executive of NHS England, wants a third of hospital appointments to be carried out online within ten years.

The Times, 23 January 2020, p4

IT and telecoms

EE launches first AR dress

EE is launching what it claims is the world’s first 5G-augmented reality dress. It will appear on the red carpet at the forthcoming Bafta Awards. Maya Jama, the presenter, will be modelling the dress. Spectators will be able to use Samsung Galaxy Fold phones to view a digital transformation as Jama walks up to the EE stage.

thedrum.com, 27 January 2020 (Glenday)

AI – a way to go

Since 2014 investors have put \$83 billion into AI start-ups. China has pledged to create a \$150 billion industry by 2030 and “smart cities” have been springing up around the country, but last year the amount ploughed into Chinese AI fell to under \$3 billion. Globally, AI has yet to produce many sophisticated commercial applications. Autonomous driving has a long way to go; healthcare diagnostics is in its infancy; and chatbots respond to customer complaints in a bland fashion. It could take some

time for AI to reach its true potential...

FT Weekend, 25-26 January 2020, p20

Leisure and tourism

Overseas travel and tourism

The ONS's latest bulletin on overseas travel and tourism for July to September 2019 reveals that overseas residents made 11.4m visits to the UK during the period up by 5% on Q3 2018. They also spent £8.4 billion on those visits, a rise of 18%. Meanwhile, UK residents made 25.1m visits overseas in Q3, 4% more than in 2018, and spent £18.1 billion, 10% more than in Q3 2018.

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/overseastravelandtourismprovisionalresults/julytoseptember2019>, 24 January 2020 (Horsfield)

Nike shoe banned for enhancing performance

Nike's Vaporfly shoe is likely to be banned by World Athletics because it might give runners an advantage. According to independent studies, the shoe can improve a runner's performance by up to 6%. This has, unsurprisingly, led to demand from buyers and the shoe is proving popular on the secondary, resale market.

marketingweek.com, 26 January 2020

Materials and mining

Heads in the sand? Unregulated sand-mining

Almost 50 billion tonnes of sand and gravel is used globally every year, double the amount used a decade ago; no other natural resource is extracted on such a scale. Its use in cement, asphalt and glass makes it invaluable in Asia where cities are growing rapidly, and its price is rising fast. Sand of the kind shaped by water (rather than in deserts) is the best and its extraction is having a serious impact on the environment, farmers and fishermen. Sand mining is largely unregulated but there are grounds for optimism as scientists have been experimenting with alternatives to concrete and cement. Meanwhile, Singapore is creating more land by draining water rather than piling it high with sand.

The Economist, 18 January 2020, pp52-53

Media

Digital overtakes traditional media time

Last year was the first in which UK adults spent more time with digital than with traditional media. The gap between the two is expected to widen over coming years as content consumption shifts to digital. This has implications for media companies and marketers. By 2021 smartphones are expected to exceed 25% share of time spent on total media. Video consumption is also driving growth of digital media time, with mobile the leader in digital video consumption among adults. TV, which is the main

reason for the fall in traditional media time, fell by 5.9% last year.

emarketer.com, 24 January 2020

Books

The Spotify of student textbooks?

The high cost of academic textbooks can be prohibitive for students. Now a start-up called Perlego aims to become the Spotify of textbooks. Co-founder Gauthier van Malderen, who once had to pay £220 for a textbook while at Cambridge University, argues that you never have to read a whole book and so shouldn't have to pay the full price. The London-based company is offering students in Europe unlimited access to a digital library of 300,000 books for just £12 a month. It has already signed up three of the four big publishers. Over the past decade university publishers have reported falling sales due to online competition. The emerging marketplace for rentals is also chipping away at their profits.

The Times, 27 January 2020, pp38-39

Music

Amazon becomes serious challenger

Amazon now has over 55m users for its music streaming service, making it a serious competitor to Spotify and Apple. Last summer Apple said it had 60m subscribers, but Spotify is still the market leader with 113m paying subscribers, according to the latest data. Amazon Music was only launched in 2016 but has quickly closed the gap with its wider range of subscription options and lower prices. Last year subscriptions to its premium music service grew by over 50% year-on-year.

Financial Times, 23 January 2020, p4

Newspapers

DMGT digital ad revenues up by fifth

DMGT, the owner of *The Daily Mail*, has reported a rise in digital advertising revenues of nearly a fifth for the last quarter of 2019. Overall ad sales rose by 9%, with print up by 3% and digital by 17%. The number of daily visitors to *Mail Online* has risen by 30%.

The Times, 24 January 2020, p43

Television

NBC and Sky launch new global news service

Few companies have tried to challenge CNN International and BBC World News in the realm of global TV news but now NBC and Sky (both owned by Comcast) are jointly launching a global news service. Deborah Turness, who is heading up the operation, says there is a gap in the market for a service "with a truly global perspective". NBC Sky World News will be available online and through streaming services, but can it compete in such a crowded market?

Financial Times, 23 January 2020, p15

Barb begins multi-screen measurement

The third phase of Barb's Project Dovetail, its cross device viewing measurement system, is under way. Barb can now report on time spent viewing across multiple screens, with the figures being reported daily across TV sets, tablets and PCs. Barb believes that this will result in more accurate demographic profiles for data on non-TV devices. The final phase of Project Dovetail, which will focus on ad campaign performance across linear and broadcast VOD formats, is due to launch next year.

research-live.com, 21 January 2020

Packaging

Coca-Cola to retain single-use plastic

Coca-Cola will not abandon single-use plastic bottles because customers prefer to use them, according to Beatriz Perez, senior VP for sustainability and public affairs. Speaking in Davos last week, she said that: "Business won't be business if we don't accommodate consumers". She argued that using packaging made only out of aluminium or glass would increase the company's carbon footprint. Coca-Cola is one of the largest producers of plastic packaging at 3m tons every year.

The Daily Telegraph (Business), 23 January 2020, p7; The Times, 22 January 2020, p13

Retailing

Online shopping to rise by almost a third

The amount of shopping done online by Britons is predicted to rise by 30.4% over the next four years, with annual spend reaching £75 billion. This is according to the *UK Online Retailing 2019-2024* study from GlobalData which surveyed 10,000 online shoppers. Clothing and footwear will be the biggest online market with food and groceries rising to second place.

prolificlondon.co.uk, 24 January 2020 (Peachey)

Beales goes into administration

The department store Beales went into administration last week after trading since 1881. Around 1050 jobs will go. Beales, like other department stores, has been fighting for survival. Richard Hyman, independent analyst, said that department stores were becoming increasingly expensive to run; they face "overwhelming" competition from other stores and online, making it hard to operate profitably. The British Retail Consortium has recently said that retail sales fell for the first time in a quarter of a century last year.

The Daily Telegraph (Business), 23 January 2020, p7; bbc.co.uk/news, 20 January 2020

2020 one of the worst

This could be one of the worst years for retail according to the Centre for Retail Research which reports that 9,949 jobs have been lost over the past

four weeks alone. Begbies Traynor, an insolvency specialist, believes that 500,000 retailers are at risk.

marketingweek.com, 26 January 2020

Transport and travel

Aston Martin – SUV might not save it

Aston Martin Lagonda's (AML) 2018 IPO has been nothing like as successful as that of Ferrari, which floated in 2015 and now achieves 25% operating margins. In contrast, AML has just issued its second profit warning and has reported a loss for the first nine months of 2019. It is unlikely to meet its goal of making 14,000 cars a year by 2023 and has net debts of £900m. Despite using its logo on helicopters and blocks of flats, some analysts believe that the brand may simply not be strong enough. AML has launched three new GT cars and has 1,800 orders for its DBX SUV but this may not solve its problems since some manufacturers have found that SUVs have cannibalised sales of their other vehicles.

The Economist, 18 January 2020, p64

SMMT wants to put Europe first

Mike Haws, chief executive of the Society of Motor Manufacturers and Traders (SMMT) insists that the EU relationship "must come first" for the UK's automotive industry. In 2018 53% of the UK's cars were sold to Europe versus just 18% to the US. Meanwhile cars imported from the EU account for 69% of the UK market compared with 1.4% from the US. Some people are concerned that a US deal might even damage UK factories. The US market is fraught with difficulties, such as the gap between EU and US car regulations and the danger of compromising the UK's CO₂ emissions target.

Financial Times, 24 January 2020, p3

Written by CIM's Knowledge Services Team

© Copyright 2020 CIM

The views expressed in *Cutting Edge* are not necessarily those of The Chartered Institute of Marketing.

Cutting Edge: Our weekly analysis of marketing news

Sources

We created this edition of *Cutting Edge* from the sources listed in the next column. As a member you have access to a discrete range of them through the CIM website, some are freely available on the internet, but there will be others that we can only supply you with through our photocopying service.

To access the journals you have available to you as a member:

- Go to www.cim.co.uk/more/marketing-library/ and log in to the site.
- You will then have access to the links to Ebsco, Emerald and e-books available via Ebook Central.
- A user guide for the electronic resources is available on this page.

Please note: the titles as they appear in *Cutting Edge* are **not** the same as in the original article. If the journal is within Ebsco, you can search by publication, which then allows you to choose the date. This page will also clearly show if there is an embargo on the title or if there is a short delay.

Key

**Full text available on Ebsco – although there may be an embargo

*Abstract available on Ebsco

+Full text available on Emerald

~Available online if you register

Mintel reports are available in the library at Moor Hall. Members can request the contents pages of a report and can receive up to 5% via our photocopying service.

Please contact Knowledge Services if you would like any further assistance or would like more information on our photocopying services (charges apply).

Tel +44 (0)1628 427333

Email knowledge@cim.co.uk

www.ama.org

www.bbc.co.uk/news

Bloomberg Businessweek*

Catalyst

www.charitydigitalnews.co.uk

www.cityam.com

[The Daily Telegraph](#) ~

www.thedrum.com

The Economist*

www.emarketer.com

www.eventindustrynews.co.uk

[The Financial Times](#) ~

The Grocer

[The Guardian](#)

Harvard Business Review**

www.ico.org.uk

International Journal of Advertising* (18-month delay)

Journal of Marketing Development & Competitiveness**

www.lexology.com

Marketing Africa

www.marketingweek.com

www.mondaq.com

www.nfcw.com

www.ons.gov.uk

www.packagingnews.co.uk

www.prolificlondon.co.uk

www.research-live.com

www.sportspromedia.com

www.theconstructionindex.co.uk

[Third Sector](#) (selected articles available)

The Times

www.worldsbestcasestudies.com

Contents

To fast forward click on the following links:

[Agriculture, fishing and forestry](#)

[Building industry](#)

[Businesses and strategy](#)

[Charities and NGOs](#)

[Economy](#)

[Education](#)

[Energy and utilities](#)

[Environment](#)

[Fashion](#)

[Financial services](#)

[FMCG](#)

[Beverages](#)

[Cosmetics and toiletries](#)

[Food](#)

[Government and public sector](#)

[Health and pharmaceuticals](#)

[IT and telecoms](#)

[Leisure and tourism](#)

[Marketing trends and issues](#)

[Advertising](#)

[Agencies](#)

[Brands and branding](#)

[Children](#)

[Conferences and events](#)

[Consumer behaviour](#)

[Direct marketing](#)

[Law](#)

[Marketing](#)

[Market research](#)

[Public relations](#)

[Sponsorship](#)

[Materials and mining](#)

[Media](#)

[Books](#)

[Music](#)

[Newspapers](#)

[Television](#)

[Packaging](#)

[Retailing](#)

[Transport and travel](#)