

Cutting Edge: Our weekly analysis of marketing news

26 February 2020

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Cultural appropriation

The practice of borrowing from other cultures has been around a long time and can be found in anything from music and fashion to advertising. Last year brands such as M&S, with its “biryani” wrap, and Gucci, with its “Indy Turban” headwrap, were lambasted for inappropriate cultural appropriation. Such clashes of ideas have become more prominent due to digital platforms where ideas and content are often shared without attributing them to the original source. The issue can be hard for creative departments which gain inspiration from a wide range of sources. Advertising is all about creativity “and that does mean adopting cultures and ideas that come from all around the world” says Shelina Janmohamed, VP for Islamic marketing at Ogilvy UK. Cultures are constantly mixing but this doesn’t mean that you should capitalise on another cultural group. Some brands behave like “invaders” while others are less harmful “tourists”. However, it is better to be a “guest”, as Nike did with its “Nothing beats a Londoner” campaign.

Campaign, February 2020, pp38-41 (Kiefer)

Agencies

New business rankings

AAR’s latest annual survey shows that VCCP was the most successful agency in terms of attracting new business last year, having gained 33 pieces of new business, including brands such as Maynards and GoDaddy. M&S Saatchi and Uncommon came in joint second with 21 new accounts. Separately Adam & Eve/DDB topped the *Campaign* new-business rankings for 2019 in the creative agency category, with net billings of £81.4m and six new clients, including Virgin Media, Sony PlayStation and

Lucozade. Saatchi & Saatchi was in second place with £80m-worth of billings. Among media agencies, Havas Media was in top spot with £94.3m which included wins such as Bathstore, Ronseal and Legal & General.

Campaign, February 2020, p10

Brands and branding

Keeping up with generational shifts

Lifestyle branding, a widespread trend, still uses traditional demographic targeting – strategies that are manifested in the different ads directed at Baby Boomers, Gen Z and Millennials. So how can brands find the right spot in a landscape “where every segment feels like the brand experience is uniquely designed for them?” This article looks at Boomers, who require “respect and control”; Gen X, epitomised by “cynicism and self-soothing”; and Millennials with their “idealism and uncertainty”. The problem for marketers is to keep up with these rapidly shifting demographic landscapes...

ama.org, 23 January 2020 (Murtell)

The Sussexes lose branding

The Duke and Duchess of Sussex will no longer be able to retain their “Sussex Royal” branding as non-working members of the royal family. They have just spent thousands on a new website developed with the help of an American PR firm. They have also tried to register Sussex Royal as a global trademark for items ranging from clothing and stationery to books and teaching materials. Branding experts believe that losing the word “royal” will not impact the couple’s global image and ability to attract money to charitable causes. They could simply brand themselves “Harry and Meghan”, which is how they are known around the world.

The Times, 19 February 2020, p19; The Times, 20 February 2020, p9

How far should brand extensions go?

McDonald's has launched a Quarter Pounder Fan Club and is selling burger-related merchandise. Among the items are mittens, a fan club T-shirt and a pack of six scented candles, each designed to smell like an ingredient in the quarter pounder: pickle, cheese, onion, bun, ketchup and beef! But is this a brand extension too far? Other brands are extending into "weird" areas, such as KFC's collaboration with Croc for special edition chicken bucket sandals. It seems that it is no longer enough to produce a well-executed TV ad. Instead, strange collaborations and brand extensions are there to grab attention and free press coverage. But, for each successful stunt, audience expectations of the brand will be raised and eventually novelty fatigue will set in...brands are advised to stay away from attention-grabbers and instead focus on specific audiences and niche fans.

fastcompany.com, 22 February 2020 (Beer)

Children

Report pans harmful marketing

A new report, *A Future for the World's Children?*, has found that no one country is adequately protecting children's health, their environment and their future. All children are under threat from climate change and marketing that promotes fast food, sugary drinks, alcohol and tobacco. Sri Lanka, which is ranked 68th, is said to have made good progress in child survival rates and access to health. However, the report shows that 78% of all food and drink related ads in the country are child-focused and that children's exposure to commercial marketing has led to the purchase of unhealthy foods. It links "predatory" marketing to the rise in childhood obesity. The report was released by a commission convened by the WHO, Unicef and *The Lancet*.

menafn.com, 20 February 2020

Alcohol ads encourage child drinking

A new study, which suggests a link between exposure to alcohol marketing and underage drinking, proposes tighter regulation to bring alcohol in line with tobacco. The research found that children are exposed to alcohol ads on TV, in film product placements, and on social media. The research, which was carried out by Michael Weitzman of the University of New York, follows a British study which found that alcohol features in over a half of TV shows and in half of ads shown at peak viewing times.

The Times, 24 February 2020, p16

Conferences and events

Face-to-face meetings are better

It's so easy to do business without leaving your desk by using the latest technology. However, the late Steve Jobs was a strong advocate of face-to-face

meetings, believing that "Creativity comes from spontaneous meetings, from random discussions". Here are three ways in which face-to-face is better than emails and phone calls and five reasons why you should meet in person. Meeting in person also shows a degree of mutual respect which is important for: new business and negotiating contracts; international and cross-cultural business deals; and recruitment.

get.com, 24 February 2020

Sustainable exhibition space

MIPCOM 2019 was an event bringing together TV and digital content executives for four days of networking, screenings and talks at Cannes. On this occasion BBC Studios, the BBC's production and distribution arm, needed an impressive pavilion from which to launch the newly merged BBC Worldwide and BBC Studios, to partners and clients. The idea came from Cheerful Twentyfirst, a London-based agency, which was tasked with building a "revolutionary" space. The result was a two-story temporary pavilion that could be reused and recycled. Here's how the sustainable exhibition space was devised.

Conference & Incentive Travel, Spring 2020, pp26-28 (McCorkell)

Consumer behaviour

B2B buyers consume 13 pieces of content

On average the B2B buyer consumes 13 pieces of content before deciding on a vendor, according to research from FocusVision. This content can take various forms including video, blogs, white papers and customer reviews. The B2B buying process takes an average of six weeks and involves three to four decision makers. The research found that the top source for content was the vendor's website (70%) followed by Internet search (68%) and social media (53%). The report, which shows that a broad range of first- and third-party content types are "highly influential" to B2B buyers, outlines a content strategy for the entire B2B journey. The survey involved companies with at least 500 employees and \$50m in turnover.

marketingland.com, 14 February 2020 (Sterling)

Direct marketing

Email – 45+ behaviour and attitudes

The DMA's *Consumer Email Tracker 2020* shows that email is still the best way of attracting and engaging consumers throughout the customer journey. The analysis looks at customers over the age of 45, their behaviours and attitudes towards their personal inbox. When asked what they did with their emails, most in the 45 to 65+ bracket said they checked their personal inbox at least once a day, with all age groups within this bracket preferring a computer to mobile. Some 44% of 55-64s and 48% of 65+ say that GDPR hasn't made them feel more confident

about how brands use their personal information. Those aged 45+ are far more likely to report “often” on how brands got their email address. Brands should consider whether their opt-in and opt-out processes are explicit and couched in clear language. The findings are set out as infographics.

dma.org.uk, 25 February 2020

Law

IP and the creative industries – a guide

How can you be sure that you legally own your brand, and would you be able to defend it? The creative industry faces many intellectual property challenges, but agencies often don’t understand IP which can result in clients not being able to use the names and logos created by the agency. In the creative industries IP is paramount for brand, ideas and client relationships. UDL Intellectual Property has created *A Guide to Intellectual Property in the Creative Industries* which includes useful advice such as how to protect your ideas during the pitch process; how to protect your brand from copycats and competitors; how to add value to client relationships; and what to do if someone uses your name without permission. The guide can be downloaded provided you give your contact details.

lexology.com, 18 February 2020 (Price et al);

<https://www.udl.co.uk/insights/a-guide-to-intellectual-property-in-the-creative-industries>

Online sales restrictions – beware breaches

Consumer goods companies are increasingly being fined by the UK Competition and Markets Authority (CMA) for using restrictive practices to sell their goods online. The regulator has been getting stricter and fines have become higher for certain breaches. This article looks at the sorts of cases that have come to the CMA’s attention. They include the decision to impose a fine of £4.5m on Fender Europe, a guitar manufacturer that illegally restricted online discounts and a fine of £1.45m on Ping, a manufacturer of golf clubs, for limiting online sales.

lexology.com, 19 February 2020 (Sher and Mottaz)

Marketing

What type of CMO are you?

Being the first CMO of a young company is quite different from taking over the role at a legacy brand. Jeannie Mullen, CMO of fintech company DailyPay, has had diverse roles as a CMO. Here she talks about what is unique about being the first CMO of a company and defines the CMO’s role in four ways: brand, data-driven, hybrid or innovative/creative. She regards herself as a hybrid CMO at DailyPay because she is focused on both brand and demand generation. Ultimately it is important for the CMO to work out what kind they are based on their strengths and the requirements of the company.

emarketer.com, 20 February 2020 (Koch)

Pride and guilt in cause-related marketing

The use of cause-related marketing (CRM), which involves company donations being linked to consumer transactions, has increased greatly over the past few years. Traditionally, marketers have used guilt appeals to advertise their charitable endeavours. Recently, however, they have been using other appeals, such as a sense of pride, in CRM advertising. Three studies compare the use of pride and guilt, the propensity for individuals to favour the ad and the brand, and their intention to spread positive WOM.

Journal of Advertising, Vol 49 (1), January-March 2020, pp34-60 (Pounders et al)

Market research

Using eye-tracking for online reviews

Online reviews can be an important part of the consumer decision-making process. Yet little is known about how consumers process these reviews. Reviews exist in the context of other elements on product pages, but previous studies have not examined the combined effects of these different elements on the page. This study uses eye tracking to investigate how consumers view product pages. Participants in the study were asked to review the product pages of five different brands of either a search or an experience product. The results show that product-related information is most important for consumers, but that they also look at review-related information, particularly the review text and reviewer information.

Journal of Advertising, Vol 39(2) 2020, pp282-306 (Maslowska et al)

It’s all in the translation – global research

Over 36% of all UK research is international so cross-cultural understanding is essential for providing “genuine and accurate” insights. However, one of the most difficult parts is not speaking the participants’ language. This feature length article looks at the pitfalls involved in translating research into the local language and respecting cultural nuances. The author also identifies some key issues when holding focus groups in China. Ruth Partington, founder of Empower, warns that linguistic inability leaves global researchers having “to rely on external providers for the accuracy and actionability of their research”.

research-live.com, 17 February 2020 (Philips)

Sponsorship

Virtual advertising

Virtual advertising uses infrared signals enabling images to be superimposed on to signs in a live TV sports broadcast. This means that viewers in one city might see the logo of a local bank behind the penalty area while those elsewhere may see an ad for a local beer. Last year Europe’s top teams

received income of €3.6 billion from advertising and sponsorship. If advertisers could change pitch-side messages to suit local audiences, ad revenue could rise by as much as 40%. Yet there are concerns that too many sponsors could be harmful to a brand: Manchester United has been derided for “endorsing everything from bedding to instant noodles”. In the future virtual hoardings could be used to target the local demographic profile. They might also help clubs to retain their controversial sponsors by only advertising in selective locations.

The Economist, 15 February 2020, p55

Agriculture, fishing and forestry

Cargill to launch meat alternatives

Cargill, the world’s biggest agribusiness, is to launch meat-free patties and products made using soya and plant-based proteins. Cargill has traditionally focused on livestock, grain trading, feed production and agricultural financial services. The move into plant-based products will challenge the likes of Beyond Meat and Impossible Foods. The alternative meat market is expected to account for 10% of the \$1.4 trillion global meat market by 2029, according to Barclays.

The Times, 25 February 2020, p47

With no trade deal dairy exports could fall

If the UK does not agree a trade deal with the EU by the end of 2020, UK dairy exports to Europe could fall by over £800m a year, according to a study in the *European Review of Agricultural Economics*. Last year dairy producers exported £1.3 billion in dairy products to Europe. If the UK is forced to pay a tariff, it is likely that competitors will be able to supply the EU at lower prices, warns the report’s author, Luca Salvatici.

The Grocer, 22 February 2020, p40

Building industry

Builders may have to meet new standards

Last year Persimmon was criticised for its poor standards by both the press and Boris Johnson before he became PM. Persimmon is one of a few big builders, such as Barratt and Taylor Wimpey, that dominate the housing market. They have done very well out of government incentives such as the Help to Buy scheme and a planning system that disadvantages smaller builders and new entrants. Now ministers are beginning to realise that quality and customer service are as important as the number of new builds. Changes to Government incentive schemes will most likely include a code of practice with quality requirements that builders must meet.

The Times, 24 February 2020, pp36-37

Building on flood plains

Sir James Bevan, head of the Environment Agency, says that the building of homes on flood plains should be avoided, but that if there “is no real alternative”, then they should be made more resilient such as having garages on ground floor while people live upstairs. He has been expressing concerns that the Environment Agency has had for years about the building of homes on flood plains. He realises that it is not realistic to ban building on all flood planes because they cover such a large area of the country but acknowledges that there are some areas that will become too hard to protect.

bbc.co.uk/news, 25 February 2020

Businesses and strategy

Exports – women underrepresented

A new study entitled *From Europe to the World: Understanding Challenges for European Businesswomen* (from the EC and ITC) reveals that just one in five exporting companies in the EU is owned or managed by a woman. For half of companies surveyed, women make up 30% or less of the workforce while only one in five companies achieves gender parity in employment. Companies headed up by women are likely to be smaller and focused on sectors where there is less export growth potential, notably clothing and textiles. Regardless of size or industry, women-led firms tend to be at a disadvantage in terms of gaining access to skills, finance and business networks.

International Trade Forum, Issue 3-4 2019, p9;

<http://www.intracen.org/publication/Europe-to-world/>

Can you tell your nudge from your nag?

Nudging has become a trend that can be used to enhance customer retention, employee safety, organisational commitment and innovation. Yet often organisations misunderstand what a “nudge” is and, when a nudge turns into a “nag”, it loses its impact and becomes irritating. So how can you be sure of using nudges rather than nags? The authors define what constitutes a nudge and identifies three criteria which make for “a good nudge”. They cite a global tech company which identified three types of salespeople and created tailored nudges for each of them. It resulted in a 30% increase in additional revenue within the first year of using such nudges.

mckinsey.com, 20 January 2020 (Schaninger et al)

Employee surveillance

After receiving much flak, Barclays has ditched a system which it was piloting to track how long employees spend at their desks. It says that the monitoring software aimed to address problems such as over-working in addition to productivity. According to Gartner, many large companies use “non-traditional” monitoring techniques such as analysing emails, computer usage and employee

movements. In 2016 *The Telegraph* newspaper removed monitoring devices after being accused of "Big Brother-style surveillance". This article touches on the rules surrounding employee monitoring and the TUC's response.

bbc.co.uk/news, 20 February 2020

Charities and NGOs

Most loved charities

Macmillan Cancer Support, Cancer Research UK and Dog's Trust are the UK's most loved charities, according to the *BrandVue Most Loved Charities Report* from Savanta. It also reveals that animal welfare is the most loved among the eight sectors researched. The research found that loved charities are significantly more trusted than others: 80% of those who love the top three charities also trust them. This compares with just 24% trust among people with lower affinity. In such a saturated sector, the ability to inspire love is highly beneficial, says Nicola Marsh, Savanta social and political research director.

decisionmarketing.co.uk, 24 February 2020

Charities should be leading with purpose

Consumers are increasingly choosing companies that place purpose above profit, so why are charities failing to take advantage of this opportunity? Two of the biggest barriers are the lack of a clearly defined purpose and the failure to act on crises as they arise. Charities can address these failings by speaking out on issues that matter and leading by example. Your charity should "live the brand" by focusing on purpose, vision, values and personality. One example of a charity leading with purpose is the RNLI response to *Daily Mail* criticism over its funding of overseas projects last year.

charitycomms.org.uk, 21 February 2020 (Philip)

Durable consumer goods

Staving off boredom

Stave Puzzles Inc. is a small Vermont-based company that designs fiendishly difficult jigsaw puzzles that appeal to business people and problem solvers. Prices range from \$300 to \$10,000. *Mane Event* (a lion's head), a bestseller costing \$1,700, scores top marks on Stave's "tormentor" scale because its pieces are all roughly the same size and colour. It seems that the more difficult the puzzle, the more compulsive the buyers are, and customers complain if the puzzles are too easy. Stave has expanded its base by partnering with five-star resorts, such as Twin Farms, where each room contains a Stave puzzle. Famous customers include Bill and Melinda Gates (who bought a \$5,400 puzzle), Jeff Bezos and Barbara Bush.

Bloomberg Businessweek, 17 February 2020, pp56-57

Economy

Trade restrictions grow

The G20 economies introduced import-restrictive measures amounting to \$460.4 billion of merchandise between mid-May and mid-October last year, according to the WTO. This figure is up by 37% on the previous year and represents an ever-increasing proportion of global trade. Roberto Azevêdo, WTO director-general, has called on G20 economies to reduce trade tensions to help boost investment, growth and job creation.

International Trade Forum, Issue 3-4 2019, p7

Virus is threat to world GDP

Global GDP could fall by 1.3% if the coronavirus becomes a pandemic, according to Oxford Economics. This could damage the global economy to the tune of \$1.1 trillion. However, if most of the virus remains confined to mainland China, then damage to the economy would be less severe, with GDP falling by \$400 billion or 0.5%. Oxford Economics expects global GDP to recover to similar levels as baseline forecasts by the end of 2021. Companies exposed to China, such as Jaguar Land Rover, have warned that they are under pressure. (See also under Retailing)

The Times, 20 February 2020, p36

People less engaged with local area

People's sense of belonging to their community has declined over the past five years as they choose to engage more with social media, according to figures from the ONS. From 2017 to 2018 62% of those surveyed said they agreed that they belonged to their local area compared with 69% in 2014 to 2015. Compared with the years 2011 to 2012, Britons were less likely to help sick, elderly or disabled people or provide support after children left home. Sunder Katwala, director of think tank British Future, says that rebuilding a connected society will require action at all levels, from government to communities and individuals.

The Guardian, 21 February 2020, p20

Education

Young people prefer university

A survey from City & Guilds has found that most people would prefer to go to university despite apprenticeships being ranked as better value for money and longevity of skills. This in part explains why the number of new apprenticeships is falling. The number of apprenticeships has fallen by 4.7% over the past two years, with the decline being greater among those under the age of 19 (11.2%). Among the over-25 demographic numbers are rising for higher-level courses, which are equivalent to

foundation degree level and above, according to Kathleen Henehan of the Resolution Foundation.

People Management, March 2020, p6

China's business schools

The China Europe International Business School (CEIBS), originally a joint venture between the EU and China, has risen to fifth place in the *FT*'s world's best MBA rankings. Business education in China is thriving with seven schools making it onto the *FT* list. China's own business schools, excluding the Western ones it hosts, offer over 200 MBA programmes and competition for places is fierce. Their success rests partly on making their schools look a lot like their Western counterparts. They are also rigorous in adhering to international standards which is why they have not suffered the same Government restrictions on imported textbooks as other educational establishments. Nevertheless, in some ways Chinese schools are becoming distinct from Western ones such as in the teaching of home-grown case studies. Yet the gap between China's prominent schools and others is large enough that many students who fail to get into the top echelon may still choose to go overseas for their education.

The Economist, 15 February 2020, pp57-58

Overcrowded lecture rooms

Are universities taking on too many students? There are reports of overcrowded lecture rooms forcing students to watch lectures online and in "overflow" rooms. Universities named in the article, such as Manchester, Nottingham and Lancaster, have denied there is a problem.

The Times, 17 February 2020, p20

Energy and utilities

Wet wood and coal to be banned in homes

From next year it will no longer be possible to buy coal or wet wood to burn in stoves or on open fires in England. Bags of logs that are sold in DIY stores or petrol stations contain wet wood, which the government wants to phase out to help reduce air pollution and smoke. Open fires and wood-burning stoves are the biggest source of harmful pollutants, known as fine particulate matter, which can affect the lungs and blood. Bagged coal for homes will be phased out by February 2021 and loose coal by the end of 2023; sales of wet wood in small units will be phased out from February 2021. People in rural areas have expressed concerns about whether they will be able to afford to heat their homes.

bbc.co.uk/news, 21 February 2020

Energy-related CO2 emissions have plateaued

This month the International Energy Agency (IEA) has reported that energy-related CO2 emissions remained the same in 2019 as in 2018. Energy related emissions (electricity, heating and transport)

make up over 70% of the world's industrial CO2 pollution. The CO2 stabilisation may be to do with the reduction in coal use alongside the rise of renewable power, especially in rich countries. It is too early to assume that emissions have peaked since there was a previous CO2 plateau between 2013 and 2016 which was followed by a rise in 2017. The news is offset by information from researchers in Brazil who say that the south-east of the Amazon has lost around a fifth of its forest, which will impact its ability to absorb CO2.

The Economist, 15 February 2020, p69

Environment

Baby Boomers greener than Millennials

It is often thought that Millennials are better at protecting the planet than Baby Boomers but recent research suggests otherwise. A survey from Censuswide for Aviva has found that people over 55 were ahead of younger people in every category except a vegan diet, Baby Boomers are more likely than 25- to 34-year-olds to use recycling bins, avoid single-use plastic and eat fruit and veg in season. Boomers are also better at reducing the amount of meat they eat.

The Times, 17 February 2020, p19

New refill service keeps you in the loop

A new online service will deliver products to people's homes in refillable containers. Loop, which launches in March and is backed by Unilever and PepsiCo, aims to eliminate plastic using eco-friendly versions of brands such as Tropicana and Persil. Dubbed the "milkman reimaged", it hopes to change the way people shop. This year Loop will partner with Tesco to place dedicated Loop aisles in supermarkets. Other supermarkets, such as Waitrose, have begun to trial refill schemes and Sainsbury's is planning to introduce returnable glass bottles, but will consumers be prepared to put in the extra effort?

The Guardian, 15 February 2020, p17

Fashion

Nike's latest Impact Report

Nike has just released its annual *Impact Report* which it has been producing for the past two decades. Although its record is not exactly perfect – it has had workplace issues – the report demonstrates its commitment to transparency by highlighting its social and environmental impact. The report, which states the number of women at VP level; Nike's progress towards 100% renewable energy; and its employee wellbeing, offers a lot more transparency than many brands' CSR reports. The question is whether Nike's approach can help to set the tone for other sustainability strategies and CSR reporting?

positiveluxury.com, 13 February 2020

Laura Ashley to go back to heritage

Laura Ashley, the clothing and furnishing retailer, is trying to revive the struggling brand by returning to the “timeless” designs of its founder. Laura Ashley’s creations became fashionable in the 1970s with her trademark floral fabrics. The brand’s popularity peaked in the 1980s thanks to its clothing being worn by Princess Diana. The company has recently relied on sales of home furnishings but uncertainty over Brexit has hurt sales and it has just agreed an emergency funding deal. Katharine Poulter, who took over as chief executive in January, will probably close more stores as part of a turnaround plan.

The Guardian, 21 February 2020, p3

M&S sells vegan trainers

Marks & Spencer is selling over 115 types of shoes which it describes as “vegan friendly”. Despite carrying the “V” sign that M&S uses on its vegan food, the shoes are not on the Vegan Society’s approved scheme. Over 50 British retailers stock shoes from Veja, a French brand that focuses on “ecological design”. These don’t have the Vegan society trademark either. But how do you define vegan shoes? After all, most trainers are typically made from rubber, plastic and polymer which is not tested on animals.

The Sunday Times, 23 February 2020, p13

Financial services

HSBC to axe 35,000 jobs

HSBC is to downsize with the loss of 35,000 jobs in Europe and the US. Interim chief executive Noel Quinn says that the bank will undergo one of the “deepest restructurings” in its 155-year history allowing it to take advantage of high-growth opportunities in Asia. European banks are struggling to adapt to a long period of low or negative interest rates. Deutsche Bank plans to lose 18,000 jobs.

Financial Times, 19 February 2020, p1

New £20 but what of the future of cash?

The Bank of England has just launched a new £20 polymer note yet this seems strange at a time when cash is in decline. From over 60% of all transactions a decade ago cash represents less than 28% today and is expected to fall to 10% within the next decade. Yet not everyone is in a position to adopt digital payments: the poorer the community the more cash-dependent they are likely to be while the north of England depends on cash more than the south. Being cashless would also require big investment in infrastructure and product development.

The Times, 20 February 2020, p42

JP Morgan to enter UK consumer market

JP Morgan Chase, an American bank, says it could launch new products in Britain, such as mortgages,

current accounts and credit cards for individuals and small businesses. It will become one of the many new players in the market, which range from digital start-ups to Goldman Sachs, another Wall Street bank. JP Morgan already has a presence in Britain with its investment bank and asset management operation. Its new venture would combine the freedom of being a new player with the backing of a bank with a market value of over \$400 billion.

The Times, 25 February 2020, p43

FMCG

Cosmetics and toiletries

Growing the business – keeping relationships

US beauty startup Glossier was founded by blogger Emily Weiss who was tired of acting as an “interpreter” between old brands and new audiences. She wanted a beauty company that would be direct-to-consumer and even allow customers to be involved with the creation of new products. Glossier SVP of marketing, Ali Weiss, says they are constantly monitoring customer feedback, such as Instagram comments, tweets, emails and product reviews. The brand has achieved success through close customer relationships but maintaining these poses a challenge: how do you retain a cult-like following while scaling up to deal with a larger customer base?

Wired, March-April 2020, pp62-67

Unilever – health and beauty under review

Unilever is undertaking a strategic review of its health and beauty brands following slow growth. The process, which is expected to take up to a year, will focus on lower-end brands, including Simple, the skincare brand. The company’s beauty and personal-care portfolio, including Alberto Balsam and Vaseline, made £18.2 billion (42% of total sales) last year. Beauty and personal care are expected to be the main drivers of growth for the company in the future.

The Sunday Times (Business & Money), 16 February 2020, p1

The Internet of Things – connected beauty

In 2015 L’Oréal became one of the first to take the Internet of Things and apply it to a beauty product, namely a mascara wand. In 2018 it started to build a global team of engineers, user experience professionals and industrial designers. A raft of innovations followed, such as a smart hairbrush and a wearable sensor which tracks exposure to sunlight. Other companies have been following suit, such as Neutrogena with its SkinScanner. Despite all the hype, consumer demand for beauty tech has yet to take off but new technologies will help to differentiate a brand by “delivering more value and

being more attractive to customers”, says Benjamin Lord, CMO of beauty search engine Mira.

The Times Raconteur, IoT for Business, 18 February 2020, p17

Tesco launches plasters to reflect diversity

Tesco has launched a range of plasters that match different skin colours. The own-brand range is available in light, medium and dark shades and was developed after Tesco’s attention was drawn to a tweet in which a Black American described using a plaster that matched his skin colour. Tesco says it has “a responsibility to ensure our products reflect the diversity of our customers and colleagues”.

marketingweek.com, 24 February 2020

Food

No appetite for low-sugar chocolate?

Nestlé’s decision to ditch its low-sugar Wowsomes brand just two years after launch will be a blow for the company which spent a lot developing sugar reduction technology. The idea was for consumers to experience the same level of sweetness while consuming 30% less sugar. Does this mean that no- or low-sugar chocolate is not will struggle in the UK even though it is eaten in other countries? According to Mintel, 68% of UK adults say they would rather have a small portion of regular chocolate than a large amount of low-sugar product. Jack Winkler of London Metropolitan University believes that “The problem is not the product, it is marketing timidity”. Major confectionery manufacturers may be concerned that healthier products could harm their other brands.

The Grocer, 22 February 2020, p15

Cadbury to launch milk-free Dairy Milk

Mondelez, owner of Cadbury, is developing a plant-based version of its Cadbury Dairy Milk chocolate to meet demand for vegan foods. Mondelez has reportedly delayed launching the product (due in Veganuary) because of the challenge of finding an alternative to milk that doesn’t involve nuts.

The Sunday Telegraph (Business & Money), 23 February 2020, p1

Household

P&G becoming more agile

Procter & Gamble is better known for its marketing than product invention. Its usual practice is to enhance existing products and then sell them using the 4Ps: product, price, place and promotion. Some of its major brands are threatened by startups, organic products and eco-friendly competition. Since 2014, P&G has been making changes to perceptions that it is a huge “lumbering and underperforming” company. Its Ventures division, created to be agile and idea-focused, has just three “Ps”: pass, pivot and persevere. This year will be crunch time when Ventures will have four product lines on sale,

including Zevo, a line of non-toxic insect-killing products.

Bloomberg Businessweek, 17 February 2020, pp44-47

Government and public sector

The inconvenience of public loos

Access to public toilets is an issue for homeless people but now help is at hand in the form of a guerrilla Twitter campaign called London Loo Codes. It collects codes for toilets, (such as the passcodes required in branches of Costa) and distributes them so that people can “pee for free”. Public toilets used to be the subject of municipal pride but councils have no legal obligation to provide them and do not have the resources to do so. Some Victorian lavs have even been turned into cocktail bars with one in Clapham bearing the name WC: “wine and charcuterie” rather than “water closet”!

The Economist, 15 February 2020, pp22-23

US politicians are using influencers

Influencer marketing can be used by politicians in the same way as it is by commercial brands. It enables them to reach a younger audience that might not respond to traditional advertising. According to the *2019 State of the Student* report by Chegg, 80% of US colleges students say they will vote in 2020 (the student turnout in 2016 was just 48.3%), so candidates might be wise to partner with influencers. Using influencers can also help candidates to circumvent some of the new advertising rules. Maria Sipka of influencer marketing platform Linqia, warns that politician-influencer partnerships should only exist if they are genuine and authentic.

emarketer.com, 19 February 2020 (Enberg)

Health and pharmaceuticals

Key pharma trends – impact on logistics

Huge changes are taking place in the pharmaceutical industry. This article examines four of them and the impact they will have on the logistics sector: the growth in biosimilars (McKinsey estimates that sales of biosimilars will triple to \$15 billion this year); downward pressure on drug pricing which is expected to have the biggest negative affect on the pharma industry; advances in technology which have led to the use of bionics, 3D printing and nanotechnology – many pharma companies are partnering with tech companies to develop innovations; and finally, increased global spend: PwC forecasts that the pharma sector will be worth almost \$1.6 trillion this year, leading the way to more international opportunities.

European Pharmaceutical Review, Vol 25(1), February 2020, pp47-49 (Stansfield)

National Trust to end Easter egg hunts

The National Trust, which has hosted Easter egg hunts for the last 13 years, says that this year's activities will be the last. Cadbury says it will continue to "look for ways to bring Easter trails to more families across the UK". Health campaigners have welcomed the move: Barbara Crowther of the Children's Food Campaign said that "Children are growing up in a marketing environment that constantly nudges them towards snacks and treats" and that the National Trust has done the right thing by ending its "unhealthy association with chocolate."

bbc.co.uk/news, 21 February 2020

Cannaray looks to European market

Cannaray, a UK-based medical cannabis and CBD brand, is planning an IPO to help support growth across Europe. Clive Sharpe, chair and co-founder, says that the European market has been slower to take up medical cannabis and CBD than Canada and the US. Cannaray wants to be in a position to make the most of the market as it takes off. It has plans to launch in the German medical market in the second quarter of this year.

The Grocer, 22 February 2020, p10

IT and telecoms

Remote working tools boosted by virus

Two key trends are driving the trend for home working: the coronavirus in China is forcing people to work from home and Silicon Valley tech companies have been encouraging remote working to boost recruitment and keep their employees happy. The movement has led to a boom in technology that offers "office-free collaboration", such as Zoom, the videoconferencing provider, and Slack, the messaging app. Chinese competitors include Alibaba's Dingtalk and Bytedance's Lark. Tech startups are some of the keenest advocates of online collaboration technologies. Remote working can be easier to manage with a small team since it is harder to change processes in a larger company, argues Ryan Hunt, founder of Product Hunt, a site for discovering new apps and gadgets.

Financial Times, 19 February 2020, p14

5G and the global economy

It is predicted that 5G networks will have a larger impact on the world economy than previous generations of mobile networks and will contribute over \$13.2 trillion globally by 2035. China's economy is expected to benefit most from a 5G rollout while manufacturing will be the sector to gain the most as production is boosted and new revenue streams are created from the digitalisation of industry. A double-page infographic analyses the economic impact of 5G.

The Times, Raconteur, 5G, 19 February 2020, pp8-9

Leisure and tourism

Prepare for a smart Olympics

Since the 1964 Tokyo Olympics, when Japan demonstrated innovative technology such as the bullet train, the country has become expert in areas such as robotics and consumer electronics. The slogan of the Tokyo 2020 Olympic and Paralympic Games is "Discover Tomorrow". So how will Japan use technology, and especially the Internet of Things, to boost its performance as an Olympic host? Security, trains, robots, AI-powered Toyota cars, smart stadiums, VR and Panasonic's crowd-forecasting software are all in the frame.

The Times Raconteur, IoT for Business, 18 February 2020, pp18-19

Materials and mining

Opals

It takes at least 5m years for Australian opals to form from natural silica. They are quite different from other precious stones in that they produce kaleidoscopic colours created by diffracted light which makes each one unique and, unlike lab-grown diamonds, they can't be mass produced. Now they back in fashion and designers are increasingly using them as centrepieces to their collections.

Bloomberg Businessweek, 17 February 2020, pp58-59

Scientists test "rubber" tarmac

Scientists from the Swedish research institute, Rise, are working on tarmac made from recycled tyres with the aim of creating a surface that will help to protect people and cyclists. In the EU at least 38,000 people a year die as a result of falls. Injuries to the elderly are estimated to cost the NHS £2.3 billion a year. This year various test surfaces will be trialled in Swedish towns to see if they are robust enough.

The Times, 17 February 2020, p19

Rio boosts gender diversity

Rio Tinto, which has just one female director, is about to take on three female non-executive directors. This will bring its board back to the full complement of 12 directors with a third being women. This aligns with recommendations in the government's Hampton Alexander review. Mining is an industry where women are among the least represented on the board. None of the FTSE 350 index of miners is headed up by a woman. However, BHP has set an "aspirational goal" of a 50-50 gender balance by 2025.

Financial Times, 22-23 February 2020, p13

Media

Books

Bookshop for the socially conscious

Bookshop.org is a new website that launched in beta mode last month. It aims to be an alternative to Amazon and to help create income for independent bookstores. Over 200 bookstores have already signed up and the initiative has the backing of the American Booksellers Association (ABA). The venture was founded by Andy Hunter, founder of Electric Literature, who had become "more and more worried about what the future was going to look like if Amazon achieved total market dominance." He believes that instead of trying to "beat" Amazon, the trick is to encourage socially conscious consumers to choose Bookshop instead.

forbes.com, 14 February 2020 (Verdon)

Film

Film studio to be sited in Reading

Atlanta-based Blackhall Studios has chosen the UK for its first site outside the US. The new studio is expected to be located at the Thames Valley Science Park in Reading with the creation of 3,000 jobs. Blackhall's clients include Disney, Universal and Sony. The UK film industry has enjoyed surging demand, with Netflix spending over £400m on TV series and films last year in Britain. The film industry contributed over £6 billion to the UK economy in 2018, three times the amount in 2012.

The Times, 19 February 2020, p41

Internet

Amazon's advertisers to spend more this year

According to a Marketing Land survey, 81% of Amazon advertisers will raise their adspend on the platform this year. Amazon's ad business grew by 40% year-on-year in 2019 to reach \$14 billion but this is low compared with the colossal \$135 billion which advertisers spent on Google. Of those intending to increase their adspend on Amazon, 53% said the money would come from incremental sources while 31% said it would derive from other ad budgets, 21% from paid search and 17% from search. The survey looked at a range of topics including the most popular ad products, who is managing Amazon ad campaigns, Amazon's Stores pages, managing ad effectiveness and the biggest challenges.

marketingland.com, 19 February 2020 (Marvin)

Newspapers

NGN makes loss

News Group Newspapers (NGN), which publishes *The Sun*, has reported a loss of £69m for the year to 30 June 2019, down from £91m the year before. It is still recovering from payouts totalling £54m made

to the victims of the phone-hacking scandal at the News of the World. Declining print sales have also hurt revenue, with print sales down by 8% year-on-year. yet *The Sun* is still the UK's biggest selling paper with 1.38m copies sold every day. By contrast, thesun.co.uk had 33.9m unique visitors in July 2019, up by 7.4% year-on-year.

prolificlondon.co.uk, 24 February 2020 (Prior)

A broader reach for advertisers

Reach, the UK's largest publisher of local newspapers, has been suffering from falling advertising revenues. Its titles, which include the *Daily Mirror* and *Express*, have 47m monthly readers but just 1m of these are registered. These are the readers that have consented to their contact data being accessed. This will be useful to advertisers who will have a better idea of who the audience is. Chief executive Jim Mullen wants to expand the number of registered readers to 7m over the next three years. He believes that the yield per ad could rise by a couple of pence with better targeting.

Financial Times, 25 February 2020, p19

Video

Cocomelon expands into merchandise

Cocomelon, a YouTube channel showing animated characters, children's nursery rhymes and original songs, generates 2.5 billion views a month and \$11.3m in monthly ad revenue, making it the world's most watched kids' programming. Founders, Jay Jeon and his wife, have for years rejected investors, sponsors, merchandise and any form of personal publicity. Now they have expanded into selling albums of the channel's most popular songs; later this year Cocomelon toys will be produced by Jazwares, maker of Cabbage Patch Kids and Pokémon dolls. The move may have been made because of new rules which came into force in the US in September regarding advertising to kids; top kids' channels have lost 50% to 60% of ad sales.

Bloomberg Businessweek, 17 February 2020, pp17-19

Amazon overtakes Netflix for growth

Amazon has become the fastest-growing VOD service in the UK having overtaken Netflix in the fourth quarter of 2019. Its growth is attributed to its streaming of Premier League matches and the number of football fans signing up to the service. In Q4 2019 Amazon Prime Video subscribers rose by 35% year-on-year to reach 7.14 homes. Netflix remains the largest VOD service in the UK, reaching 12.35m homes, but with lower growth of 20%. Sky's Now TV numbers fell by 8% in Q4 to 1.69m. For the first time, over half of UK homes had a subscription to one of the three services, in the fourth quarter.

prolificlondon.co.uk, 21 February 2020 (Peachey)

Packaging

Edible water bottle

Notpla, a startup, has created an edible packaging made from seaweed and plant extracts. Runners at the London marathon next month will be offered Notpla's water-filled pods as an alternative to plastic water bottles. Last year the company partnered with Scottish whisky brand Glenlivet to make a "glassless cocktail" capsule. The seaweed coating, which is tasteless, can be eaten or composted. The product is unlikely to replace plastic bottles in supermarkets, however, because it only holds a small amount of water and would need to be washed to make it edible. Notpla is expanding into applications such as sachets for ketchup or mayo.

fastcompany.com, 18 February 2020 (Peters)

Unilever abandons wrapper-free ice lollies

Following a trial, Unilever has ditched its wrapper-free Solero ice lollies. The packs, which launched in June last year, were made of coated cardboard containing five "naked" ice lollies placed in slots. It was supposed to be the first ever sustainable ice cream packaging of its kind, which aimed to reduce plastic waste by 35%. Unilever has since decided that the idea was "not scalable from a commercial point of view" and the company is looking at other areas of packaging.

The Grocer, 22 February 2020, p36

Retailing

Europe most e-commerce-ready

Eight European countries appear in the top ten ranking of UNCTAD's *Business-to-Consumer (B2C) E-commerce Index*. The Netherlands tops the list, followed by Switzerland while Singapore (third) and Australia (tenth) are the only non-European countries in the top ten. The index considers 152 countries based on their readiness for online shopping using criteria such as access to secure servers; reliability of infrastructure; and the proportion of the population using the internet. The ten developing countries with the highest scores are Asian; the least developed countries account for 18 out of the 20 lowest positions.

International Trade Forum, Issue 3-4 2019, p8

Coronavirus to cause shortages

The coronavirus could cause shortages of goods and lead to empty shelves in high street stores within just a few weeks. The likes of Halfords, Primark, B&M, Asos and DFS could be affected by factory closures in China while Asian container ships have been cancelling sailings. Large companies are responding in different ways: Apple has announced an iPhone shortage while Jaguar Land Rover has been flying components out of China in suitcases and JCB has reduced production at 11 domestic plants because of a shortage of parts. Disruption is

expected to continue well into the second quarter of the year.

The Times, 20 February 2020, p1

Waitrose best for customer experience

Waitrose has emerged at the top of Which?'s annual satisfaction survey for in-store experience in the UK. It scored five stars in nearly every category although only two for value. Asda was at the bottom of the ranking. The survey found that people most dislike having to wait for help at self-service checkouts (26%) and the lack of staff at checkouts (25%). They regard the quality of fresh products as most important when choosing a supermarket.

marketingweek.com, 23 February 2020

Services

Flat-pack coffins keep the price down

Over the past year funeral costs have risen by up to 10% with Sun Life's *Cost of Dying Report* showing that the average bill is almost £10,000. Inflation has been such that the Competition & Markets Authority has even launched an investigation into the market. Services are springing up to tackle price inflation, such as direct cremations, where there is no service and the ashes are delivered directly to the family, but these account for just 4% of all cremations. Jane Morgan, an independent funeral celebrant, ran London's first "coffin club" in October to help people understand the funeral market. During the course, members could buy and decorate their own £250 "flat-pack" coffins!

The Observer, 16 February 2020, p65

The global weapons market

Traditionally most of the weapons sold to the Arabian world have come from the West but things are beginning to change. Russia and China have been piling into the market and Middle Eastern countries are keen to build up their own defence industries. While Western defence firms rely mostly on domestic markets, the global market is expanding. The Stockholm International Peace Research Institute (SIPRI) valued it at \$100 billion in 2018. The Middle East received a third of all arm's exports in 2014-18, second only to Asia Pacific. America's weapons-makers dominate the sector, accounting for all but eight of the 20 biggest defence firms in the world. While American firms are barred from selling some categories of weapons, China has no such constraints. Although India won't buy Chinese weaponry, China is making inroads into Africa and the Middle East. A further threat to Western companies comes from big defence contract partnerships with local companies which enable those companies to develop their own weapons. It could take a while for local companies to rival Western ones but that time will come...

The Economist, 15 February 2020, pp53-54

Transport and travel

Airbus could dominate narrow-body market

Last year, thanks to the 737 Max crisis, Airbus delivered 483 more planes than Boeing, the biggest ever gap between the two companies. Airbus gained 700 net orders for narrowbody aircraft which may give it a chance to reshape that market. Mark Martin, an industry analyst, predicts that Airbus could have 60% to 65% share of single-aisle planes (the most commonly used type of aircraft), up from 50% today. But Airbus and Boeing are in a duopoly so the risk for buyers who abandon their Max orders is that they join the back of the Airbus queue. One of Airbus's biggest challenges is to find the space and parts for building more planes. No airline would like Boeing to leave the single-aisle market since the industry needs healthy competition, but how quickly can Boeing bring on a new plane and move away from the tarnished 737?

Bloomberg Businessweek, 17 February 2020, pp13-14

Can local buses be revitalised?

Local authority funding for buses in England has fallen by at least 40% over the past decade. Half of small towns in the south-west and north-east have become "transport deserts", according to Campaign to Protect Rural England, a countryside charity. The Department for Transport has just promised \$5 billion for bus and cycle networks in England and Wales over the next five years but there is a lot of ground to be made up. In London more bus journeys take place than in all other areas of England put together may be because it was the only authority to retain control after the sector was deregulated in 1986. The success of the government's new strategy may depend on who has control of local bus services – local authorities or bus companies. *The Economist* considers the decline in bus use and the rise of the gig economy.

Financial Times, 21 February 2020, p2; The Economist, 15 February 2020, p23

Written by CIM's Knowledge Services Team

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