

Cutting Edge: Our weekly analysis of marketing news

11 March 2020

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

Quick [links](#) to sections

Marketing trends and issues

Advertising

Portrayal of women in ads – has it moved on?

International Women's Day (8 March) was all about empowering women but how do Britons feel about the way women are represented in ads? Things are changing, albeit slowly, and 50% of Britons now believe that women are represented more positively in advertising compared with five years ago, according to a new *Marketing Week* and YouGov survey. Some 38% believe that women are less objectified in advertising than five years ago but the majority think objectification is "about the same". In general women have a less positive view about how they are portrayed than men. Meanwhile, 64% of Britons believe that ethnic minority women are represented more than five years ago. Less stereotyping is better for advertisers: research by Kantar suggests that advertising without stereotyping, which shows people in progressive, forward-looking roles, significantly outperforms ads which consumers perceive to be less progressive.

[marketingweek.com](#), 8 March 2020 (Hammett)

Revised ad forecasts imminent

Ad forecasting is a difficult business. In December the main factors related to the global economy whose weakness was expected to be offset by the Tokyo Summer Olympics. Now there is no guarantee that there will even be an Olympic Games. The consensus in December was for 2020 global ad growth of 4%. It is likely that the next couple of weeks will see a raft of forecast revisions due to coronavirus. Zenith says it will be revising its forecast imminently and others are likely to follow. James McDonald, managing editor of WARC data, says that the virus itself may not necessarily result in reduced ad investment, but that cancellation of

the Olympics or UEFA Euro 2020 will have a "notable impact".

[mediapost.com](#), 4 March 2020 (Whitman)

Brands and branding

Authenticity – seduction and ambivalence

Authenticity is a significant theme in consumer culture. An important aspect is how branded offerings can maintain their authentic meanings especially when the market is rife with counterfeits. The authors look at the "branded luxury" category from the perspective of French scholar Jean Baudrillardian who argued that: "We are no longer in a state of growth; we are in a state of excess". They look at how luxury markets as "systems of signs" are increasingly losing their "stable" meaning. They also discuss how views of morality in luxury consumption could be recognised in terms of an "interplay of seduction and ambivalence".

Marketing Theory, Vol 20(1) March 2020, pp23-43 (Hietanen et al)

Conferences and events

Informational vs emotional social media posts

Marketers use social media to drive customer engagement by putting up posts before, during and after events. Two studies reveal that tailoring the content and quantity of these posts according to what happens at the event, can significantly affect customer sentiment, which in turn impacts engagement, purchases and lifetime value. The study focuses on the impact of informational vs emotional posts on a European soccer team's Facebook page. The results suggest that emotional posts positively affected fan sentiment even if their team lost, but that informational posts only had an impact after a loss. Just four informational posts were enough to raise sentiment by 20%.

Harvard Business Review, Vol 98(2) March-April 2020, p25 (Meire) (original article published as *The Role of*



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Marketer-Generated Content in Customer Engagement Marketing, *Journal of Marketing*, Vol 83(6) November 2019, pp21-42)

Could COVID-19 change future behaviour?

Conferences, exhibitions and sport events are being cancelled due to coronavirus which is presenting a huge challenge for the industry. Many companies are restricting employee travel and some, such as Nestlé, are banning it altogether. Relx, parent company to Reed Exhibitions, has seen a fifth of its events in China being postponed. Giorgio Armani has livestreamed his fashion show in Milan from an empty event space in the city while carmakers are streaming virtual product launches from Geneva, where the Motor Show should have taken place. This could leave the usual audience wondering whether they really need to attend such events in the future. After all, businesses are supposed to be acting to tackle climate change so might they change their behaviour?

Financial Times, 5 March 2020, p16

Tech conferences axed but there are upsides

This could be the year that many big tech conferences are cancelled due to coronavirus. Facebook's F8 and Google's Cloud Next have both been axed in favour of virtual events that can be streamed. If Apple cancels its WWDC and makes it into a virtual event, it may benefit elements of the developer community who couldn't afford to attend anyway. However, not attending conferences does remove those important social connections and the type of face-to-face contact that can't be achieved remotely. Going virtual does mean that events become more inclusive – many developers can't attend simply because an event is sold out. Big tech companies, such as Apple, may consider expanding the virtualisation of their events in the future.

fastcompany.com, 7 March 2020

Customer relations

Customer experience

With more people spending time on their own due to the coronavirus, online ordering and delivery is in great demand. This, together with the trend for homeworking, means that people are also feeling increasingly isolated. Brands can't solve this problem on their own, but they can offer a mix of responses. According to Gartner, "81% of marketers says their companies will compete on the basis of customer experience in two years". The brands that show they are there for customers during the current crisis are the ones that will be remembered and generate loyalty in the longer term. Points to focus on include: quick fulfilment; easy online ordering; video-based services; software, cloud or online solutions; entertaining or educating content.

thedrum.com, 9 March 2020 (Carder)

Law

Coronavirus – protecting your business

The ultimate impact of the coronavirus on the world's economy is still uncertain but lessons can be learned from other crises. Companies who are most successful in protecting their employees, brand and businesses are those who consider the key issues, develop a plan and keep detailed records to show what they have done. There are also various contractual and legal issues which need to be considered, such as force majeure. Companies need to act to ensure that the necessary protection is in place. This article offers five steps towards achieving business continuity with an emphasis on the legal aspects.

lexology.com, 28 February 2020 (Lau et al)

Marketing

New social marketing planning approaches

Existing social marketing planning approaches have shifted from the older, product-driven models to a more customer-citizen, stakeholder-oriented and value creation theme. Push marketing may no longer be effective in today's social marketing environment. There is also an evolving connection between social marketing planning approaches and theories coming out of other disciplines. Effective social marketing planning requires a greater emphasis on principles derived from the new social marketing definition. These include citizen focus, sustainable outcomes and ethical practices. This review evaluates 14 social marketing planning practices.

Social Business, Vol 9(4) Winter 2019, pp361-393 (Akbar et al)

Succession planning

A *B2B Marketing* survey of marketing leaders looks at how leaders progress their career and how their successor is chosen. *From Career Success to Succession* found that the tenure of senior B2B marketers was around 3.5 years. In terms of ensuring an ongoing legacy from their time as a marketing leader, 83% said this should take the form of the alignment of marketing with wider business objectives. When choosing a successor, most positions are filled through internal promotion which suggests that marketing leaders should be cultivating a new generation of leaders, yet just 29% consider it a top priority. In general, marketing leaders prefer to move to a bigger marketing role in a different company although, in reality, sideways moves or internal promotion make up almost half of marketing leadership appointments. Interestingly, starting one's own business was perceived as being preferable to working for an agency or taking a non-marketing role, such as CEO, for which many felt they lacked the "financial literacy". This has long been regarded as a weakness in the B2B sector.

B2B Marketing, Winter 2020, pp42-43 (Harrison)

The value of marketing

Last year a Deloitte report revealed a lack of communication, collaboration and trust between CMOs and the C-suite: 48% of the C-suite said that customer experience was the domain of the chief sales officer with just 11% attributing it to the CMO. Marketing's value to an organisation is often underestimated when it comes to revenue vs cost-benefit "leaving marketing as something that can be cut when businesses enter difficulties" says Clive Black, head of research at Shore Capital. Yet some aspects of marketing, such as long-term brand-building, can be difficult to measure. This article elicits the opinions of CFOs, CEOs and analysts. In contrast to Deloitte's research, there is a general belief that the CMO forms an integral part of the company's strategic direction and that they are the voice of the consumer.

Marketing Week, February 2020, pp26-27

How to market more ethically to women

Companies often indulge in purpose-driven brand-building by placing human needs at the forefront of a campaign. Yet advertising often implies that people are "deeply faulty in some way". Women are especially aware of such messages following years of "cynical" marketing strategies. Brands should be aware of a range of issues when they decide to use feminism as a growth opportunity but there are things they can do to be "responsible advocates and allies". Here are six guiding principles for marketing more powerfully and ethically to women.

ama.org, 26 February 2020 (Murtell)

Market research

Finding the "hidden you"

How do you discover the true forces that guide people's behaviour? Traditional approaches to research often aren't effective, with many relying on self-report surveys based on the Likert scale of "strongly disagree" to "strongly agree". Respondents are likely to choose answers that make them feel comfortable. The authors started to look at which cognitive biases and heuristics would be most useful to measure for market research. After undertaking a lengthy evaluation of behavioural science studies into areas such as personality trait science, cultural cognition and regulatory focus, they offer a new approach and suggest that market research could shift towards a more empathetic approach that discovers the "hidden you" of people and a new kind of personalisation.

researchworld.com, 4 March 2020 (Graves and Puleston)

Focusing on visual harmony

This research looks at how the "visual harmony" of a questionnaire can produce measurement bias. Two studies examine the effects of visual harmony in surveys that use Likert scales. It concludes that

relating specific elements (such as text boxes, font, shapes and images) and properties of design (such as balance and symmetry) to consumers' overall perception of harmony, will help marketers and researchers achieve more realistic and reliable results.

Journal of Consumer Behaviour, Vol 19(2) March-April 2020, pp196-207 (Orth et al)

Public relations

Tips for effective internal comms

Effective communication to employees matters with regard to morale, engagement, job satisfaction and job performance, but internal communication is often overlooked. Many organisations believe that employees are happy to just go on doing their jobs without a connection to managers or colleagues. Yet thoughtful communication can make all the difference. Here are six considerations when building an internal comms initiative.

Public Relations Strategies and Tactics, Vol 3(3) March 2020, p15 (Smith)

Agriculture, fishing and forestry

Farmers concerned over EU subsidies

Farmers are worried about how their £3 billion in annual subsidies under the EU's common agricultural policy (almost two-thirds of their total income) will be replaced. George Eustice, new secretary of state for Defra, says changes will be phased in over seven years but has announced sharp cuts in payments to farmers from 2021. In future subsidies will be given out according to "environmental land management". Farmers are also concerned about future trade deals that could result in cheaper imports. Eustice has made various promises but failed to rule out importing chlorinated chicken from America.

The Economist, 29 February 2020, p21

Alphabet technology to boost fish farms

X Development, Alphabet's advanced research lab, is working to increase the use of fish farms while reducing the consumption of wild fish and meat. It has created a system that can recognise and monitor every fish held in fish farms. The project, dubbed Tidal, is working with farms in Europe and Asia, using underwater cameras and AI to track species of fish. The aim is to reduce reliance on land-based proteins, including beef, while at the same time tackling harmful fishing practices.

Financial Times, 3 March 2020, p16

Building industry

Women in construction – still work to be done

Construction sites are still among the most male-dominated environments in the world, according to McKinsey. Women account for just 12% of the

workforce globally, but the figure for building sites is lower, with just 2% of machine operatives and tradesperson roles being occupied by women. Yet women occupy a whopping 80% of the industry's office-based or admin jobs. In leadership positions, women's participation is 12%, although the number of female CEOs or CFOs is very low. The industry recognises the need to be more inclusive particularly since there is such a serious skills shortage.

Financial Times (Special Report: Women in Business), 6 March 2020, p5

Businesses and strategy

Creating a sustainable supply chain

Multinational companies (MNCs) are increasingly pledging to source materials and services from suppliers that demonstrate fair labour and environmental practices. Yet suppliers, especially those at low levels in the supply chain, often violate sustainability standards which leaves MNCs open to risk. To find some solutions, the authors examined the supply networks of three MNCs considered to be leaders in sustainability and identified certain practices that can be followed. In general, MNCs will need to demonstrate social and environmental responsibility in addition to economic considerations at every level of the supply chain. Procurement officers should have better training and there should be contact between procurement people and first-tier suppliers.

Harvard Business Review, Vol 98(2) March-April 2020, pp84-93 (Villena and Gioia)

African free trade agreement

African trade has fallen behind the rest of the world and even its intra-regional trade (which represents 16% of African trade) lags others such as Europe (69%) and Asia (59%). Now the African Continental Free Trade Agreement (AfCFTA) has created the largest free trade area in the world by membership, with 1.2 billion consumers, and GDP of \$2.5 trillion. It is potentially a game-changer because it could transform African economies and raise Africa's share of global trade. This article examines next steps and barriers that need to be addressed. It concludes that Africa's companies could aspire to be part of the *Fortune 500* and that the continent could ultimately be positioned as the next factory of the world after China.

International Trade Forum, Issue 3-4 2019, pp32-35

China – businesses looking for alternatives

A large proportion of antibiotics are produced by a few Chinese factories and China's dominance of the active pharmaceutical ingredient (API) sector is now the subject of much concern. The Covid-19 virus may lead to America and Europe bringing essential medicines back onshore. Many businesses that have been outsourcing to China for a decade, are

beginning to realise that they must diversify although it could be hard to find countries with China's infrastructure and labour force. By contrast, companies that do business in China to sell within China are staying put and many high-tech companies regard it as "the market of the future" for industries such as autonomous vehicles and robotics. Nevertheless, there is a growing wariness of China, which may continue even when the coronavirus has disappeared.

The Economist, 29 February 2020, p50

Surviving coronavirus – advice to leaders

PwC's Global Crisis Centre has reported a considerable rise in calls from businesses concerned about the coronavirus and asking for advice. Business leaders regard managing a crisis as part of their role, but the virus is beyond the experience of most of them. PwC's latest *Global Crisis Survey* reports that 69% of leaders have had to weather at least one corporate crisis in the last five years, but this virus could be one of the most testing yet. The key to managing any crisis is preparation. The authors set out seven actions that a leader can take to help their organisation survive the storm.

strategy-business.com, 6 March 2020 (Butler and Rivera)

What does Britain do for its start-ups?

PM Boris Johnson wants the UK to become the best country in the world for starting and growing a business. Yet businesses often complain about debilitating costs which is something that Rishi Sunak, the new chancellor, will need to address in his budget. This article compares how Britain's start-ups fare compared with their counterparts in Italy, Germany and the US.

The Daily Telegraph (Business), 6 March 2020, p8

Charities and NGOs

Asking for donations at the cashpoint

Philanthropic organisations rely heavily on activities such as asking people for donations when they pay at the checkout, yet many people dislike being asked in this way. Work by Efu Obeng and colleagues investigated why even altruistic people can react negatively to being asked for donations at point-of-sale. They found that customers perceive PoS appeals as a "violation" of their social contract with the retailer. The request was also found to reduce customer satisfaction by 10%. Yet customers who make donations tend to express more satisfaction with the retailer and a greater willingness to return, so it is in retailers' interests to ask customers to donate. Obeng offers several strategies for encouraging customers to give.

Harvard Business Review, Vol 98(2) March-April 2020, pp17-18 (Obeng et al)

When disaster strikes – digital fundraising

When disaster strikes, charities can use digital to help fundraise so that they can provide rapid help to those who need it. Disasters and climate emergencies present a limited period of opportunity in which to raise the money needed but being creative with digital can make all the difference. Charities working in other areas can learn from the activities of disaster response organisations to create compelling fundraising campaigns. Three examples of digital illustrate how effective it can be. These are: social media fundraising (RNLI); virtual reality (Oxfam, Water Aid and charity: water); and digital payment methods (Revolut and Save the Children).

charitydigital.org.uk, 6 March 2020 (Green)

Durable consumer goods

Lego builds on solid sales

Lego has outperformed the toy sector with sales up by 6% and operating profit up 1%. It has also grown market share in all its key markets, especially China where it has 140 stores. Lego's recovery from its near collapse in 2003, is regarded as one of the biggest turnarounds in corporate history. Over the years it has benefited from collaboration with film franchises such as *Star Wars* and *Harry Potter*. In comparison, the global toy market declined by around 3% last year with Mattel reporting flat sales.

The Daily Telegraph (Business), 5 March 2020, p8

Economy

Coronavirus and world GDP

Some economists have started estimating the cost of the coronavirus to the global economy. Oxford Economics reckons that the crisis could wipe more than \$1 trillion from global GDP as a result of workplace absences, lower productivity, less travel, disrupted supply chains and reduced trade and investment. The situation is complicated by not knowing how far the virus will spread but even conservative estimates suggest that GDP could be reduced by as much as 1%. Something as bad as the 1918 Spanish flu could erase 5% of global GDP. Another factor will be the actions of banks and governments although, as chief market strategist at MetLife Drew Matus says, you "can't solve it with interest rates!"

Bloomberg Businessweek, 2 March 2020, pp22-23

Household income

An ONS release entitled: *Average household income, UK: financial year ending 2019*, reveals that median household disposable income in the UK was £29,600 for the year while growth in median income between financial year ending (FYE) 2017 and FYE 2019, grew by just 0.4% compared with 3.0% growth between 2013 and 2017. Median income for the poorest fifth of people fell by 4.3% over the two

years leading up to FYE 2019 while that for the richest fifth fell by just 0.4%. Overall, average income is at lower levels than those reached before the economic downturn of 2008.

ons.gov.uk, 5 March 2020 (Webber and O'Neill)

Sexual orientation in the UK

The latest report from the ONS on sexual orientation in the UK reveals that the 94.6% of the population aged 16 and above identified as heterosexual or straight in 2018, down from 95.3% in 2014. The proportion identifying as lesbian, gay or bisexual (LGB) rose from 1.6% in 2014 to 2.2% in 2018. It also found that people in London were most likely to identify as LGB (2.8%) and those in the North East the least likely (1.8%).

ons.gov.uk, 6 March 2020 (Sanders)

Education

British university excellence endures

The 2020 QS World University Rankings has named Oxford as the best for eight subjects, up from five subjects last year. Cambridge has not been placed top in any subject while 13 out of 48 subject tables are headed up by a British university. The proportion of British universities in the top 35 for their subjects has risen from 13.1% in 2016 to 14.2% despite warnings that Brexit could damage prospects for the country. Meanwhile Australian universities have seen a decline, China's university sector has stagnated, and there have been subject declines for Germany, the Netherlands, Switzerland and Italy. US universities continue to dominate the higher education sector. Rankings are based on criteria such as the impact of research and employer confidence in the standard of graduates.

The Times, 4 March 2020, p12

Online learning

Applications for MBAs on campus-based courses are in decline while demand is rising for online MBAs. Last year demand for online MBAs grew faster than for all other types of MBA courses in the US. The online option is attracting people who might not normally consider an MBA, either because of its flexibility or its lower cost. Business schools are responding by ramping up their online offerings, with 35% offering such an option at the end of the last academic year. This supplement on online learning, includes articles on tech start-ups, Warwick University and mini-courses.

Financial Times (Business Education: Online Learning), 2 March 2020, pp1-4

Imperial College launches start-up fund

Imperial College London has seen its number of start-ups more than double over the past five years. Now it has launched its first Innovation Fund to

invest in early-stage, high-growth companies that have been created at the university. The money will be used for solutions founded by members of staff or students or that have a research link. "Early stage investment really matters for deep science and technology start-ups", says Professor Ian Walmsley, provost of Imperial College.

prolificlondon.co.uk, 9 March 2020 (Peachey)

Gen Z are no snowflakes

Gen Z, often dismissed as "snowflakes", are looking for post-graduation jobs more than any other group of young people have previously done. This is according to a new survey by student recruiter Milkround which found that more than 30% of recent graduates had found a job before their final year at university and 27% had done so during their final year. This compares with less than half of Millennials being offered a job before graduating.

The Times, 10 March 2020, p15

Energy and utilities

New greener fuel to appear at the pump

The Department of Transport plans to introduce a new type of petrol (called E10) next year that will be sold as standard at the pump. The fuel is blended with 10% bioethanol, a type of renewable energy produced from crops. It could help reduce CO₂ emissions from road transport by 750,000 tonnes a year, the equivalent of removing 350,000 cars from the road. However, it is thought that some older cars will not be able to use the fuel without risking damage to their engines. The RAC warns that some smaller petrol stations won't be capable of catering for all types of fuel including electric charging points. The greener fuel is already used in some European countries.

The Times, 4 March 2020, pp1-2

Lithium-ion batteries – the supply challenge

Oliver Blume, CEO of Porsche, has warned that the cost of lithium-ion batteries is unlikely to fall for at least five years. They are the most expensive part of an electric car, yet European car manufacturers must sell thousands of battery-powered vehicles over the next few years to comply with EU regulations. The demand for batteries is expected to quadruple by 2025. Porsche is investing in its own cell-building facilities together with Swedish developer Northvolt but still relies on batteries from Asia, which dominates the industry. BASF and Opel in Europe are in the process of building gigafactories for batteries, but this will take some years.

Financial Times, 4 March 2020, p16

Environment

Google – green but only when there's a deal?

Google has the scale to do deals that allow it to buy

carbon offsets, increase the number of renewables in a region and meet its energy targets as a company. Big tech companies have huge power over local utilities companies which are anxious to attract big customers at a time of flat demand for electricity. Google's plan to locate a data centre near a coal plant in the town of Becker, Minnesota, has allowed it to benefit from tax breaks, land deals and rate discounts, a model that it is replicating across America. Tech companies were the biggest takers of renewable energy credits last year, with Google the largest, followed by Facebook, Amazon and Microsoft. This is despite their demand for electricity rising at an average of 22% a year.

Bloomberg Businessweek, 2 March 2020, pp14-17

Small steps better than deceptive practices

Businesses are often criticised for greenwashing, such as McDonald's move to replace plastic straws with paper ones while still relying heavily on animal agriculture. Yet McDonald's has responded responsibly to the EU's decision to ban all single-use plastics by 2021. "While deceitful greenwashing is unethical, small sustainable steps are laudable", argues the author. Transparency and honesty are key when communicating positive moves, rather than making big claims. After all, 73% of consumers say they would alter their consumption habits to help the environment, according to Nielsen. This gives companies a great opportunity to benefit from sustainable practices.

The Times (Raconteur: Sustainable Business), 6 March 2020, p18

Fashion

John Lewis promotes hand-me-downs...

John Lewis is introducing labelling in its own-brand children's coats so that people can cross out the name of one child and write in a new name. Cardboard labels attached to own-brand babywear and childrenswear bear the slogan: "Wear it, love it, hand it down". Kids' clothing tends to end up in landfill more than other types of clothing because children grow out of it so rapidly. Encouraging hand-me-downs is one way of tackling the waste in fashion clothing.

The Guardian, 29 February 2020, p17

...while second-hand kids' clothing takes off

The children's second-hand clothing market is having a renaissance. Selfridges is launching Kidswear Collective which will take the form of a pop-up offering pre-worn designer brands. Second-hand could be a new opportunity for retailers. A 2019 report from GlobalData and ThredUp, a US website, has forecast that the \$24 billion second-hand clothing market will double over five years, exceeding the value of the fast-fashion market. Traditional retailers would do well to collaborate

with digital resale platforms who are “using technology to encourage shopping in different ways”, says Jane Kellock of Unique Style Platform.

FT Weekend, 7-8 March 2020, p5

Prada fashioning a recovery

For years Prada’s performance has been lacklustre, but its share price rose by 25% in the three months to January, which is better than some of the other large luxury groups. Investors have been impressed by its new partnership with L’Oréal and the possibility of a takeover or an internal revamp. Miuccia Prada and her husband still own 80% of the company but have just taken on Raf Simons (ex-Christian Dior and Calvin Klein) as a co-creative director. A good rapport between the three will be needed if the brand is to be revived.

The Economist, 29 February 2020, p54

Financial services

Alibaba invests in buy now pay later

Alibaba’s Ant Financial has acquired a small stake in Klarna, the Swedish “buy now, pay later” business. Klarna advertises its wares with bright pink billboards and campaigns featuring celebrities, offers instant credit and the opportunity to delay paying for things for up to three months. Founded in 2005, it has become one of Europe’s most valuable fintechs. It claims to derive most of its income from the fee it charges retailers.

The Times, 5 March 2020, p47

Mobile wallets – online “payment of choice”

The global e-commerce market is forecast to grow to \$5.9 trillion by 2023, according to the *Worldpay 2020 Global Payments Report*. It predicts that digital wallets will gain 52% market share as the “online payment method of choice”. However, buy now pay later schemes are likely to be the fastest-growing online mode of payment globally over the next five years.

nfcw.com, 2 March 2020 (Clark);

<https://worldpay.globalpaymentsreport.com/#/en>

Amazon to sell checkout system to rivals

Amazon is to sell its automated checkout technology, Just Walk Out, to other retailers. Since launching, Amazon Go stores have offered checkout-free shopping experiences for shoppers which other retailers have shown an interest in. Considered to be the most sophisticated checkout technology among its competitors, the system also runs on Amazon’s cloud computing platform, which accounted for two-thirds of the company’s operating income in the last quarter. Some have expressed concerns that this will give Amazon yet more control over competing retailers.

Financial Times, 10 March 2020, p16

FMCG

Beverages

Record spending on coffee but tea on the rise

Consumers are expected to spend over £4 billion on coffee from high street outlets this year, up by £1 billion on four years ago. Big firms such as Costa and Starbucks are enjoying record levels of spending, but a quarter of consumers now buy their hot drinks from fast-food outlets such as McDonald’s and a fifth from supermarkets or in-store cafes. Jeffrey Young from coffee research firm Allegra, says the UK coffee boom is into its “fifth wave” due to new trends. However, while coffee still accounts for 80% of all hot drink purchases, Mintel reports that tea is making a comeback: 43% of those it surveyed, who bought a hot drink, chose tea, up from 39% a year ago.

The Guardian, 7 March 2020, pp36-37

Innocent calls the shots

Innocent is expanding into the juice shots category with the launch of Innocent Shots. The three types – Power Sour, Ginger Kick and Blazing Greens – are each said to have individual health benefits.

The Grocer, 7 March 2020, p35

Cosmetics and toiletries

Makeup – “less is more” could be here to stay

In the US make-up sales are down while skincare sales are rising. The US beauty market, which is the world’s largest, saw a fall of 7% in high-end makeup sales last year, its first decline in a decade, according to NPD Group. By contrast, skincare sales rose by 5%, exceeding makeup’s rate of growth for a third year. The heavy foundation look is being replaced by a more natural look with women instead opting for face masks and serums. This trend is affecting all players from L’Oréal and Estée Lauder to new, independent brands. Experts predict a shake-out that could eliminate some “indie” brands while challenging established brands.

Financial Times, 9 March 2020, p9

Food

M&S makes unsold baguettes into garlic bread

M&S is making leftover baguettes into garlic bread and crostini to avoid waste. Unsold baguettes are sliced, filled with garlic butter and frozen to give them an additional 30 days of shelf life. The scheme is being trailed at four of M&S’s new-format Food Halls. Signage will inform the customer that they are buying surplus bread. This follows a similar scheme in which leftover baguettes are turned into crostini in 580 M&S in-store bakeries.

The Grocer, 7 March 2020, p7

Household

Hand sanitiser cleaned out

Manufacturers of hand sanitiser, such as PZ Cussons and Delphis Eco, are ramping up production as retailers sell out and prices on eBay rocket. DCS Group, which is doubling its volumes of gel, says it has been hampered by the lack of plastic bottles needed, since these (ironically) are imported from China where manufacturers are in lockdown. Meanwhile retailers and wholesalers are struggling to meet demand from consumers.

The Grocer, 7 March 2020, p4

Government and public sector

Doubling R&D funding – where to spend it?

During the general election, PM Boris Johnson promised to more than double annual spending on R&D by 2024-2025. This forms part of the Government's plan to build on the country's assets, which include science and research, after Brexit. British researchers appear in just 7% of global publications yet account for 14% of the most highly-cited work. Yet UK Research and Innovation (UKRI) gives most of the Government's funding to the best universities and people, which means that most of it ends up at Oxford, Cambridge or universities in London. Britain is less generous when it comes to applied research, spending just 0.1% of GDP on it. There is low R&D investment in the public and private sectors which is a strong argument for more applied research. It could also help to boost Britain's poor productivity.

The Economist, 29 February 2020, pp19-20

Health and pharmaceuticals

Walmart up the ante in healthcare

Walmart, which already has a health and wellness business worth \$36 billion, is looking to take a larger share of the US's \$3.6 trillion in health spending by building health centres. The initiative, which is one of Walmart's top growth strategies, will see it competing against the likes of CVS Health Corp, which is launching its own HealthHubs. It also forms part of the retailer's battle against Amazon which is trying to disrupt the US healthcare system. Walmart, like Amazon, "already controls so many doors to American consumers".

Bloomberg Businessweek, 2 March 2020, pp10-12

Life expectancy growth slows

Ten years ago, the Marmot Review concluded that some people in England live longer because they are better off. A new report by the author, Sir Michael Marmot, looks at changes over the past decade. He finds that life expectancy growth has slowed for both men and women (the decline was greater for women) while life expectancy for those in the most

deprived areas has fallen by 0.3%. The report does not specifically blame austerity though it notes that government spending has declined sharply over the period. Women have probably been harder hit than men because their benefits have been cut more. There is general agreement that, to improve public health, governments need to spend on education, child support and community services in addition to health services.

The Economist, 29 February 2020, p23

IT and telecoms

Digital transformation

Telcos increasingly realise that, "to survive and compete in a fast-changing world, they cannot continue to do things the way they always have". Yet three years' worth of research by TM Forum suggests that telcos consider culture to be a "very serious" barrier to transformation. The top three barriers to digital transformation were found to be: a lack of clear, aligned vision and goals; lack of top management support; and cultural and organisational issues. This article looks at some of the key digital transformation learnings for telcos including learning from mistakes and successes, sustaining commitment, agile methodologies and identifying hidden talent.

Mobile Europe. Q1 2020, pp41-43 (Wray)

Printing – alive and well?

HP's printer supplies business made \$12.9 billion in sales last year and accounts for 63% of company profits. Xerox has been trying to acquire HP but both companies have ageing intellectual property. Some 3.2 trillion pages a year are churned out by printers according to IDC. However, in February 2019 HP predicted its first decline in quarterly printer supplies revenue. There are warnings that the "traditional printing and copying business is slowly collapsing", according to tech analyst Toni Sacconaghi. Could a Xerox-HP deal be a case of "two garbage trucks colliding?", he asks.

Bloomberg Businessweek, 2 March 2020, pp44-47

Smartphone hacks exceed desktop

The number of attempted hacks on smartphones has overtaken those on desktop computers for the first time. Some 264m attacks were targeted at smartphones last year vs 137m on desktop computers, according to Lexis Nexis. While hacking attacks grew by 56% overall, those targeting the desktop fell by 23%, reflecting a shift in emphasis.

The Times, 4 March 2020, p18

ASML underpins chip industry

ASML, based in the Netherlands, is the only manufacturer of the most advanced equipment required for chipmaking. Its photolithographic machines compete with Canon and Nikon of Japan,

but it has 62% market share and its machines are the only ones to harness “extreme ultraviolet light” (EUV). Intel, Samsung and the Taiwan Semiconductor Manufacturing Company are all reliant on ASML and its EUV machines are expected to account for three-quarters of revenue by 2025. The company is currently being kept out of China due to American pressure, but it will need the Chinese market if it is to maintain its dominance.

The Economist, 29 February 2020, pp53-54

Leisure and tourism

Adidas helping women’s sports start-ups

Adidas is collaborating with iFundWomen, an incubator, to help women entrepreneurs in the sports sector. It is offering a group of nine female entrepreneurs a grant to develop their business, in addition to mentoring and support. Alexa Andersen, senior director for global women at Adidas, says that it is not just money, but access to mentoring and support networks that are the biggest barriers for women. Adidas intends to extend the scheme to celebrate Women’s History Month.

marketingweek.com, 8 March 2020

Materials and mining

Blockchain and a sustainable supply chain

The end consumer has no idea whether the product they are using derives from sustainably sourced materials. But as supply chains become more complex, it gets harder for businesses to ensure that their products are 100% sustainable. Circular, whose mission it is to improve traceability through supply chains, is undertaking an electric vehicle project with Volvo. The process relies heavily on cobalt, but this is associated with child labour. Circular’s project uses blockchain to track materials from a mine, through refining and manufacturing to the final product, the electric car battery. A graph shows how various technologies are currently being used in procurement.

The Times (Raconteur: Sustainable Business), 6 March 2020, p8

Media

Film

Bond on hold and Chinese box office struggles

The release of the latest *James Bond* film is to be postponed until November due to the coronavirus. Cinemas around the world have been closing due to the spread of the disease. Chinese ticket sales made just \$238m in January and February compared with \$2.1 billion during the same two months last year. China’s cinema business is the second largest in the world after the US and is a critical factor in the success of a blockbuster.

Financial Times, 5 March 2020, p13

Games

Bed for gamers

Japanese company Bauhutte has created a bed which allows gamers to access most of their needs without having to so much as sit up. The bed has a headboard, desk unit, blanket, headphone hanger, bottle rack and “energy wagon” for storing snacks. A beanbag enables the player to be propped up for a better view of the screens. Bauhutte also makes an all-in-one velour gaming suit to go with the bed.

The Times, 4 March 2020, p33

Internet

Website design – mind the content

The aim of a website is to attract quality traffic, produce qualified leads and establish or strengthen a brand’s credibility. It is common for businesses to underestimate the role that content plays in achieving these goals. The average lifespan of a website is two years and seven months, so the advice is to start thinking about content now and ensure that it is present in every stage of redesign and development. Here are 12 of the most common content and design mistakes that marketers make.

orbitmedia.com, March 2020 (Miltner)

Podcasts

Best practice, evaluation and media relations

Podcasting is a fast-growing medium, with almost eight million weekly listeners and 75% of advertisers saying they will spend more on the medium. This supplement looks at what shapes podcast strategy and how and why brands should use it. An infographic presents some key stats such as the fact that 47% of people have discovered a new brand as a result of a podcast and 25% have purchased something as a result of advertising on a podcast. Case studies of lawyers Slater+Gordon, the Institute of Chartered Accountants in England and Wales and Shell, are included. The supplement also covers measuring effectiveness, internal comms and podcast media relations.

PR Week (Onward: Podcast Special), March 2020, pp1-15

Social media

TikTok – statistics for marketers

TikTok, is beginning to attract a lot of attention. A video-based platform owned by Chinese company Bytedance, it offers the facility to create short video and music snippets which can be shared. It has become the second most downloaded mobile app after WhatsApp but ahead of Facebook and Instagram. This article presents some key statistics for TikTok which show that it is a prime marketing platform for those wanting to target younger people, since most of its users are aged between 16 and 24.

bloggingwizard.com, 25 February 2020 (Lochery)

Television

ITV warns of ad slowdown due to virus

The coronavirus could lead to a 10% reduction in TV advertising as travel companies reduce their spending. ITV says that bookings for April are likely to be down compared with last year but claims to be able to meet its targets for the year. However, analysts have warned of the threat from a possible disruption of the Euro 2020 and the Tokyo Olympics. ITV is currently drawing up contingency plans for delays to the Six Nations rugby matches.

The Daily Telegraph (Business), 6 March 2020, p3

Disney+ to stream Simpsons

When Disney+ launches in the UK this month, all 600 episodes of the Simpsons will be available to stream and Disney could become a significant challenger to Netflix. Research suggests that a quarter of Britons would be interested in a Disney+ subscription, which is more than those who said they would be interested in Britbox, the BBC-ITV joint venture.

The Times, 6 March 2020, p23

Video

Livestreaming apps prosper in China

People in China who are feeling isolated due to the coronavirus are joining virtual communities to find some sort of social connection. Livestreaming, already popular in China, is on the rise and the audience for livestreaming apps rose to 574m during the Lunar New Year holiday, up by 35% year-on-year. Although people will eventually return to entertainment at physical venues, online operations are booming. Super Monkey, a Chinese gym, has seen online users exceed 280,000 during livestreamed classes. Virtual tours of Chinese museums are also on the rise, attracting around 100m views. Maggie Liu, owner of night club One Third, says livestreams could help to build its customer base and create alternative revenue.

Bloomberg Businessweek, 2 March 2020, pp12-13

Packaging

Bottles print – moving to hyper-customisation

AB InBev has been pioneering a new way of decorating glass bottles, it uses UV inkjet technology and direct-to-glass printing to prepare, print, finish and emboss bottles. The new technique allows rapid response to the market, such as specific bottles to target a sports or music event. There is potential for "hyper-customisation" and the shift towards "small batch, local food and beverage manufacturing", according to Simon Gerdesmann, manager of the Tattoo Alpha Print site where the new bottling line is located. Eventually he expects to see a lot of decoration moving to "digital direct-to-bottle".

Digital Labels & Packaging, January-February 2020, p11

Lost & Grounded battles with Portman Group

The Portman Group, which has warned drinks brands against using packaging that can appeal to children, is targeting Lost & Grounded, a Bristol-based craft brewer. Its Running with Sceptres ale, which features animals on its cans, is at risk of appealing to under-18s. The brewer has refused to change its branding with co-founder Annie Clements arguing that the product was "integral to our brand story". Lost & Grounded has the support of the Society of Independent Brewers (SIBA) which wants the Portman Group to move to a similar system as other regulators whereby it would need several complaints before initiating an investigation.

The Grocer, 7 March 2020, p36

Retailing

John Lewis gives lowest bonus since 1953

John Lewis's partners are to receive their lowest bonus since 1953, just 2% of salary. New chair Sharon White is expected to close stores and axe the "never knowingly undersold" price promise. This comes as the store's profits have fallen by £75m to just £40m and a warning that it could take three to five years to turn the business around. The group's Waitrose stores performed better with underlying profits of £123m, albeit down by 23% on last year.

Financial Times, 6 March 2020, p15

Panic buying despite reassurances

Britons are panic buying in response to the threat of coronavirus: 34% of shoppers are stockpiling. Research commissioned by *The Grocer* shows 67% of shoppers are concerned that shops will run out of groceries despite experts claiming that UK food and drink supply is strong enough to prevent shortages. Consumers do not seem to be reassured and the research indicates 12% of consumers expect to buy a bigger freezer to stock up while 23% had switched to online grocery shopping to reduce potentially risky shopping trips. Ocado, unsurprisingly, reports "exceptionally high demand".

The Grocer, 7 March 2020, p5

Physical locations side-lined

Over a quarter of shoppers say they are avoiding the high street and other busy places due to coronavirus, according to research by Barclaycard. Department store sales fell 3.6% in February while restaurant takings were down 6.4% and clothing sales by 1.7%. Travel agents and airlines experienced a sales slide of 0.3% and 0.7% respectively even before the latest travel restrictions took effect. By contrast, digital and subscription services have grown 12.4% and takeaways and fast-food sales by 8.7%. The findings are backed up by data from the British Retail Consortium and KPMG.

The Guardian, 10 March 2020, p33

Services

HelloFresh defies meal kit trend

HelloFresh, the German meal-kit company, is on its way to profitability amid soaring share prices. Yet the meal-kit model is regarded as flawed since people who are too busy to shop for ingredients probably won't want to cook from scratch. Moreover, the cost of customer acquisition and marketing are high. HelloFresh has avoided the mistakes of Blue Apron, a US meal-kit operation, by being more efficient. Its marketing costs fell by 3.4% to 22.3% of revenue last year while customer numbers have risen 45% to almost three million. The meal-kit market, estimated to reach \$9 billion by 2025, might face limited competition since it could be too small to attract the likes of Amazon.

Financial Times, 6 March 2020, p14

Greggs goes for coffee but watch out Pret!

Greggs has reported record profits and says it sold more beverages than Starbucks in the UK last year. The company will continue to focus on food-to-go but intends to invest in better coffee machines, the provision of Wi-Fi and more seating in its outlets. Chief executive Roger Whiteside believes that Greggs can take market share in two ways: "expanding our coffee proposition, but at the same time going harder at the coffee shop experience". He says the company is modelling its plan on Pret A Manger which went from food-to-go to "90% seats".

Financial Times, 4 March 2020, p17

Transport and travel

Iata warns of \$113 billion loss

Iata has warned that the coronavirus could cost airlines up to \$113 billion, almost four times that estimated two weeks ago. The trade body says the industry is in a "crisis zone" as the virus continues to spread. Last week we reported on its impact on European airlines, but now it looks as if the big US carriers, such as Delta and United Airlines, which are some of the most profitable in the world, are experiencing less passenger demand and are reducing their capacity.

Financial Times, 6 March 2020, p15

Drones and flying cars

There are three barriers to allowing drones and flying cars to take off: high costs, technology and regulating the airspace so that they can fly safely. The US Federal Aviation Administration (FAA) has neither the resources nor capacity to oversee the sector so it is working with private companies to develop an unmanned traffic management system. LA-based AirMap is a start-up backed by the likes of Airbus, Microsoft, Qualcomm and others. Around 20 other companies have also collaborated with the FAA to help open up airspace. However, the FAA

wants to create a framework of "digital licence plates" for unmanned aircraft known as "Remote ID". It would like all aerial vehicles to be individually registered as well as being equipped with radio and internet connectivity. The drone industry and drone owners are against the proposals.

Financial Times, 2 March 2020, p10

Chinese company enters satellite space

A Chinese venture is constructing a production and testing centre for satellites that could prove a rival to Elon Musk's activities. Li Shufu, owner of Zhejiang Geely Holding Group which also controls Volvo Cars, hopes that the satellites will help in the development of autonomous vehicles by creating "highly accurate" navigation systems. This reflects similar activity taking place in Silicon Valley where Elon Musk is leading an initiative called Starlink and Amazon's Jeff Bezos has plans for sending 3,000 satellites into orbit.

The Daily Telegraph (Business), 4 March 2020, p5

Flybe – Government options

In January transport secretary Grant Shapps said that Flybe, the largest regional airline in Europe, would continue to connect Britain's regions "for years to come". Now that this is no longer the case, what is the Government likely to do? Despite having a near monopoly on some routes, Flybe was making a loss. The Government might try to persuade other airlines to take over the routes after which it may have to step in with state support. Some regional airlines will take on certain, profitable routes but larger airlines are unlikely to be interested. Flybe is the fourth UK airline to go bust in just two years.

Financial Times, 6 March 2020, p3

Eau de New Car – the scent of success

Autotrader has created a "new car smell" to recreate the fragrance of a new vehicle. This follows research which suggests that one in four people associate the smell of a new vehicle with success. At £175 for 50ml, the new "Eau de New Car" scent is not cheap but then only ten bottles will be available. A video features Rory Reid, ex-*Top Gear* presenter, where he is seen sitting in a Bentley as part of a campaign to show that Autotrader sells new and used cars.

The Daily Telegraph (Business), 10 March 2020, p8

Written by CIM's Knowledge Services Team

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Cutting Edge: Our weekly analysis of marketing news

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