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Capital City Media

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Forward Look

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Really looking forward to a proper silly season this year

Edmund Greaves, head of editorial, MRM

With a quiet August on the cards, I'm really excited to see some good old fashioned silly season stories. Who's with me?

August presents a conundrum for writing a 'what's coming up' themed column. Last year was busy enough – we had lots going on with the pandemic still in full flow. Remember Eat Out To Help Out? That was a year ago now! Doesn't time fly!

This August though, is remarkable for its lack of really remarkable things happening. Hey ho, we're back to normal. Instead, I'm really looking forward to a good old-fashioned bout of silly season stories.

What's the origins of so-called silly season? Well, the obvious answer is that we're in full summer holiday mode and schools are out, so less is happening in the world.

But its more than that, and comes down to the ebb and flow of the old-school print newspapers. There might be less going on, but a daily paper still has column inches to fill. Hence the 'silly' news.

Here are some of my personal finance favourites of the season so far:

- Is your postcode giving you a ruff deal on pet insurance? William the spaniel costs £500 more in Cirencester than Devon… and the reasons are barking
- Forgotten Pokemon cards kept under stairs for years fetch £19,000 at auction
- Scotland to host 'luxury' marathon costing £15,499 to enter

To be fair some of these stories do just use fun news hooks to convey what is essentially important information. Send me your favourites at edmund.greaves@mrm-london.com.

Alas, to the things actually happening. We have the CMA findings on the Facebook/Giphy merger expected in early August.

Then there is a succession of alcohol and beverage related days: International Beer Day on 6 August, National Rum Day on 16 August and National Burger Day on 26 August.

Reading and Leeds Festival are set to go ahead between 27-29 August, the first such major festivals to run since the onset of the pandemic.

And that really is about it, other than the usual suspects such as wages and employment (17 August) and inflation (18 August).

Here's wishing you a happy summer from all of us at MRM, Mouthy Money and Capital City Media.

Goodbye Nudge, hello Shove

Paul Montague-Smith, senior counsel - public affairs, MRM

As we enter the Covid endgame, the Government is looking increasingly boxed in as Labour sets out its policies and backbenchers foment rebellion, writes Paul Montague-Smith.

Ever since emergency legislation was passed to restrict our freedoms to limit the spread of Covid, a group of Conservative backbenchers has urged an early return to normal and been worried that freedoms wouldn't be handed back once the crisis had passed.

Public opinion, however, was on the side of the Government – in fact it has been more cautious than the Government. With Labour supporting restrictions, the libertarians in the Conservative party haven't had the numbers to threaten a parliamentary defeat and shift policy.

'Freedom Day' has now come and gone, but rules remain, and new ones are still to come. Concerned about the stalled uptake of vaccinations amongst the young, the Government has announced people will need to be double jabbed to go to a night club or a large indoor event.

It has even been floated that students won't be able to live in halls of residence or attend lectures unless they are fully vaccinated.

Rather than a nudge, the Prime Minister appears ready to shove. With Labour opposed to a policy that ignores a testing option, a defeat in the Commons must be on the cards when the Commons returns in September.

The Government's approach risks alienating a section of voters they should be looking to make inroads with. Older people are far more likely to vote Conservative, younger ones Labour.

Tory strategists may think it won't make a material difference, but with pensioners probably needing to pay more as we rebalance our nation's finances, it could be wise to think carefully about how much pressure they put on younger adults to roll up their sleeves.

The vaccine bounce for the Government appears to be waning, not helped by the chaos and mixed messages around the 'pingdemic'. The latest polling by Survation puts the Conservatives on 39% with Labour only two points behind. Labour – pretty much politically hamstrung during the teeth of the pandemic – has started to set out its stall on bread-and-butter issues.

Starting with employment rights (not least to try and unify the party and keep unions onside) the leadership has announced a 'new deal' for workers, with all employees eligible for holiday, sick pay and parental leave from day one and flexible working the default.

Time will tell if they can unify and get cut-through with the public, who tend not to focus closely on what opposition parties are saying until election time.

Even if we're exiting the last major wave of the virus and are on the path to it becoming endemic, the Government faces a treacherous path ahead. The public inquiry into the handling of the crisis will expose more failures than successes.

The Government will need to take measures to pay for the massive bills from Covid, the NHS backlog, social care reform and achieving net zero, while managing increasingly rebellious backbenchers.

Its future, like most governments, will largely depend on how fast the economy grows. The latest IMF forecast – that ours will be the fastest-growing advanced economy this year – might give it some succour, but our recession last year was also the deepest.

Following the report of the Taskforce on Innovation, Growth and Regulatory Reform, the Government has published consultations on eliminating red tape and reforming competition policy to help drive growth.

All to the good, but the effects of initiatives like those won't be felt for some time. Voters will start feeling the effects of fiscal consolidation much sooner.

Two Minutes With… Nick Lawman, Senior Financial Adviser, OpenMoney

We catch up with Nick Lawman, senior financial adviser at OpenMoney

Tell us a bit about yourself and OpenMoney

I came into financial services via retail banking. The first half of my career was in management – I was on the management development programme at Lloyds Bank.

I eventually came back to giving advice and have worked in most traditional distribution channels, including the Lloyds Bank St James Street branch which has an incredible client base. But I cut my teeth in direct selling at places like Abbey Life and Allied Dunbar.

More recently I've joined OpenMoney. As an industry, many people wring their hands saying there's a problem with the advice gap, but not doing a lot about it. Anthony Morrow and Duncan Cameron through OpenMoney are directly challenging that problem.

The value for money it offers customers is extraordinary. It's not just, low-cost fees for investments, but the fact you can talk to a regulated adviser for free at any time. That's what I do now, I'm a senior financial adviser at the firm for new and existing clients.

What are the most typical questions people come to you about?

It often starts with investments and how to invest. But the more you talk to a client, the more you'll find what drives them, what they really want to do. Those goals and objectives are absolutely essential. Money is a very emotional subject. People get very concerned by it, and this has been particularly amplified by the pandemic. Helping them to set and achieve realistic goals is key to mitigating this, and for me is incredibly enjoyable.

What positives have you taken from the lockdown experience?

The industry and people in general are more focused on protecting income than ever. If you look at the figures coming out of the industry in the last 14 months, the amount of new business in protection, life insurance and other products has been huge.

It's a good sign because people have become more aware of the need for such policies. Customers are asking what to do about these scenarios, what plans they should put in place, whether they should try and clear certain debts, how to better build up investments.

What does the advice industry do well and what could it do better?

Financial services in the UK is highly sophisticated and developed. But advice is lagging behind the coverage of other sectors such as banking and insurance. Some 21 million people are still unaware of the free financial advice they could get.

It is good though that the industry recognises and talks about the issue now though. That's a start. Solutions such as pure robo advice have arrived but it's not enough. People need to be able to speak to humans who can understand the nuances of their situations.

Is there a book or podcast that is essential for your industry?

Yes, a book that came out about 13 years ago just after the collapse of Lehman Brothers, called The Puritan Gift by Kenneth and William Hopper. It's focused on American culture, industry and business in the last 300 years and how the core values of innovation and discipline made the US what it is.

The authors blamed the malaise of the financial crisis on the loss of these traits. I don't normally read business books, but I've read this one twice. It reflects on how people once worked their way up from the bottom but now expect to enter high up in an industry because they've got a degree, which has given them very little life experience.

Who has single-handedly made your industry better?

I have three, actually. First is George Osborne because he introduced pension freedoms in 2015. He put a bomb under the pensions industry, which it needed, and let it explode.

Baroness Altmann would be the other, the ex-pensions minister. She really understood the environment and what legislation was needed to improve conditions.

And thirdly, Frank, now Baron, Field. His work in social

> Solutions such as pure robo advice have arrived but it's not enough. People need to be able to speak to humans who can understand the nuances of their situations.

pensions, child poverty and most importantly welfare reform was exemplary and so important because it affects everyone. He was so dogmatic and persistent in effecting change.

If you could give a younger version of yourself one piece of financial advice, what would it be?

Normalise a savings habit early on. You've got a food bill and a rent bill, so make a savings bill too and stick to it.

What three things would you do as head of the FCA for the day?

I would call a small IFA firm, a medium IFA firm and a large network and get them to talk me through a day in their lives. Not ask for numbers or facts and figures but actually get to grips with what they're doing day in, day out. The industry has lost many skills. I came up through direct sales for example.

People miss out on something in their career journeys now. I think IFAs need more graduate schemes, get advisers started early. The IFAs I admire these days are the specialists, the one who deal with clients or with protection, they're making a difference in the industry.

What is the one column or website that you read every day?

I use gov.uk all the time. It helps remind me of all the allowances and rules! That and the BBC business page.

What would you do if you received a windfall of £10,000?

I'd lay down some whisky barrels for my children and grandchildren. I've always wanted to do that. I worked in Scotland for 20-odd years and absolutely loved it.

I used to go past these sorts of mounds and asked what they were. Someone told me it was families burying whisky barrels as a form of investment, where in 10-15 years you dig them up for kids when they get married and such. £10,000 would probably only get me one cask, but it'd be great fun.

Why it's important for marketeers to know their clients

Mike Richards, director, Capital City Media

An increasing amount of our media planning and buying is with clients who have a direct to consumer (D2C) function within their marketing activities. These are investment trusts and also open-ended funds.

One of our roles, as media planners and buyers, is to get our clients' ads in the right position at the lowest cost and within the right medium.

There is tremendous pressure on the client to provide a decent target audience brief and understand who their likely consumer client is.

In fast-moving consumer goods (FMCG) companies, with whom I worked for the first ten years of my media planning life, very thorough research was done into where the likely customer lived and which socio-economic groups they were in.

I remember spending several days in the offices of fashion house Mary Quant analysing sales data so we could allocate spends on TV in specific areas. After several days, there was precious little I didn't know about where budget brand make-up was being bought regionally.

In the same vein, I have a very good mate who is a senior marketing person at a large US fund management house. He began his career (pre-fund management marketing) at the UK advertising agency for Boots; his first task was to visit stores to get a feel for what their customers looked like.

Because the investment management industry has, for decades, predominantly sold its products through intermediaries, this recognition of what their customer may look like, in some firms, is not as strong as their counterparts within FMCG companies.

Given how important branding is for every aspect of marketing life and how we have seen a big leap in the number of people investing in the past few years, it's important to know what these people look like. And they will have many faces.

There was a piece in the 14 June issue of Investment Week about ESG possibly being an extension of socially focused life. The author explained that even within ESG/SRI, there are likely to emerge several different clusters of investors.

This will be true of other asset classes too. Remember, you might think that Mrs Miggins wants your whizzo Vietnamese Smaller Companies fund, but actually what she needs is a vehicle to help fund her grandchildren's school fees. The two might be the same. Mrs Miggins doesn't know that, but you should. Charlie Porter, the former chief executive of Thames River Capital, for whom we were lucky to act for, always used to say if his mother didn't understand it, you shouldn't be marketing it.

Decent media planners will have access to all manner of published media usage research and, with media becoming increasingly fragmented, the opportunity to reach a specific target audience becomes easier and delivers less wastage than media buying did only a few years ago. Previously intransigent media – TV, out of home, Radio – can now be bought against very specific target audiences – and with the former two, you have great branding media too. Win-win.

Marketing mentality has had to change as the investing public changes: marketers have to ask what their client wants and not what you think they want or the salespeople foist on you to market.

Is Freedom Day a financial new beginning for households?

Time will tell if so-called Freedom Day leads to a new financial beginning for households, writes Tom Briffitt, senior consultant at MRM.

Intermittent lockdowns and strict social distancing measures gave way to freedom on July 19th when many of the last remaining Covid-19 restrictions were eased.

It may not be 'freedom' as we once knew it, as Boris, Rishi and many other Brits pinged by Track and Trace will testify, but it represents a significant step forward nonetheless.

The challenge now will be adjusting to those changes after spending the best part of 18 months holed up at home.

The pandemic has forced us to become more cautious, more risk averse and begs the question: Are people ready to take full advantage of their newfound freedom?

The government is banking on us loosening the purse strings to continue boosting the economy. But when it comes to personal finances, we have become a divided nation.

There are households who have suffered a loss of income and struggled to make ends meet, and those more fortunate, who have been able to take advantage of fewer spending opportunities to pour money into their savings.

Whichever camp people fall into though, it seems unlikely they will want to suddenly change tact by ramping up spending or disregarding a new, regular saving habit.

Thankfully, so far, the economy has rebounded well, but the novelty of being able to eat out, go shopping and travel a little more freely may soon wear off.

The current imbalance between supply and demand is driving up prices and it is reasonable to think that inflation could rise to as much as 4% this year.

If the cost of living goes up quickly, people may well look to sure up their own finances once again.

The findings from the most recent Mouthy Money Index, which involved interviewing nearly 100 readers, found just one in 10 (10%) expect a pay rise in the next 12 months. Incredibly, only 2% anticipate a salary bonus.

If wage growth fails to keep up with the cost of living, then it's even more likely people will revert to a defensive mindset when it comes to managing their money.

One of the few silver linings from the dark cloud of Covid-19, is that many families have been able to build up a greater savings buffer.

It is understandable that a lot of them will want to enjoy some of that extra cash, but will they embark on a spending frenzy? Or has the pandemic encouraged a sense of long-term frugality?

The next edition of the Mouthy Money Index will provide a useful barometer.

We'll be exploring how households are balancing spending with saving; Whether big-ticket purchases like holidays and cars on the rise; And how wary people are of rising prices and whether they have enough left in their pocket at the end of each month to carry on spending.

Will old (pandemic) habits, die hard? Or is Freedom Day really a new beginning?

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Dates for your diary...

1/8/2021 Govt reduces furlough scheme contribution from today

2/8/2021 Lloyds Bank and Bank of Scotland Business Barometer

2/8/2021 UK foreign direct investment, trends and analysis: August 2021

2/8/2021 International perspective on UK foreign direct investment: 2021

2/8/2021 NIESR's quarterly UK and global forecasts

2/8/2021 CMA provisional findings for Facebook / Giphy merger inquiry expected early August

2/8/2021 Springboard publishes weekly footfall results

3/8/2021 ONS Early indicator estimates from the Wealth and Assets Survey

3/8/2021 Ofgem hosts 'Green, Fair Future' event part of a programme of events in the run up to the 26th UN Climate Change Conference of the Parties (COP26)

4/8/2021 Workplace pension participation and savings trends: 2009 to 2020

4/8/2021 Scottish Quarterly National Accounts & Second Estimate of

4/8/2021 HM Revenue & Customs Quarterly Stamp Duty Land Tax

4/8/2021 BofE 5th anniversary of first UK interest rate change in

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- Mortgages & Housing
- Public Policy & Regulation
- Pensions & Benefits
- Other

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Dates for your diary...

5/8/2021 Help to Buy: ISA Scheme Quarterly Statistics

5/8/2021 ECB Economic Bulletin

5/8/2021 BofE's latest monthly data from small, medium and large UK businesses which the Bank uses to monitor developments in the economy and to track business views

5/8/2021 BofE Monetary Policy Report

5/8/2021 BofE UK interest rate decision

6/8/2021 Halifax House Price Index

10/8/2021 Barclaycard Consumer Spending Data monthly figures

11/8/2021 Long term interest rates statistics

12/8/2021 NIESR Monthly GDP Tracker

12/8/2021 Ministry of Justice Mortgage and landlord possession statistics

12/8/2021 ONS First quarterly estimate of GDP

12/8/2021 ONS Monthly GDP estimates

12/8/2021 UK Finance Mortgage Arrears and Possessions data

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Dates for your diary...

12/8/2021 ONS Business insights and impact on the UK economy

13/8/2021 Recruitment & Employment Confederation releases the latest Jobs Recovery Tracker, using weekly job postings data to spot signs of labour market growth across the UK economy

16/8/2021 Rightmove Monthly House Price Index

17/8/2021 ONS UK monthly unemployment figures

17/8/2021 EU reveals latest growth figures

17/8/2021 UK Finance Card Spending statistics

17/8/2021 Deloitte Digital Consumer Trends report

18/8/2021 ONS UK monthly inflation figures

18/8/2021 ONS UK House Price Index

19/8/2021 ONS Economic activity and social change in the UK, real-time indicators: 19 August 2021, early experimental data on the impact of the coronavirus (COVID-19) on the UK economy and society

20/8/2021 ONS UK monthly retail sales figures

20/8/2021 ONS Public sector finances

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Dates for your diary...

24/8/2021 Barclaycard Small Business Barometer

24/8/2021 HM Revenue & Customs Number of property transactions

26/8/2021 ECB accounts of its last monetary policy discussions

26/8/2021 Zoopla House Price Index

29/8/2021 CBI Growth Indicator Survey

31/8/2021 Lloyds Bank and Bank of Scotland Business Barometer

31/8/2021 Bank of England effective interest rates

31/8/2021 BofE Money and Credit - Lending to Individuals, Lending to Businesses, Broad Money and Credit

31/8/2021 The Pensions Regulator consultation closes on climate-related governance and reporting

N.B all dates correct at the time of compilation

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