www.grewallevymarketing.com

September 2017

Dear Professor,

We are delighted to inform you that the 5th edition is now in print. The new edition provides the power of the new **SmartBook** adaptive reading experience, which allows you to engage your students so that they are better prepared when they come to class. With the introduction of the 5th, edition there will be **new Video Cases** and new **iSeeIt! Videos** coming in connect. At the end of this newsletter, we have included a preview of the new material in 5e. If you haven't yet seen the 5e, request a sample from your McGraw-Hill rep or **request it online here**!

We are thrilled to provide the Grewal/Levy newsletter to empower you to provide current, cutting-edge examples of marketing in the classroom.

The newsletter includes abstracts of current articles, notes on the applicable chapters in the textbook, and discussion questions, together with their answers. The newsletter also features current videos. We hope you will find the visual and comprehensive topic coverage useful. The newsletter is also accessible at **grewallevymarketing.com**. We encourage you to tell us how you use the newsletter. Please send your feedback to **mlevy@babson.edu**.

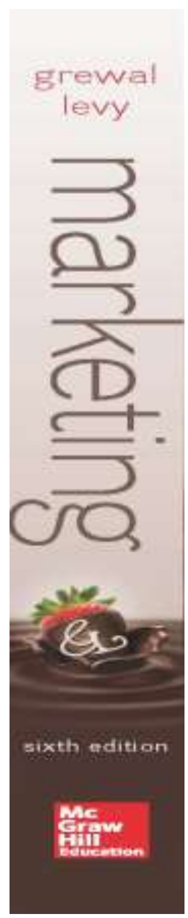
Sincerely,

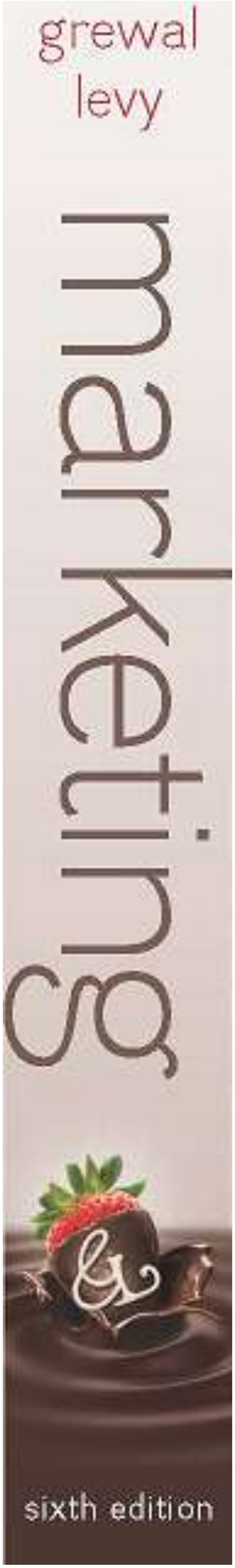
Dhruv Grewal and Michael Levy

www.grewallevymarketing.com

This newsletter summarizes article abstracts for the following topics:

- Videos
- **The Marketing Revolution Sparked by Amazon's Dominance** (Chapters 2 & 17)
- When Good Timing Meets Good Marketing: The La Croix Boom (Chapters 5 & 6)
- Tom Brady Is a Gearhead: Aston Martin Sponsorship for the NFL Star (Chapter 18)
- **How GE's FirstBuild Is Redefining Innovation and Agility** (Chapter 12)
- Your Lyft Driver Will Be There in 6 Minutes, and Then You Can Go Get Some Taco Bell Together (Chapter 13)
- The Elaborate Experience Marketing at Comic-Con (Chapters 1 & 5)
- The Information Collected by Roomba and Its Potential Uses (Chapter 4)
- **Tesla's Careful Balancing Act as the Model 3 Finally Arrive**s (Chapters 5 & 16)
- Automation Spreading to Yet Another Link in the Supply Chain: Driverless Trucking (Chapter 16)
- What Makes a Luxury Brand a Luxury? (Chapters 11 & 15)
- Tasty: A Revolution in Marketing or Just the Latest Example of IMC? (Chapter 18)
- Article/Chapter Index





Videos

“A History of Sears: Through Highs and Lows”

- Enjoy a historical retrospective of how Sears got started, what made it into a huge success and an “American institution,” and then how and why it has struggled more recently. What can we learn from this history?
- 2:59 minutes
- **http://www.wsj.com/video/a-history-of-sears-through-highs-and-lows/6702DACB-FADA-4582-96C2-90CCD4B65AC5.html**

“Your Next Online Order Could Be Picked Out by a Robot”

- Is this title a surprise to any of us? The expanding capabilities and accessibility of robots continue to alter supply chain designs, especially for e-commerce logistics. What is new in this field?
- 4:27 minutes
- **http://www.wsj.com/video/your-next-online-order-could-be-picked-out-by-a-robot/4730D403-9347-45EB-B143-6342ECC43826.html**

Go to top of document

"If You Win on Amazon, You Win, Period": The Marketing Revolution Sparked by Amazon's Complete Dominance

Sapna Maheshwari, "As Amazon's Influence Grows, Marketers Scramble to Tailor Strategies" *The New York Times,* July 31, 2017; Jack Marshall, "Amazon Lures Publishers to New Social Network by Paying Them to Post," *The Wall Street Journal*, July 19, 2017

Use with Chapter 2, "Developing Marketing Strategies and a Marketing Plan" and Chapter 17, "Retailing and Omnichannel Marketing"

Because Amazon is basically in charge of everything, we would be remiss if we failed to acknowledge its effects on the marketing industry as a whole. Across nearly every product and service category, marketers and advertisers are experiencing a revolution in the way they conduct business, revising their strategies to ensure that they fit with Amazon's platforms, capabilities, and restrictions.

For example, product manufacturers increasingly devise sophisticated campaigns for the product pages on Amazon's main site. The expanded, detailed information and editorial content seek to provide browsers with more insights into the offering, and attractive photographs give the pages the feel of glossy magazine spreads. To encourage more consumer reviews, marketers also have come up with innovative incentives. Company representatives encouraging new product tests carry portable devices these days, so if a willing customer enjoys the new trial, whether in the grocery store or at a farmer's market, he or she can not only purchase the item but also review it, on the spot, on its Amazon page.

The influence spreads far beyond this increasingly common channel though. New marketing innovations are emerging for the Echo service, such that Alexa can prompt consumers to purchase various items. The device might suggest replenishment of a previously ordered item, facilitate the purchase of a tool that the shopper is missing for a DIY project that she or he has asked Alexa to provide instructions for completing, or even recommend alternatives to consistently purchased products and brands. Through its expanding applications, Alexa also can suggest service recommendations and place to-go orders at nearby restaurants.

On Amazon's new commercially oriented social network Spark (which seeks to combine the recommendations of Pinterest with the ease of Instagram), it remunerates influential social media actors for posting their submissions, suggestions, and reviews. On their feeds, users can tag the products that appear in their posts, linking to the sale page on Amazon. Followers then can click through to make their purchases.

In response to these growing opportunities, various consulting firms are developing departments dedicated expressly to optimizing brands' presence across Amazon. Such firms can work with Amazon's Media Group, which itself is a dedicated advertising arm that promises to help partners improve their standing in the "Amazon ecosystem," such as by revealing when consumers view their product pages, what location on the page prompts a click, and which customers buy. However, these sophisticated algorithms also can threaten to undermine any firms that are unprepared. For example, if a manufacturer asks Amazon to promote one of its products but then cannot keep up with demand, it will be penalized and is unlikely ever to receive such preferential treatment by the retailer again.

Another concern arises with regard to consumer privacy. If Amazon is granting advertisers in-depth information gleaned from its channels, will Alexa inappropriately guide buyers to purchase Brand X over Brand Y, regardless of whether it is a better option for the consumer?

But despite these issues, the trends by which Amazon is reinventing marketing appear inevitable. More than half of all consumers now start their product searches on Amazon, meaning that it is the first (and often only) stop they make. If marketers fail to access shoppers there, they are unlikely to succeed anywhere.

Discussion Questions:

1. **How is Amazon changing the face of marketing?**
2. **What long-term effects can you predict, associated with these changes and innovations**

Go to top of document

When Good Timing Meets Good Marketing: The La Croix Boom

Laura Entis, "Here's Why It Feels Like You're the Only Millennial Not Drinking La Croix," *Fortune*, July 21, 2017

Use with Chapter 5, "Analyzing the Marketing Environment," and Chapter 6, "Consumer Behavior"

Sometimes, things just come together for a brand. At the same time that people began really looking for alternatives to heavily sweetened, calorie-laden colas, National Beverage, which owns and markets the La Croix brand of sparkling water, hit on a social media campaign that would appeal effectively to Millennial consumers. The result has been a massive expansion of the brand's sales, profits, and popularity.

In objective terms, though National Beverage does not separate its accounting by brands, overall sales for the company have increased from $646 million to $827 million in the past couple of years. In the same span, it profits have more than doubled, from $49 million to $107 million.

Such financial success stems largely from success in other marketing measures, such as brand awareness. La Croix in particular is virtually everywhere these days, and especially on people's social media feeds. For its Instagram-related marketing efforts, the brand targets "micro-influencers," which it defines as users who have thousands of followers, rather than going after famous names with millions of followers. With this approach, it creates a more organic feeling to promotional posts, in that these micro-influencers can be more convincing when they include pictures of themselves drinking La Croix at their summer picnic or during their work break.

Furthermore, it encourages consumers to tag La Croix in relation to their experiences and to post recipes for drinks containing the lightly flavored, carbonated water. These experiences often reference the health-related claims that La Croix can make, namely, that it has no calories, sugar, or artificial sweeteners. Such experience-oriented marketing makes it seem as if virtually everyone is drinking La Croix, and doing so without negative effects on their health or wellness.

The attractive packaging of the cans and sophisticated names of the flavors (e.g., pamplemousse, peach-pear) further enhance the brand image, and its price point reiterates and reinforces this positioning. That is, at about $6 per 12 pack, the brand is more expensive and thus more exclusive than colas, but still affordable enough that Millennials can enjoy it as a regular luxury.

Discussion Questions:

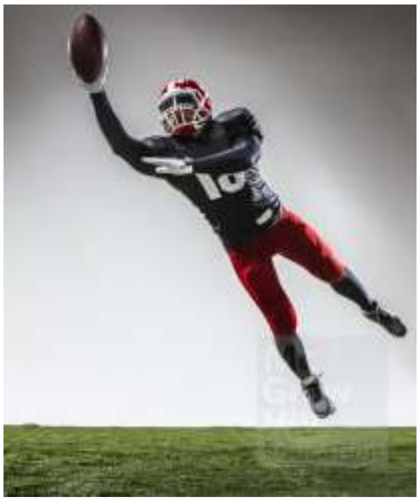
1. **How much of La Croix's success is due to external factors, and how much is due to its marketing efforts?**
2. **Can other beverage companies copy this recipe for success?**

Go to top of document

Tom Brady Is a Gearhead: An Aston Martin Sponsorship for the NFL Star

Daniel Bentley, "Aston Martin Drafts Tom Brady for Marketing Push," *Fortune,* May 17, 2017

Use with Chapter 18, "Integrated Marketing Communications"



Regardless of your team loyalties, it is hard to deny that Tom Brady has earned himself a reputation as a premier player. This premier image spreads to other elements of his public life too, including his famous supermodel spouse, widely reported clean and complicated eating habits, and the relatively limited set of brands that he agrees to endorse.

The latest, Aston Martin, is a luxury car brand renowned for its beautiful designs, British history, and appearance in multiple James Bond movies. In this sense, it fits well with the other brands that Brady has lent his face or name to, such as Tag Heuer watches and UGG boots. Whereas many athletes prioritize endorsements of athletic apparel, Brady has only a limited engagement with Under Amour.

The Aston Martin partnership also goes beyond just putting Brady in conventional commercials. Instead, over the course of their long-term partnership, the quarterback will create, or "curate" in the brand's terminology, his own personalized version of the brand's Vanquish S model. A series of videos will document the process, revealing not only the various options available to consumers but also new insights into Brady's own preferences. These preferences clearly revolve around high-performance, luxury cars; awarded a Chevy Colorado truck when he was named the MVP of Super Bowl XLIX, he turned around and gave it to one of his teammates. Apparently, who needs a truck when you have an Aston Martin?

Discussion Question:

1. **How should Aston Martin measure the level of success achieved through this marketing campaign?**

Go to top of document

How GE's FirstBuild Is Redefining Innovation and Agility

Bharat Kapoor, Kevin Nolan, and Natarajan Venkatakrishnan, "How GE Appliances Built an Innovation Lab to Rapidly Prototype Products," *Harvard Business Review,* July 18, 2017

Use with Chapter 12, "Developing New Products"

On the campus of University of Louisville sits a building that houses FirstBuild, the independent innovation arm of General Electric (GE). Founded in 2014, FirstBuild is a clearly distinct entity from its globally known parent, a status that enables it to function with greater agility, risk, and innovative pursuits than would normally be possible for a global firm.

This status is purposeful. Large firms often struggle to innovate as well as small, quick start-ups, but to remain viable, they must find ways to be creative and devise new product and service offerings. To enjoy the benefits of a agile, small firm but the resources of a conglomerate, GE devised and organized FirstBuild strategically and with great care.

To begin, the company remains small and will not grow much beyond its current size. The full-time employees include a director, operations manager, marketing manager, and community manager. This latter role is responsible for recruiting a pool of engineers, industrial designers, and scientists who will contribute their expertise, according to an open community structure. Anyone with a new idea is likely to be heard by the small managerial staff, and contributors are free to pursue virtually any interest or ideas they prefer.

The open community structure has several other implications for FirstBuild's innovation process as well. In stark contrast with the careful intellectual property protections that GE imposes on its conventional innovation methods and prototypes, visitors to the FirstBuild campus have free access to every project being undertaken. This approach helps the company draw more feedback, and it also necessitates rapid decision making about promising new ideas. If innovations are on display for anyone to copy, then making sure to be first to market becomes an even more pressing goal, thus motivating the company to move quickly and efficiently.

That quick movement is purposefully limited though, such that FirstBuild always begins with a small run of promising products. Once an idea has received approval, it enters into the rapid production process, which typically results in only about 1000 units of the new product. These items then are marketed on a "micro scale," and if demand is strong enough, the idea may move on to broader production. The inventor receives a remuneration offer, equal to some percentage of the total sales revenues for the new product. Although the idea might be produced by GE, using its more conventional marketing and supply chain process, the inventor also retains the right to sell the idea to competitors, giving GE a strong incentive to offer good terms to FirstBuild's most creative innovators.

Some of those innovators have come up with products that already appear in the market. The Monogram Pizza Oven is a new entry to GE Appliance's product line, enabling consumers to make restaurant-quality pizzas at home that mimic the taste and texture of pies cooked in brick ovens. The ChillHub refrigerator is one of the smart appliances that GE is bringing to market, offering integrated wifi, various automatic sensors to check bacteria levels and water quality, and USB stations.

Discussion Questions:

1. **How are GE and FirstBuild attempting to reinvent how they undertake the stages of the new product development process?**
2. **Can other firms mimic this approach? Should they?**

Go to top of document

Your Lyft Driver Will Be There in 6 Minutes, and Then You Can Go Get Some Taco Bell Together

Sapna Maheshwari, "It's Late and You've Got the Munchies: Lyft and Taco Bell Have an Idea," *The New York Times,* July 25, 2017; Jessica Wohl, "Taco Bell and Lyft Test a Way to Handle Late Night Cravings Together," *Advertising Age,* July 25, 2017

Use with Chapter 13, "Services: The Intangible Product"

Ride-sharing companies already helped create an entirely new service industry. Now Lyft is seeking to innovate in this market yet again, promising not only safe and convenient rides but also snacks for hungry customers. In an early, limited market test with Taco Bell, Lyft will add a "Taco Mode" to its app that enables consumers to order a ride that includes a stop at the nearest outlet of the fast-food restaurant chain. On their way to the passenger's destination, the driver will swing through the drive-through, obtain the selected items, and pass them to the back seat.

In the initial tests, the Taco Mode version of the app will feature taco-related images. Cars eligible to provide the service also will sport Taco Bell logos and carry menus with them. The service will be available between 9:00 p.m. and 2:00 a.m.—prime times for late night revelers to be craving a snack after an evening out, and also to be needing a safe way home.

Taco Bell is not paying Lyft for these marketing elements. Rather, both brands see the experiment as a potential means to differentiate their offers in the market. If faced with the choice between Uber and Lyft, a hungry passenger might be swayed to select the latter if it means easy access to a burrito and drink. If in a Lyft with a Taco Bell menu on hand, the rider is likely to embrace that fast food option over competitive choices.

Anecdotal evidence suggests that such deliveries already occur through informal agreements between drivers and passengers. Funny social media accounts detail interactions between friendly drivers and hungry (often inebriated) passengers who share a fast food feast in the car. Lyft has not set any policies for its drivers regarding whether they must or should obtain food for riders. While some of them clearly are happy to provide the extra service to passengers, others worry about the risks involved, including a messy car that smells like refried beans. If consumers can specify whether they want the option, such as by logging on in Taco Mode, such questions are resolved effectively. That is, customers can self-select into an eating or non-eating Lyft vehicle, increasing the satisfaction of both segments of consumers.

Their satisfaction also seemingly might be enhanced by the experience itself. A convenient ride home is already an appealing option for millions of riders. A safe ride home that also provides a late night snack extends that experience and convenience even further.

Discussion Question:

1. **Do you predict that this test partnership between Lyft and Taco Bell will succeed and spread? Why or why not?**

Go to top of document

Appealing to the Geeks Is Big Business: The Elaborate Experience Marketing at Comic-Con

Brooks Barnes, "Bowie Knives and a Tick Head: Marketing Gets Elaborate at Comic-Con," *The New York Times*, July 20, 2017

Use with Chapter 1, "Overview of Marketing" and Chapter 5, "Analyzing the Marketing Environment"

Comic-Con was once a refuge for nerds and geeks, interested in interacting with others to share stories about their intense fandom for science fiction and fantasy culture. It isn't that anymore, as the latest iteration makes utterly clear. Instead, it has become a marketing juggernaut that few popular culture content producers or participants can afford to ignore.

Nor can they just "phone in" their marketing efforts. Nearly every show, movie, or graphic novel with a dedicated fan base hosts some sort of event in San Diego's crowded convention center, including panel discussions with creators, autograph sessions with actors, and so forth. To stand out, producers today need to make a bigger splash, by giving the estimated 167,000 consumers who attended the latest Comic-Con an experience that they will both appreciate and remember.

For example, to promote its new series *The Tick*, Amazon built a pavilion alongside the convention center hosting Comic-Con, in which a massive, blue, 20-foot, animatronic head waves its antenna at guests. To bring them to the pavilion, Amazon also dressed actors in Tick costumes and sent them into the streets to interact with visitors.

The *Blade Runner 2049* marketing stunt also located its operations outside the main convention hall, in a 12,800-square-foot exhibit that recreated the futuristic streets of the upcoming film. The neon-filled scene featured props from the movie, a virtual reality experience, and actors in costume. Visitors thus felt as if they were actually visiting the dystopian future of Los Angeles.

If instead they wanted to visit the dystopian theme park featured in HBO's series *Westworld*, they could visit yet another secret location, after registering to take part in the experience. The registration provided the address, and once they arrived, hosts (similar to the robots who allow visitors to live out their fantasies in the show—except real, in this case) welcomed the visitors to what was intended to feel just like being in the show. In addition to a psychological assessment to gauge visitors' interests, the *Westworld* experience featured a saloon with a bartender serving drinks, along with cowboy hats for everyone, of course.

Such experience marketing represents a response to consumers' clear demands. They want access to every facet of their favorite shows, and if producers want to remain among the list of favorites, they need to find ways to provide them with experiences that grant them just that.

Discussion Questions:

1. **What are some other ways that content producers might set themselves apart at a massive event such as Comic-Con?**
2. **Are there likely to be diminishing returns to such efforts?**

Go to top of document

Vacuuming Up More than Dirt: The Information Collected by Roomba and Its Potential Uses

Maggie Astor, "Your Roomba May Be Mapping Your Home, Collecting Data that Could be Shared," *The New York Times*, July 25, 2017

Use with Chapter 4, "Marketing Ethics"

Many consumers leave their house in the morning to go to work or school, leaving their automatic vacuum turned on so that when they arrive home, their floors are pleasantly clean and dirt-free. But to function effectively, these robotic vacuums, such as those sold by iRobot under the brand name Roomba, must develop maps of the layout of people's homes, so that they can avoid bumping in to walls or propel themselves down hallways. Is there a privacy concern associated with devices that "vacuum up" that sort of information?

The question became particularly salient recently, when the chief executive of iRobot allegedly noted that the company was working on a deal to share information about consumers' homes with outside companies such as Amazon or Google. The company quickly retracted the assertion, claiming that what the executive really meant was that it may be possible, in the future and only with customers' consent, to share such information. But the genie was out of the proverbial bottle.

In response, observers expressed their concerns that as a Roomba learns the layout of the house, it can gather all sorts of other information too. It knows if there are pets in the house, based on the amount of animal hair it encounters; it likely learns if there are children, according to whether it bumps into a lot of toys. With such information, marketers could target specific pet- or child-related offerings to customers. Another opportunity could arise if the Roomba were able to discern that, say, the dining room only contained two chairs. Marketers likely would be very interested in such information, because it could prompt them to issue a good deal on a new dining room suite.

The overall layout of the home also might provide information about other consumer characteristics, such as an estimated income level. Combined with location information, these data draw a quite accurate and detailed picture of the consumer—more detailed than some users might be comfortable sharing, whether with iRobot or the marketing partners with which it might someday share the data.

Although iRobot is quick to assure users that it would never share these data without permission, external observers note that the concerns go beyond immediate owners. If a homeowner agrees to share her or his house's layout, but then sells the home, the information already has been shared. The new owner may not agree to such dispersion of the information, but it already has taken place.

Another concern involves the potential uses beyond product marketing. For example, information about door locations could give insurers details that they might use to deny claims following a theft or fire. Legal precedent has established that U.S. citizens have a legitimate expectation of privacy within their own homes. But what happens when they invite a robot to make a map of those homes? Are their claims to privacy automatically subverted?

Discussion Question:

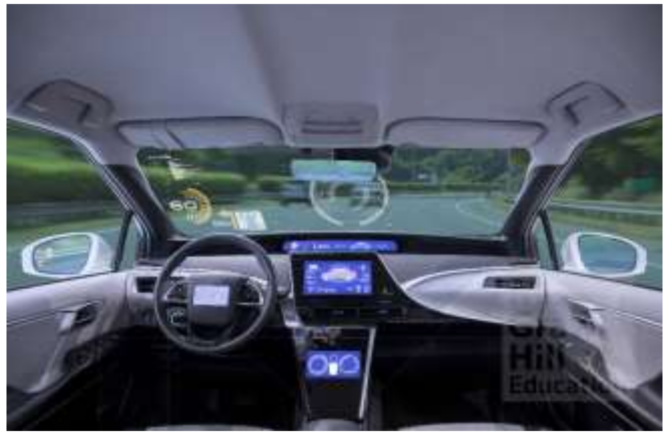
1. **Are people's privacy rights superseded if they agree to share personal information with in-home robots? Why or why not?**

Go to top of document

Tesla's Careful Balancing Act as the Model 3 Finally Arrives

Tim Higgins, "Tesla Model 3 Arrives as Elon Musk Warns of 'Manufacturing Hell'," *The Wall Street Journal*, July 29, 2017

Use with Chapter 5, "Analyzing the Marketing Environment," and Chapter 16, "Supply Chain and Channel Management"



It's finally here! But then again, don't get too excited.

These are the mixed messages coming from Tesla as the first models of the long-promised Model 3 sedan roll off the production line. The Model 3, with its base price of $35,000, represents an accessible version of the innovative company's famous (and thus far, very expensive) electric cars. After multiple delays and missed deadlines, the sedans are finally entering into actual production, such that customers who put their names on waiting lists can expect delivery before the end of next year.

But even as excitement mounts about the fulfillment of this promise, Tesla's founder Elon Musk is cautioning that the months ahead will be marked by challenges related to its production capacities. Currently, Tesla has an estimated 500,000 reservations for Model 3 sedans. Musk anticipates that the company can produce 10,000 cars per week—if everything goes right in the supply chain. But with the recognition that everything going right is rare, Musk also has suggested that the first six months of production will be "manufacturing hell" and warned people not to get their hopes up too high.

This balance between encouraging excitement to sell more cars and dampening expectations to avoid a service failure remains a difficult one, though Tesla has walked the tightrope for years. Early predictions suggested the Model 3 would be ready years ago, so consumers have grown a little accustomed to being disappointed in their expectations of the company.

Furthermore, while Tesla seeks to expand its reach more widely by introducing this more affordable version of its electric car, it also needs to avoid eliminating the market for its more expensive models, such as the existing Model S or the Model X sport utility vehicle. This specific balance is complicated by the broader goals that Musk has established for his company. That is, Tesla seeks to make electric cars the norm in the vehicle market and eventually drive out gasoline-power automobiles. Doing so requires it to attract a vast number of consumers, not just those who can afford the luxury versions of its products.

At the same time, Tesla cannot ignore the impacts of competitors. Most major car makers have announced plans to introduce electric or improved hybrid models of their popular brands. Volvo has promised that all its new cars will be hybrids or electric vehicles by 2019. Chevrolet already sells the fully electric Bolt, though its range (at 238 miles) is not as great at Tesla's (310 miles).

Discussion Question:

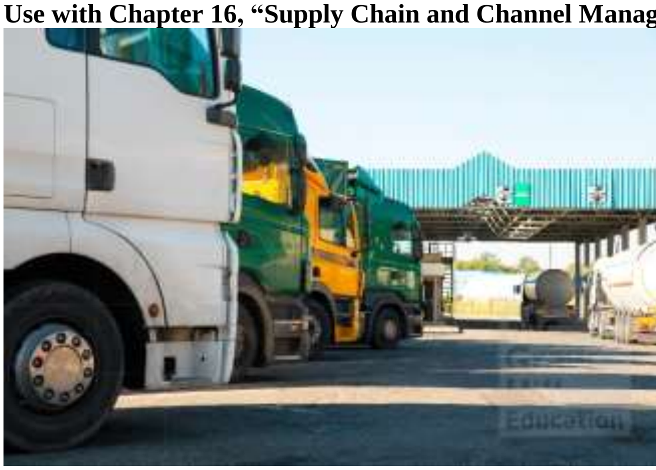
1. **What can Tesla do to ensure that its supply chain works efficiently and avoid production slow downs?**
2. **Which environmental factors have the greatest influences on the potential success of the Model 3?**

Go to top of document

Automation Spreading to Yet Another Link in the Supply Chain: Driverless Trucking

Tomio Geron, "Driverless Trucks Are Barreling Ahead," *The Wall Street Journal*, July 27, 2017

Use with Chapter 16, "Supply Chain and Channel Management"



Robots already are doing much of the work in supply chains, from picking orders in warehouses to stocking items on shelves. The trend is expanding out to other stages of the chain too, as the technology supporting self-driving vehicles is being added to the trucks that carry products across the country.

Although driverless vehicles for consumer use seem to have stalled somewhat, their use in the freight and logistics industry is growing. The reason is the easier task associated with driving long, straight distances, mostly on highways. That is, rather than needing to make multiple turns and stops to run errands, as might be required of a passenger car, long-haul trucks just need to get on the interstate and head down the road. The supporting technology is sufficient to keep them in their lanes and avoid other vehicles in the area. Thus, the market for these trucks is growing rapidly.

The way the fleets will grow remains a matter of some debate though. Some observers predict that the greatest growth opportunities will come from remote controlled vehicles, while others anticipate that human operators still will need to sit in the cabs of the trucks, in case of emergency and to handle the local last leg of the trip, at least for the foreseeable future. One start-up company instead envisions groups of autonomous trucks travelling together, like a peloton in bicycle racing, so that they can obtain benefits from drafting off one another.

Ultimately though, the goal appears to be fully autonomous trucks performing the delivery step that long-haul drivers currently fulfill. That outcome would mean a radical transformation in the job market, considering that an estimated 3.5 million people currently work as truck drivers. The potential for vast job losses makes the discussion a political and ethical one as well. However, the trucking industry is highly fragmented, such that it encompasses thousands of relatively small companies. This status makes it difficult to establish labor unions that might protect the drivers' jobs.

Furthermore, in the push for ever more efficient supply chains, technologies that reduce labor costs nearly always win. Thus the future seems likely to feature a lot more empty truck cabs, as well as a lot of people looking for a different job.

Discussion Question:

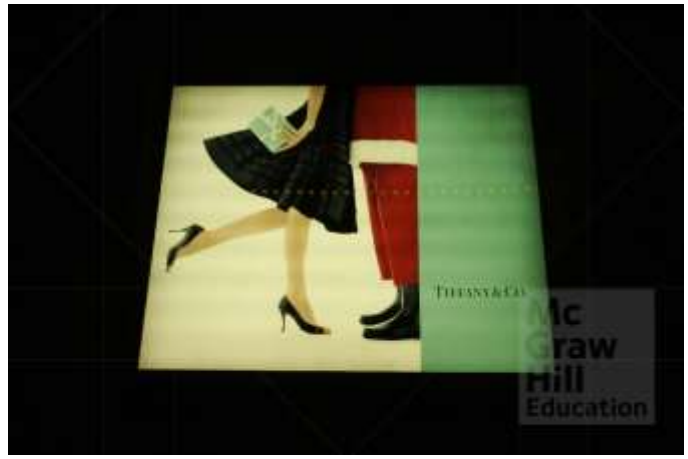
1. **Who are the key stakeholders involved in the transformation to driverless trucking? Analyze the effects of this transformation on each pertinent stakeholder group.**

Go to top of document

Tough Decisions at Tiffany & Co.: What Makes a Luxury Brand a Luxury?

Suzanne Kapner, "Tiffany & Co., the Luxury Brand with a Midlife Crisis," *The Wall Street Journal*, July 9, 2017

Use with Chapter 11, "Product, Branding, and Packaging Decisions," and Chapter 15, "Strategic Pricing Methods"



The recent leadership changes at Tiffany & Co., the jewelry line known for its signature blue boxes, are symbolic of the struggles and challenges that many luxury brands face today. Those struggles led to the ouster of one CEO and the reinsertion of another, at least on a temporary basis. Where the brand goes from here is anyone's guess though.

Luxury markets are defined largely by their prices, which are set high specifically to signal their exclusivity and high quality. But high prices limit market growth, because only the "lucky few" can afford them. Several years back, in an attempt to reach more customers, Tiffany expanded its product lines, seeking to attract some customers who could afford to spend a few hundred dollars, but not thousands, on a beautiful trinket or gift for themselves or a loved one.

But by adding a range of lower priced products, Tiffany risked its reputation for exclusive items and put its luxury status at stake. Nearly half of its sales revenues started coming from items with an average price of $530—really low for a luxury brand. Consumers looking for something special instead started considering brands like Cartier, where "You'd be hard pressed to find anything … for $500."

At the same time as it adjusted its pricing strategy, Tiffany & Co. also was spreading its marketing efforts and sales channels. Rather than only being available in the 310 dedicated, branded stores, the products started selling on the fashion website Net-a-Porter and in other boutique retail stores. The marketing campaigns also appeared more widely in various communication channels. As a result, some parties came to believe the famous Tiffany blue was even being overused, saturating every surface instead of maintaining its exclusivity and cache.

By the same token, when the recently fired CEO sought to limit the use of the blue, critics also assailed the choice as a failure to respect the company's long history and tradition. Such criticisms also arose in response to the announcement that Lady Gaga would be the new face of the brand; unfair comparisons suggested that she was no Audrey Hepburn, the famous actress who helped make the retailer a familiar name by starring in the film version of *Breakfast at Tiffany's.*

Finally, Tiffany & Co. owns much of the production processes it uses to create its goods. Unlike most jewelers, it polishes and finishes its own gemstones, and it maintains agreements with diamond miners to purchase minimum amounts each year. Although this approach helps the company guarantee the quality of its products, it also can create inventory issues. For example, even if it has no pressing need for more diamonds, it must purchase them, under the terms of its contract. In that case, Tiffany & Co. could find itself forced to lower prices to clear inventory—a most un-luxury move for a luxury brand.

Discussion Questions:

1. **What kind of pricing strategy is Tiffany & Co. currently using? Has it changed from previous strategies?**
2. **Should Tiffany & Co. limit the use of its signature blue color in its packaging and advertising?**

Go to top of document

Tasty: A Revolution in Marketing or Just the Latest Example of IMC?

Farhad Manjoo, "How BuzzFeed's Tasty Conquered Online Food," *The Wall Street Journal*, July 27, 2017

Use with Chapter 18, "Integrated Marketing Communications"

From one perspective, Tasty—the division of BuzzFeed that is responsible for producing the site's vastly popular, widely viewed "food porn" videos—is a radically new invention, changing the game and the markets to which it links. From another though, Tasty is just the latest example of how companies can take a good idea and leverage it across multiple channels to reach consumers wherever they are.

The former argument highlights what is new and unique about Tasty. To start, consider that an entire division of the company is dedicated to producing videos, shot from an overhead perspective, of people making food, like "Sliders 4 Ways." This stream of content is hugely popular for BuzzFeed, prompting millions of hits, likes, and views. Its "Cheeseburger Onion Ring" video alone racked up 167 million viewings. Overall, an estimated 1.1 billion views of Tasty content have occurred. To support itself, Tasty also makes videos for brands that pay it for its services, so the more popular it is, the more it can attract sellers who will pay to get their products featured.

Such popularity in turn has prompted Tasty to expand its operations to other fields as well, including the publication of a made-to-order cookbook and the development of an app that connects to a small cooktop, which users can program to prepare their food using various cooking methods. This Tasty One Top device thus offers fans their own chance to try sous vide or simmer a pot at home, with the help of the app. By expanding this way, Tasty seemingly is taking a wholly new and innovate route: from an electronic content provider and lifestyle brand to a manufacturer of both physical and electronic products and services.

But the opposite perspective on its expansion suggests that even if this transition might look different, it's not that new. Disney leveraged its popular content, cartoons, and films to establish itself as a provider of theme park entertainment, a retailer, and a cultural force. In both cases, the foundation is the intellectual property that the company develops. The key to their success is finding ways to exploit, share, and sell that property and related products across a broad spectrum of channels and purchase occasions. According to this view, the model is the same. The only real difference is that the content is electronic, rather than derived from movies, books, or television.

Of course, another difference stems from the revenue sources, but here again, they might just be the same concept in different guise. Rather than selling just the content, Tasty earns revenues by getting people to pay to access its skills and abilities, similar to the way dedicated service firms (e.g., lawyers, accountants) do.

Discussion Question:

1. **Which perspective do you consider more convincing? That is, is Tasty a new version of an old story, or is it a radically new approach?**

Go to top of document

Article / Chapter Index

Articles	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
“If You Win on Amazon, You Win, Period”: The Marketing Revolution **Sparked by Amazon’s** Complete Dominance		X															X			
When Good Timing Meets Good Marketing: The La Croix Boom					X	X														
Tom Brady Is a Gearhead: An Aston Martin Sponsorship for the NFL Star																		X		
How GE’s FirstBuild Is Redefining Innovation and Agility												X								
Your Lyft Driver Will Be There in 6 Minutes, and Then You Can Go Get Some Taco Bell Together													X							
Appealing to the Geeks Is Big Business: The Elaborate Experience Marketing at Comic-Con	X				X															
Vacuuming Up More than Dirt: The Information Collected by Roomba and Its Potential Uses				X																
Tesla’s Careful Balancing Act as the Model 3 Finally Arrives					X											X				
Automation Spreading to Yet Another Link in the Supply Chain: Driverless Trucking																X				
Tough Decisions at Tiffany & Co.: What Makes a Luxury Brand a Luxury?											X				X					
Tasty: A Revolution in Marketing or Just the Latest Example of IMC?																	X			
Videos																				
“Selling (or Not) the American Health Care Act”																				
“This 85-Year-Old Cosmetics Saleswoman Still Finds Working **Beautiful”**																				

Go to top of document