



sixth edition

# marketing

grewal / levy



[www.grewallevymarketing.com](http://www.grewallevymarketing.com)

September  
2018



Dear Professor,

We are delighted to inform you that the 5<sup>th</sup> 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 5<sup>th</sup> 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](http://grewallevymarketing.com). We encourage you to tell us how you use the newsletter. Please send your feedback to [mlevy@babson.edu](mailto:mlevy@babson.edu).

Sincerely,



Dhruv Grewal and Michael Levy

[www.grewallevymarketing.com](http://www.grewallevymarketing.com)

*This newsletter summarizes article abstracts for the following topics:*

- **Videos**
- **Mixing Family Diversity into Advertising: A New Recipe for Success (Chapters 5 & 19)**
- **The Future of Television Advertising Sales Is Unclear (Chapters 5 & 19)**
- **Chipotle Makes Changes to Appeal to Customers Hungry for Something New (Chapter 12)**
- **Trading Luxury Goods Like Stocks Brings Lower Prices for Consumers (Chapters 16 & 17)**
- **JC Penney Looks to Woo Older Female Consumers to Reenergize Brand (Chapter 9)**
- **Messaging App Snaps Up Advertisers with New Enhancements (Chapters 3, 9 & 18)**
- **Retailers See Green for the Coming Holiday Season as Toy Sellers Rush to Fill the Gap Left by Toys 'R Us (Chapter 9)**
- **Fitting Robots into Smaller Spaces Brings New Opportunities for Grocers (Chapter 16)**
- **McDonald's Offers Freebies to Change Customer Habits (Chapter 3)**
- **Casper Mattress Mix Business with Marketing (Chapters 13 & 17)**
- **Starbucks Still Faces Criticism for Single-Use Plastic (Chapters 4 & 8)**
- **Aerie Campaign Showcases Real Women Coping with Challenges (Chapters 4 & 19)**
- **New Services Make It Easy to Adopt an 'Instagram Style' (Chapter 12)**
- **Article/Chapter Index**



## Videos

### “Kroger CFO: We’re Redefining the Grocery Shopping Experience”

- An interview with the Kroger CFO, who describes what has helped Kroger succeed recently, as well as some of the strategies it is pursuing to ensure its continued success, in the competitive grocery market.
- 4:34 minutes
- <https://www.msn.com/en-us/money/companies/how-kroger-hopes-to-change-grocery-shopping-as-we-know-it/ar-AAuM1BI?li=BBmkt5R&ocid=spartandhp>

### “Behind the Rising Costs of Long-Term Health Insurance”

- Why is the long-term health insurance market imploding, and what should consumers do about it? This video addresses some of the causes, but finding solutions will be much harder.
- 4:25 minutes
- [http://www.wsj.com/video/behind-the-rising-costs-of-long-term-care-insurance/290B68B2-650A-4EE9-B6B2-D8645F70EC89.html?mod=trending\\_now\\_video\\_3](http://www.wsj.com/video/behind-the-rising-costs-of-long-term-care-insurance/290B68B2-650A-4EE9-B6B2-D8645F70EC89.html?mod=trending_now_video_3)



# Mixing Family Diversity into Advertising: A New Recipe for Success

Joanne Kaufman, “A Sign of ‘Modern Society:’ More Multiracial Families in Commercials,” *The New York Times*, June 3, 2018. See also Hallie Golden, “Inside the Biracial Advertising Boom,” *Daily Beast*, February 5, 2018; Kyle Killian, “Go to Commercial: Viewer Backlash over a Mixed Race Family,” *Psychology Today*, November 14, 2014

**Use with Chapter 5, “Analyzing the Marketing Environment,” and Chapter 19, “Advertising, Public Relations, and Sales Promotions”**



Families have grown more diverse with time, but many brands have done a poor job at incorporating the changing face of the traditional American family into their advertising campaigns. When consumers fail to see themselves or their own story reflected in the ads produced, a missed opportunity for connection between the brand and consumers occurs.

Several big brands have become more sensitive to this disconnect in recent months. Companies such as JPMorgan Chase,

Infiniti, Humira, State Farm, and Tide have released new ad campaigns featuring interracial couples in an effort to be more inclusive and better connect with their diverse and varied audience.

Large companies such as these historically have been risk adverse when it comes to reflecting and incorporating cultural changes into their advertising campaigns—perhaps with good reason. Cheerios received a high number of complaints when it first aired a commercial featuring an interracial couple in 2013. Old Navy and State Farm similarly experienced public backlash after publishing spots on Twitter that included interracial couples.

However, as positive, accepting perceptions and recognition of interracial relationships continues to rise nationwide, brands see new value in creating advertisements that are inclusive, so that they can appeal to a broader base of consumers. Some companies also sense that diverse ad campaigns better reflect their values and commitment to inclusivity. Given the changing demographics of the nation, it seems likely that the traditional American family will soon be as ethnically diverse in advertising as it is in real life.

## Discussion Questions:

1. What changes in the macro-environment have led to changes in the demographics of the actors that appear in today’s ads?
2. Do these advertisements appeal to consumers? How?

[Go to top of document](#)

# With Consumers Turned Off, the Future of Television Advertising Sales Is Unclear

Sapna Maheshwari and John Koblin, “Why Traditional TV Is in Trouble,” *The New York Times*, May 13, 2018. See also Brian Steinberg, “How TV Tuned in to More Ad Dollars: Drug Money, Digital Doldrums Kept Madison Ave. Attention on Linear Viewers,” *Variety*, July 26, 2018

## Use with Chapter 5, “Analyzing the Marketing Environment,” and Chapter 19, “Advertising, Public Relations, and Sales Promotions”

The declining ratings do not lie: Traditional television is in trouble. Younger viewers have abandoned it, and the median age of viewers that remain continues to increase. Last season’s top-rated show had a median viewer age of 52.9 years, and many members of the coveted Millennial and Z Generations no longer even own a television. Brands and advertisers have taken note, meaning that the future of national television advertising sales may be in jeopardy. For the networks, these developments raise serious questions about how to move forward and reengage both sides of the platform, that is, viewers and advertisers alike.



Magna, the media division of IPG Mediabrands, projects that national television advertising sales will decline at least 2 percentage points per year through 2022. Brands and advertisers are shifting their money to digital campaigns that are more likely to connect with younger audiences. Spending on social media platforms and Google’s YouTube now accounts for far greater percentages of media campaign budgets, pulling more and more dollars away from televised ads. Some firms are also trying creative approaches, such as negotiating deals for direct product placements and integration into popular television shows in lieu of traditional commercials.

Viewers report frustration with advertisements as one of the main reasons they have turned away from television and sought out entertainment from other channels, such as YouTube, Netflix, and Hulu. For networks that rely on advertising dollars to be profitable, this conflict between advertisers and viewers is difficult to resolve. Both NBCUniversal and Fox Networks Group have announced plans to reduce the amount of advertising time they sell during shows, in an effort to woo back viewers. Fox even hopes to trim ad time to just 2 minutes per hour by the year 2020. Both networks hope that if the number of viewers increase, advertisers will be willing to pay a premium for the limited available space, and television can return to its status as one of the most valuable platforms for advertising.

### Discussion Questions:

1. Why are fewer younger people watching television?
2. Using the information in this article, consider what kinds of products you think should advertise on television, rather than other media channels. Whom should they target?

[Go to top of document](#)



# Chipotle Makes Changes to Appeal to Customers Hungry for Something New

Rachel Abrams, "Chipotle Will Test a Quesadilla, and a New Strategy," *The New York Times*, June 21, 2018; Jessica Wohl, "Chipotle's Marketing Menu for 2017: Biggest Campaign Ever, Fewer Promos," *Advertising Age*, January 10, 2017

Use with Chapter 12, "Developing New Products"



Chipotle's new Chief Executive is whipping up change in the kitchen of the fast-casual restaurant. Chipotle's deliberately limited menu will soon be expanded with five new items designed to help reenergize the brand and better compete in an increasing competitive fast-casual restaurant market. The brand is currently testing five new menu items: quesadillas, nachos, chocolate milkshakes, and avocado

tostadas. If all goes well, the chain plans to roll out these additions to the menu nationwide, and Chipotle will keep the menu fresh by also releasing one or two new special promotional items annually.

Chipotle is proceeding with caution as it makes this change. The brand's sales have continued to suffer because of a 2015 *E. coli* outbreak that scared away many consumers. Furthermore, the chain struggled with the rollout of its last menu update; when it added queso cheese to the menu in 2017, the taste of the product was widely panned, which forced the company to adjust the recipe quickly, almost immediately following its widely publicized release.

The five new menu items will require an update to the restaurant's kitchen and production line, which will create an added expense for each location. However, Chipotle predicts that the expense and potential risk ultimately will be worthwhile. The chain needs to innovate and create excitement to increase sales and keep hungry customers coming through the door.

## Discussion Questions:

1. Why is Chipotle developing new menu items?
2. In which stage in the product development process are these new products?
3. What are the potential pros and cons of introducing new menu items?

[Go to top of document](#)

# Trading Luxury Goods Like Stocks Brings Greater Access and Lower Prices for Consumers

Dan Hyman, “A Nasdaq for Sneakerheads? E-Commerce Site Aims to Tame ‘Chaos’ of Luxury Market,” *The New York Times*, July 6, 2018; Timothy J. Seppala, “Why Sneakerheads Are Leaving eBay for Detroit Startup StockX,” *Engadget*, February 16, 2018; StockX, <https://stockx.com>

**Use with Chapter 16, “Supply Chain and Channel Management” and Chapter 17, “Retailing and Omnichannel Marketing”**

StockX is shaking up the luxury goods market by innovating a new way to bring limited-edition, high-demand products—namely, exclusive sneakers—to consumers desperate to get their hands on the latest designs. Both designers and consumers may list the products they have available for sale or resale on the e-commerce platform. StockX then assigns each good a specific “stock” ticker symbol. In turn, users can easily find data about the item, such as recent sales figures anywhere on the Internet, price volatility for the item, and its 52-week high and low prices. Interested buyers then place a bid, and once the bid price and the asking price coincide, the StockX website makes the sale.



The creation of this new market represents a response to consumer demand for products that was not being sufficiently addressed by designers or retailers. Before StockX, potential buyers interested in limited-edition products had to camp out in front of stores or enter raffles for a chance to purchase the desired products. Access to scarce luxury goods was often limited to insiders. With StockX, all consumers have access to the goods available for sale on the site, and though the prices for many of the limited-edition items are high, StockX believes that its sales approach is more transparent and thus encourages fairer prices overall, because it tracks the price data carefully, then displays it to everyone and for each item.

Providing expanded access to luxury goods may initially put off some designers that pride themselves on brand scarcity and exclusivity. Yet StockX regards this gap ultimately as a minor trade-off for brands. For most of them, the potential for a vastly expanded customer base is worth altering their distribution and sales process.

Big companies such as Nike and Complex seem to agree; both have recently come on board—literally and figuratively. These new partnerships, as well as the growing user base for the platform, have required StockX to upscale its operations quickly, but the CEO and founder Josh Luber expresses confidence that StockX’s unique e-commerce platform is ready to handle the challenge. It plans to transform the way high-end apparel sales (and resales) take place in the digital space, for sneakers today, but potentially for various products in the future.

## Discussion Questions:

1. How is StockX different from other e-commerce sites?
2. What is unique about StockX’s supply chain?

[Go to top of document](#)

# JC Penney Looks to Woo Older Female Consumers to Reenergize Brand

Suzanne Kapner, "Done Chasing Millennials, J.C. Penney Tries to Win Back Moms," *The Wall Street Journal*, July 26, 2018; Anne Stych, "JC Penney Pivots from Millennials to Moms," *BizWoman*, n.d.

Use with Chapter 9, "Segmentation, Targeting, and Positioning"



Long a familiar anchor store in malls across America, JC Penney more recently has floundered, cycling through three CEOs in seven years and failing to post any profits in 15 of the past 17 quarters. After two failed overhauls, signaling somewhat desperate efforts to bounce back from the global recession, JC Penney has landed on what it identifies as the winning strategy: Scale back efforts to appeal to Millennial consumers, stop working to expand its home appliance division, and shift its focus back to winning over its original core customer base of older women seeking discounted fashion apparel.

To accomplish, JC Penney has hired a new CEO with apparel experience, tasked with reorganizing stores to highlight fashion brands such as Liz Claiborne, Worthington, and St. John's Bay by placing them in the line of sight of prime customer traffic. It also will need to eliminate or scale back future purchases of brands intended to appeal to Millennial consumers. By working with designers such as Liz Claiborne, it hopes to develop exclusive offerings, available only at JC Penney stores, as well as sell the brand's new product lines in advance of competitors that also stock general products from the company.

Established in 1902, JC Penney reached a peak in the 1970s, and it continued to demonstrate strong performance, at least until the modern global recession. As it struggled to weather the crisis, the company exacerbated its problems by making several regretful, notable missteps.

First, it tried to eliminate sales in favor of always having low prices. But consumers missed the excitement and fun of getting a great bargain, so the chain was forced to eliminate that practice and bring back sale prices almost immediately. Second, the previous CEO added to the retailer's woes. Sensing an opportunity in the market following the closure of several Sears Holding Corp. stores, the chain debuted a new focus on appliances. However, with lower gross margins on appliances, JC Penney's revenues sank, and the company underperformed during fourth quarter of 2017 and first quarter of 2018.

With an average of 40 percent gross margins on apparel and a projection that the apparel industry will post its strongest sales gain since 2012, JC Penney's present strategic shift seems to offer good promise for finally getting the retailer back on track. The company hopes that by once again appealing to its core consumer base, moms and older female shoppers will no longer consider it an afterthought.

## Discussion Questions:

1. Why has JC Penney changed its target market?
2. How is JC Penney targeting this new market?

[Go to top of document](#)

# Messaging App Snaps Up Advertisers with New Enhancements

George Slefo, "Snapchat Beefs Up Ad Targeting in Deal with Nielsen," *Ad Age*, July 18, 2018; Garrett Sloane, "Snapchat Opens a Private Marketplace for Brands to Buy Ads in Discover Shows," *Ad Age*, July 25, 2018

**Use with Chapter 3, "Social and Mobile Marketing," Chapter 9, "Segmentation, Targeting, and Positioning," and Chapter 18, "Integrated Marketing Communications"**

To compete more effectively with other social media platforms such as Facebook, Instagram, and Twitter, Snapchat is enhancing the advertising experience it offers to retailers. Buoyed by its new partnership with Nielsen, Snapchat will now allow brands to purchase targeted advertisements, using customer data collected by Snapchat as well as data obtained from offline sources.



Nielsen Buyer Insights and Nielsen Catalina Solutions can track information about which consumers have recently purchased lipstick at a retail store using a loyalty card; advertisers hope to access this information to make better decisions. With the new agreement, they can combine it with data from the social media platform to determine which Snapchat users to target in digital marketing campaigns.

Snapchat's decision to share more user data with advertisers comes at a time when Facebook is scaling back on targeted advertisements, amid user privacy concerns. This contrary move could make Snapchat more appealing to advertisers looking to spend their digital marketing campaign dollars on narrow, targeted campaigns.

In addition to making more user data available to advertisers, Snapchat is changing the way ads can be purchased and presented on its platform. The service will soon start to offer six-second, unskippable ads.

Finally, Snapchat is working to align advertisers with its new premium programming. Snapchat's media section, Discovery, broadcasts entertainment and shows that reach more than 30 million viewers each month. Advertisers are able to arrange advertisements to play during specific shows and on specific channels. The content on Discovery is produced by professional publishers only, so advertisers will have greater control over where their messages play, compared with other platforms that include ads in (often controversial) content published by users.

As a result of these enhancements to the platform, Snapchat believes that the value it offers advertisers is worth a premium price. In turn, it is expected to raise advertising rates soon, from between \$3 and \$5 per 1000 impressions to close to \$10 for the same view rate.

## Discussion Questions:

1. What are some benefits to advertising on Snapchat compared with other social media platforms?
2. How will this new marketplace improve advertising on Snapchat?
3. Will Snapchat's deal with Nielsen improve its ad targeting? Why or why not?

[Go to top of document](#)



# Retailers See Green for the Coming Holiday Season as Toy Sellers Rush to Fill the Gap Left by Toys 'R Us

Matt Townsend, "Amazon Takes a Page from Toys 'R' Us with a Holiday Toy Catalog," *Bloomberg News*, July 4, 2018; Curtis Silver, "Amazon to Print Annual Toy Catalog Because the Magic of Nostalgia Never Dies," *Forbes*, July 5, 2018

## Use with Chapter 9, "Segmentation, Targeting, and Positioning"



Now that Toys 'R Us has shut its doors, other retailers see new opportunities to expand their market share in the toy industry. One such retailer stepping in to fill the gap is Amazon. The online retail giant hopes to capture the attention of children with a new annual holiday toy catalogue that will be printed and mailed to millions of households across the United States. The glossy catalog will also be available in all Whole Food Markets, Amazon's brick-and-mortar grocery chain.

The new catalog will arrive in October this year, and based on the popularity of Toys 'R Us's long-published "Big Book" catalog, Amazon believes that the printed book will help drive toy sales through the fourth quarter of the year. In turn, it plans to capture a larger share of the toy market. Amazon has steadily been gaining market share in this category since 2007.

But the other players are not ready to give up the game, of course. Walmart and Target are eager to attract shoppers who once might have turned to Toys 'R Us for their holiday shopping needs. These two retailers already publish annual holiday toy catalogs, so they might have a bit of a jump on Amazon. In addition, both retailers plan to expand shelf space in stores to stock more toys. They are working with big toy brands to offer in-store events or exclusive toys to consumers.

Something of a dark horse contender in the competition, Party City wants to get in on the holiday toy game this year. The retailer plans to open at least 50 pop-up toy shops for the season. One thing is for sure: There will be no shortage of places to get gifts this holiday season. Kids who receive nothing really must have gotten themselves on Santa's naughty list.

### Discussion Questions:

1. How is Amazon using both traditional and e-commerce channels to make itself into an omnichannel retailer, especially in the toy market?
2. Do you agree with Amazon's decision to print a toy catalog?

[Go to top of document](#)

# Fitting Robots into Smaller Spaces Brings New Click-and-Collect Opportunities for Grocers of All Sizes

Matthew Stern, "Is Robotic Micro-Fulfillment the Path to Streamlined Grocery Pickup?" *Retail Wire*, July 24, 2018; CBInsights, "Can Retailers Solve Last-Mile Delivery through Micro Fulfillment?" March 28, 2018; Takeoff, <https://www.takeoff.com>; Commonsense Robotics, <https://www.cs-robotics.com>

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

Large grocery store chains have been exploring the potential cost savings that could result from robotic inventory management and fulfillment services for several years. However, these solutions usually demand vast space and substantial inventory to be successful. The market to expand uses of these robotic systems to smaller grocery retailers thus has been limited ... until now.



Several startup firms in the grocery industry hope to change the situation by introducing innovative, micro-fulfillment options using robotic technology. For example, the firm Takeoff Technology is installing its robotic fulfillment solution in small spaces that are about one-eighth of the size of a traditional grocery store. Its first micro-fulfillment grocery center will open in October. The facility will use robotic technology to complete grocery orders placed online, such that the items will be available for drive-through pickup within a half hour of being ordered.

CommonSense Robotics is another startup company experimenting with small robotic fulfillment centers. Its robotic order fulfillment services are designed to fit in smaller, underutilized spaces within cities. Multiple small grocery and convenience stores could implement the system in the shared basement of a building, and the robots would pull and pack an order before delivering it to an employee for in-home delivery. The startup plans to expand outside of its initial store in Israel to the United States and United Kingdom in the coming year.

Regardless of the industry served, being able to fit new click-and-collect robotic fulfillment solutions into smaller spaces ultimately will help streamline the fulfillment process. As more firms see the potential success of micro-fulfillment solutions, and customers demand the convenience offered by them, the industry is sure to expand quickly.

### Discussion Question:

1. How are these fulfillment centers different from traditional fulfillment centers?

[Go to top of document](#)

# Let Me Have a Mobile Order with a Side of Fries: McDonald's Offers Freebies to Change Customer Habits

Tom Ryan, "McDonald's Offers Free Fries for Mobile Orders," *Retail Wire*, July 23, 2018; Ayana Archie and Jeanne Bonner, "McDonald's Is Giving Away Fries for the Rest of the Year ... If You Spend \$1 on its App," *CNN.com*, July 20, 2018

**Use with Chapter 3, "Social and Mobile Marketing"**



McDonald's sees an opportunity to help cut labor costs and increase customer satisfaction all at the same time: A new mobile application that sends orders directly to the kitchen and shortens wait times for hungry customers.

To help customers develop the new habit of choosing their phone, rather than the person at the counter, to place their orders, the fast food giant

is offering free fries on Fridays to mobile application users, for the rest of 2018. McDonald's hopes that once customers start using the mobile app to fulfill their meal and snack cravings, the resulting habit will be tough to break.

Business insiders predict that mobile orders will account for 10.7 percent of sales in the fast food industry by 2020, so it is wise for McDonald's to take steps now to help establish itself as a leader in this space and develop a strong customer base. With over 20 million registered users of the mobile app already, the potential savings that could be realized from reduced labor costs alone make the free fry promotion a hot idea.

## **Discussion Questions:**

1. What are the benefits of this app to McDonald's?
2. What are the benefits of this app to consumers?

[Go to top of document](#)

# Casper Mattress Dreams Up a Creative Way to Mix Business with Marketing

Tom Ryan, “Need a Nap? Casper Opened a Store for That,” *Retail Wire*, July 16, 2018;  
Avery Hartmans, “Mattress Startup Casper Just Opened a New Space Where You Can Pay \$25 to Take a Nap—Here’s What It’s Like to Visit,” *Business Insider*, July 18, 2018

**Use with Chapter 13, “Services: The Intangible Product,” and Chapter 17, “Retailing and Omnichannel Marketing”**

The mattress brand Casper has always tried to dream outside the box. The retailer first broke the mold by changing the way mattresses were sold: It debuted online, and it famously sold comfortable mattresses, shipped directly to consumers, in impossibly small boxes.



Now Casper has developed its next innovation—an idea that the company believes will fill an unmet consumer need while also providing an invaluable means to market its brand: The Dreamery. The service allows tired consumers in New York City to take a mid-day nap in a curtained nook, equipped with a Casper bed and other high-end products, such as luxury sleep wear and face wash. Nap sessions, priced at \$25 for a 45-minute interlude, are pre-booked through a special Casper website so drowsy consumers can walk in at a pre-arranged time and find their personalized Dreamery nook all ready to go. And though Casper mattresses are not directly available for sale from the Dreamery, the service location is right next to a Casper brick-and-mortar store, so a purchase would be easy and convenient.

This innovative channel represents the latest addition to Casper’s omnichannel strategy, designed expressly to make it easy for consumers to experience and come to love its mattresses. Mattresses are available for purchase from West Elm and Target, and new stand-alone Casper stores have begun popping up across the country. The Dreamery offers an unusual, unique, and creative way for the retailer to expose more potential consumers to its products—while also earning service revenues from customers who desperately need a relaxing place to take a break from the rigors of daily life. Casper has plans to expand the Dreamery to more cities, as well as to college campuses, airports, and workplaces, so for this mattress brand, it seems the sky’s the limit.

## Discussion Questions:

1. How is Casper’s Dreamery meeting customers’ service needs?
2. How do these nap sessions help promote Casper’s products?

[Go to top of document](#)



# After Axing Straws, Starbucks Still Faces Criticism for Single-Use Plastic

Adele Peters, “Why Starbucks’s Plastic Straw Ban Might Not Help the Environment,” *Fast Company*, July 26, 2018;  
Adele Peters, “Starbucks Generates an Astronomical Amount of Waste—Can It Stop?” *Fast Company*, March 21, 2018  
Use with Chapter 4, “Marketing Ethics,” and Chapter 8, “Global Marketing”



Facing substantial pressures—and following its own several years’ old sustainability commitments—Starbucks is seeking ways to make substantial changes to its cup designs and eliminate single-use plastic straws that cannot be recycled. The coffee retailer has developed a new lid that will take the place of a straw, which will be phased into use by 2020. Straws will continue to be available at the chain by customer request; however, those straws will be made from an alternative material such as paper or compostable plastic.

Environmentalists appreciate the consumer and industry buzz generated by this change, yet many insist that the chain’s actions are insufficient and, in some ways, have made its environmental impact worse. The new cup lids are made from polypropylene, a type of plastic that has become more difficult to recycle. Most facilities in the United States cannot recycle this type of plastic and will instead ship the material overseas for processing.

Historically China was the largest market for polypropylene, but that country recently banned further imports of polypropylene. Instead, polypropylene has been rerouted to facilities in Thailand, Malaysia, and Vietnam. However, environmentalists warn that the recycling infrastructure within these countries is inadequate, and much of the imported recycling material ultimately is being dumped into the ocean, instead of being processed for new use. Those damages affect the entire planet, so it is not as if Starbucks can simply export the problem.

Others retailers in the food service industry have taken steps to address single-use plastic on a more comprehensive scale. The food service company Aramark has announced its commitment to reducing plastic broadly by evaluating its uses in straws, stirrers, bags, cutlery, bottles, take-out containers, and packaging from suppliers. As this example shows, the problem of plastic recycling is far from limited to straws; indeed, the drinking tools account for a relatively small percentage of the overall volume of plastic that pollutes waterways.

In contrast, Starbucks’ plan to eliminate single-use straws by replacing them with larger lids that cannot easily be recycled seems inadequate. As public attention continues to focus on the environmental impact created by single-use plastic, Starbucks will likely need to reevaluate its practices once again, to find ways it can make more meaningful changes.

## Discussion Questions:

1. Is Starbucks’ effort sufficient? Why or why not?
2. Should Starbucks continue focusing on straws or shift its focus to other environmental impacts of its products?

[Go to top of document](#)

# Raw and Untouched, Aerie New Campaign Showcases Real Women Coping with Difficult Challenges

Diana Pearl, “Aerie Continues Its ‘Real’ Streak, Casting Models with Illnesses and Disabilities,” *Adweek*, July 12, 2018; Katie Richards, “What Brands Need to Know to Successfully Market Feminism in the #MeToo Era,” *Adweek*, August 6, 2018

**Use with Chapter 4, “Marketing Ethics,” and Chapter 19, “Advertising, Public Relations, and Sales Promotions”**

Lingerie retailer Aerie has been hitting the right notes with its consumers. Its successful, ongoing #AerieReal campaign features unretouched images of everyday women wearing the line’s product. The latest images released by the campaign go even further, in an effort to demonstrate the brand’s deep commitment to inclusivity and body positivity.

The female models in the campaign all display a visible, difficult medical condition, disease, or disability, as well as the brand’s lingerie. For example, a diabetic woman poses with her insulin pump attached to her bra; another model prominently displays her ostomy bag; and the Paralympic gymnast Chelsea Werner, who has Down’s Syndrome, is a celebrity endorser. The message to girls and women is clear: All bodies are beautiful, and the brand can be worn by anyone, regardless of the challenges she may face.



The brand first announced its policy to stop retouching images used in its marketing, stores, and website in January 2014. The response from consumers was widely positive and supportive, prompting the retailer to expand on its ethical stance and incorporate average women in its marketing, not just professional models.

Among its professional models though, it also featured Aly Raisman, the Olympic gymnast who testified about the sexual abuse she suffered for years by a U.S. Gymnastics doctor. Raisman appears in an attractive swimsuit, with the word “Survivor” printed prominently across the front, highlighting her history but also her refusal to let the abuse limit her.

When the company held an open casting call on its social media platforms, it identified women with disabilities and other challenges that could be featured and celebrated. The #AerieReal campaign thus has allowed the retailer to display its core values and connect with a broad base of customers, and in so doing, it has enjoyed the benefits of positive buzz about and interest in its brand.

## Discussion Questions:

1. Do these campaigns make you more or less likely to buy from Aerie?
2. How is this company benefitting by living up to its ethical ideals?

[Go to top of document](#)

# New Services Make It Easy to Adopt an ‘Instagram Style’

Jessica Sulima, “What’s Next for Cult Fashion Items on Instagram as the Platform Becomes More Shoppable,” *Adweek*, July 10, 2018; Ana Colon, “6 Summer Fashion Trends All Over Instagram,” *Glamour*, June 15, 2018  
Use with Chapter 12, “Developing New Products”



Instagram fashion influencers have cultivated their own “Instagram Style” of constantly evolving cult fashion items that quickly become must-have (and scarce) commodities. As the prevalence of these influences continues to grow, fashion companies have even begun to incorporate Instagram influencers into their plans for new product releases. That is, designers now pre-launch an item to popular Instagram influencers, with a request for a post that features the item,

to be uploaded within a certain timeframe. Then the social media platform’s algorithms can be leveraged to boost views and product exposure.

Until recently though, this “Instagram Style” approach relied on word of mouth. Designers had to find the right influencers to represent its brand, and then they had sit back and hope that the post would be interesting enough to spark sharing, while also providing sufficient information to help potential customers find and purchase the sought-after item.

Noting this limitation, Instagram has developed a new platform, LIKEtoKNOW.it, that is designed to help retailers connect with customers. Instagram users can take screen shots of their favorite influencer, then access the image on the LIKEtoKNOW.it application. Retailers that have entered into agreements with Instagram can ensure that their own fashion and apparel items load, immediately available for purchase, with just an easy click. Each influencer also can host a variety of items for sale.

Other vendors are taking notice of Instagram’s new application and have asked to leverage the capabilities of the platform to help connect customers with desired fashion and accessories. A new brand called Choosy encourages users to include a #GetChoosy tag on their Instagram posts. The company’s Style Scouts review each day’s hashtags, identify items featured in the related image, and then make the most popular items available for purchase on the Choosy website within 48 hours. Choosy also will rely on its own in-house design team and manufacturing facilities to create look-alikes of popular fashion and apparel items and offer these items for sale, often in as little as two weeks. With this approach, the company can adapt to ever-changing consumer tastes and stay on top of the latest “Instagram Style” trends.

## Discussion Questions:

1. What is involved in Instagram’s new offering? Is it a product, a service, a channel, or some combination?
2. Would you use LIKEtoKNOW.it? Why or why not?

[Go to top of document](#)

## Article / Chapter Index

<i>Articles</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Mixing Family Diversity into Advertising: A New Recipe for Success					X														X	
With Consumers Turned Off, the Future of Television Advertising Sales Is Unclear					X														X	
Chipotle Makes Changes to Appeal to Customers Hungry for Something New												X								
Trading Luxury Goods Like Stocks Brings Greater Access and Lower Prices for Consumers																X	X			
JC Penney Looks to Woo Older Female Consumers to Reenergize Brand									X											
Messaging App Snaps Up Advertisers with New Enhancements			X						X									X		
Retailers See Green for the Coming Holiday Season as Toy Sellers Rush to Fill the Gap Left by Toys 'R Us									X											
Fitting Robots into Smaller Spaces Brings New Click-and-Collect Opportunities for Grocers of All Sizes																X				
Let Me Have a Mobile Order with a Side of Fries: McDonald's Offers Freebies to Change Customer Habits			X																	
Casper Mattress Dreams Up a Creative Way to Mix Business with Marketing													X				X			
After Axing Straws, Starbucks Still Faces Criticism for Single-Use Plastic				X																
Raw and Untouched, Aerie New Campaign Showcases Real Women Coping with Difficult Challenges				X															X	
New Services Make It Easy to Adopt an 'Instagram Style'												X								
<i>Videos</i>																				
"Kroger CFO: We're Redefining the Grocery Shopping Experience"																				
"Behind the Rising Costs of Long-Term Health Insurance"																				

[Go to top of document](#)