

# grewal levy marketing

SEVENTH EDITION



Mc  
Graw  
Hill  
Education

Dear Professor,

We are delighted to inform you that Marketing 7e has published. This exciting new edition provides the power of Connect with **SmartBook 2.0**, which continually adapts to individual students' needs, creating a personalized and productive learning experience. This helps students come to class better prepared and ready to learn, allowing you to transform your classroom experience. The 7<sup>th</sup> edition will feature 8 **new Video Cases**, assignable Marketing Analytics exercises, assignable Marketing Mini Sims and much more, all within Connect. In addition, McGraw-Hill has recently introduced a new Marketing Insights Podcast series as well as a new Marketing Video Library, both updated monthly!

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. 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**.

You can find a preview of Marketing 7e by [clicking here](#). To request a sample, please contact your **McGraw-Hill Learning Technology Representative**.

Sincerely,

Dhruv Grewal & Michael Levy

March/April  
2019



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

This newsletter summarizes article abstracts for the following topics:

## INDEX

CHAPTERS

### VIDEOS

FIVE WAYS UBER IS PREPARING FOR ITS IPO	6, 10, 13, 19
INTERNATIONAL WOMEN'S DAY WITH PAYPAL	2, 5, 8, 9
FIVE MYTHS ABOUT 5G, DEBUNKED	7, 8, 12, 13
Violating "Made In America" Rules: An Update From The FTC	19
Rather than Removing Them from Shelves, Are Some Drugstores Actually Selling More Tobacco Products to Minors?	4
Milking The Market: Finding Ways To Sell Dairy Products To Consumers Who Question Milk's Appeal	16
What 5g Means For Telecom Companies And Their Marketing Methods	13, 19
Can Marketers Get Their Messages Out Through Facebook Messenger?	18
Supporting Black-Owned Businesses That Sell Products Dedicated To People Of Color, Even After Their Purchase By Conglomerates	5, 9
Moving In Two Directions: Even As Some Consumers Demand The Most Advanced Mobile Devices, Others Seek Simplicity	6, 9
International Women's Day As Inspiration For Marketing Messages	5, 8
Uber's Multipronged Effort To Regain A Positive Reputation, With Riders And Drivers	13
Spotlight On Shoes: Brand Awareness Creates Greater Challenges For Nike Its Products Fail	19
Rather Than Just Advertising, Retailers Seek To Facilitate Others' Advertising Efforts With Their Market Analytics	17
Making A First Impression In Less Than The First Second: New Evidence About Mobile Marketing	3



connect<sup>®</sup>  
| MARKETING



[Back to Top](#)

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

grewal  
levy

marketing



SEVENTH  
EDITION



## Videos:

### Five Ways Uber Is Preparing for Its IPO

- × A look at Ubers pros and cons and the effects they may have on the company as it goes public.
- × 2:51 min
- × Use with Chapters: 6, 10, 13, 19
- × [Video Link](#)

### International Women's Day with PayPal: A Conversation on Diversity, Culture and Business

- × Paypal is one of many companies showing support for International Woman's Day by choosing to create a useful platform of women to share experiences and advice.
- × 4:44 min
- × Use with Chapters: 2, 5, 8, 9
- × [Video Link](#)

### Five Myths About 5G, Debunked

- × A deeper dive into the benefits 5G could have on various industries and how that might further improve consumers lives.
- × 4:59 min
- × Use with Chapters: 7, 8, 12, 13
- × [Video Link](#)



# Violating “Made in America” Rules: An Update from the FTC

Annie Karni, “Companies Falsely Labeled Products ‘Made in U.S.A.’ Their Financial Penalty? \$0,” The New York Times, March 6, 2019

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



In a recent abstract, we detailed how U.S. manufacturers had put new pressure on the Federal Trade Commission (FTC), asking it to apply existing rules regarding who may label their products as “Made in the U.S.A.” The FTC had announced its intention to rely more on warning letters, rather than impose the monetary penalties provided for by law.

Those intentions became reality even more recently, when the FTC found that four companies—Patriot Puck, a maker of hockey pucks; the mattress seller Nectar Sleep; and two separate sellers of

tactical gear, Sandpiper and Piper Gear—falsely claimed their products were made in the United States, when instead all four of them manufacture the items they sell overseas, primarily in China. Competitors have claimed foul, noting that because of U.S. consumers’ preference for domestically made products, the false claims gave these companies an illegal, unjustified, and unfair advantage in the marketplace.

Although the FTC agreed with the illegality of their actions, it remains steadfast in its decision to stick with warning letters instead of imposing fines or any other punishment. The companies all agreed to stop using the claims about the U.S. origins of their products, but they were not required to notify existing customers of the false pretenses under which they had purchased their mattresses, tactical gear, or hockey pucks. Nor did the offending companies have to admit any wrongdoing publicly.

The outcome has left many consumers, advocates, and lawmakers confused and frustrated. Some lawmakers requested an explanation from the FTC, noting that the practices are harmful to U.S. manufacturers and consumers. Advocates argue that misleading consumers is always wrong and that firms must be held accountable for their actions. But thus far, the government agency maintains its confidence in the appropriateness of its actions.

## Discussion Questions:

1. Should the FTC fine or impose some other punishment on these companies?
2. Do you look for “Made in USA” labels when you purchase products? How important is that information in your product choices?



# Rather than Removing Them from Shelves, Are Some Drugstores Actually Selling More Tobacco Products to Minors?

Sheila Kaplan, "F.D.A. Criticizes Walgreens and Other Retailers for Selling Tobacco Products to Minors," The New York Times, March 4, 2019

**Use with Chapter 4, "Marketing Ethics"**



Famously and as we have discussed at length previously, CVS removed all tobacco products from its shelves, in line with its sought-after positioning as a health company. Its most direct competitor Walgreens chose not to follow suit. But now Walgreens, along with a long list of convenience and gas station chains, has drawn the attention of the U.S. Food and Drug Administration (FDA), which alleges that these retailers frequently and illegally sell tobacco products to children under the age of 18 years.

The FDA's investigation involved sending undercover agents into stores to purchase conventional or electronic cigarettes. The violation rates—meaning that the children were not asked to show identification and were able to buy the restricted items—ranged from 15 to 44 percent.

Although Walgreens did not have the highest violation rate (at 22 percent), the FDA singled it out for largely the same reason that CVS offered for its strategic choice to eliminate tobacco: It presents itself as a retailer in the health care industry. Thus, the agency asserts, it should be held to a particularly high standard when it comes to keeping tobacco out of the reach of children.

Higher violation rates were posted by several gas and convenience store chains, such as Sunoco, BP, Exxon, Mobil, Marathon, and Citgo. The FDA also found relatively common violations in other retail sectors, such as by Family Dollar, Walmart, and Kroger.

These illegal sales of tobacco products occur at the store level, such that the chains must rely on salesclerks to be responsible for checking identification before selling the age-restricted items to consumers. Walgreens noted that it provides extensive training for its store employees to ensure they do so. Ultimately though, the responsibility for abiding by the law remains with the company, and the FDA asserts that the rate of violations is so high that it seems unlikely that corporate executives are unaware of the sales.

## Discussion Questions:

1. How responsible are corporate retailers for keeping tobacco products out of the hands of minors?
2. What sort of training can they implement to ensure employees do not sell tobacco products to minors?
3. Is it fair of the FDA to single out Walgreens, when it isn't even the worst violator? Why or why not?

# Milking the Market: Finding Ways to Sell Dairy Products to Consumers who Question Milk's Appeal

Heather Haddon, "Land O'Lakes Looks Beyond Plain Butter," The Wall Street Journal, February 21, 2019

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

A lot of consumers today avoid dairy, whether due to concerns about allergies and intolerances or because they regard it as insufficiently healthy. As a result, the dairy supply chain has undergone some extensive, radical changes (e.g., retail-led supply chains, as we described in a previous abstract, "Can Farmers and Processors Keep Milking Profits out of a Market in which Grocery Retailers Process Milk?"). The latest move comes from Land O'Lakes, the well-known cooperative of approximately 2,000 dairy farmers, whose products appear on store shelves throughout the world. Its goal is to ensure they continue to do so, by collaborating more closely with other supply chain members, as well as introducing new products and services.



In particular, Land O'Lakes recognizes the challenges faced by the producers at the head of the supply chain, who confront increasing price pressures, international trade difficulties due to newly imposed tariffs, and changing customer demand. To support their attempts to remain in business and profitable in their upstream position, Land O'Lakes is leveraging its role as an intermediary to work with downstream retailers and manufacturers.

For example, in collaboration with Frito-Lay, it developed a new cheese powder to be used in Cheetos, with less sodium than previous versions. In doing so, it helped this manufacturer meet end consumers' demands for reduced sodium in their snacks, while also expanding the business it earns from selling powdered cheese products.

With retailers, Land O'Lakes has adopted a revised approach, with the recognition that "just showing up at retailers and saying, 'I have this butter' or 'I have cheese' or 'Now I have this cinnamon butter,' that's not going to get you there." Instead, it proactively asks retailers what sorts of products they would like to make available to their shoppers. Noting that some retailers were requesting specific flavors for goat cheese for example, Land O'Lakes acquired an artisanal cheese producer, which allowed it to accommodate those requests.

At the same time, the cooperative undertook its own internal innovation efforts to devise products that might appeal to consumers, even if consumers had not expressed an explicit or clear need for them yet. For example, it was familiar with an everyday complaint: People hate it when the crumbs from their toast get stuck in the stick of butter. So Land O'Lakes devised a squeezable butter, spending several years and significant monetary investments to ensure the resulting product had the right consistency and taste, while greatly increasing the convenience for users.

Beyond products, it also is investigating the possibilities of providing expanded services to farmers. It maintains sophisticated crop forecasting and analysis technologies, such that farmers can predict what kinds of output they will obtain, depending on weather conditions, pesticide use, and other such factors. A newly introduced online platform also enables farmers to interact with local retailers to make that segment of the supply chain more efficient and effective.

### Discussion Questions:

1. What roles does a cooperative like Land O'Lakes take in the dairy supply chain? That is, where in the supply chain is it located?
2. Are these efforts by Land O'Lakes sufficient to address the changes in the dairy market? Too much? Not enough? Just right?

# What 5G Means for Telecom Companies and Their Marketing Methods

Alexandra Bruell, "Wireless Carriers Revamp Ad Strategies for 5G," The Wall Street Journal, February 26, 2019

**Use with Chapter 13, "Services: The Intangible Product," and Chapter 19, "Advertising, Public Relations, and Sales Promotions"**

Although 5G wireless technology is not yet widely available, it is coming, and the wireless carriers are getting ready. Much of that preparation is technical, but at the same time, they are reconsidering how to market their services to get customers excited about—and perhaps willing to pay more for—the latest advances as they arrive.

Rather than highlight the high-tech capabilities of 5G though, the big competitors in this market, including AT&T, Verizon, Sprint, and T-Mobile, are moving toward more affect-laden marketing. That is, to emphasize how the faster wireless speeds and power actually benefit consumers, they highlight the outcomes of using such advanced technologies.

Verizon's Super Bowl ad featured first responders who protected or saved the lives of several NFL players. The heartwarming stories implied that without strong wireless capabilities, the players would not have been able to call for help, and the first responders would not have been able to reach them promptly to provide aid.

Sprint's approach is to identify itself as the source of the exciting technology and services "of the future," rather than trying to sell people on a service packages that offer a certain number of texts or calls. In this sense, it reflects a wider industry trend, such that the wireless firms are attempting to be more than just carriers and position themselves as tech companies more broadly.

T-Mobile wants that reputation too, and it has long referred to itself as the "Un-carrier" in an attempt to distinguish itself from its rivals. With an irreverent style and attitude, the company explicitly targets its competitors in press releases and public relations events. For example, it promises never to "pull a Verizon," which it defines as "pretending" to care about first responders but limiting their access, or "pull an AT&T," such that it would falsely imply it is offering 5G before the technology is truly ready.

This latter allegation refers to AT&T's recent addition of a "5Ge" marker to screens, which it uses to signal that it is evolving (hence, the lowercase e) toward 5G technology. In a lawsuit, Sprint alleges that this anticipatory marker actually is misleading, causing consumers to believe they have 5G service before it is even possible for them to do so. But AT&T is determined to show users that it is leading the way to the exciting new service options.

Overall though, explaining an advanced technology to consumers can be a challenge. For the carriers, or service providers, or tech companies, regardless of how they define themselves, the goal is finding a way to make a technical, complex offering appear emotionally appealing and exciting.



## Discussion Questions:

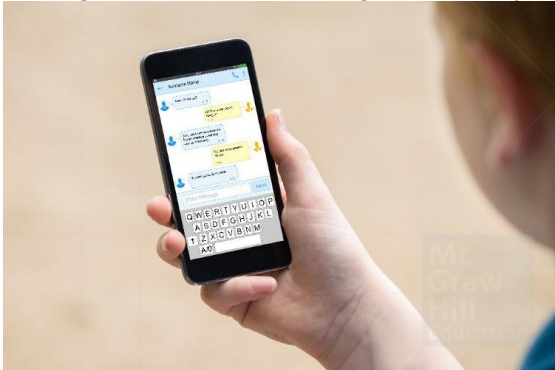
1. How do the marketing strategies of the four main wireless carriers differ? Which one appears most effective, in your opinion?
2. Is affect-based advertising sufficient to market 5G offerings, or will these companies need to provide fact-based advertising appeals too?

# Can Marketers Get Their Messages out Through Facebook Messenger?

Nat Ives, "Facebook's Pivot to Messaging Puts Advertisers in a Tight Spot," The Wall Street Journal, March 8, 2019

## Use with Chapter 18, "Integrated Marketing Communications"

The announcement from Facebook that it would be shifting to focus more on interpersonal messaging capabilities, rather than wider news feeds, has implications not just for the social media platform and its users but also for the marketers that advertise on the popular site. In news feeds, it is relatively straightforward for companies to insert advertisements and sponsored messages. But in direct, person-to-person messaging, their strategies will need to change, especially if they want to avoid negative consumer reactions.



Most Facebook users have grown accustomed to seeing advertising and sponsored entries on their news feeds. They can click to request that Facebook show them fewer such advertising messages, but they cannot avoid them completely. Although some users still complain about such entries, for the most part, people have come to recognize their news feeds as public arenas, in which advertising seems generally acceptable.

In contrast, when engaged in one-on-one or small group messaging, users are less likely to accept intrusions by advertisers. A conversation with friends or family members is not a context in which consumers want to see branded messages. Beyond the risk of negative responses, the exact methods that advertisers can use to reach users through messaging services remain somewhat unclear.

However, a few innovative marketers suggest some potential options. For example, by establishing service operations within a messaging app, companies can make it easier for people to solicit those services. In this case, the marketing is not a conventional advertising message; rather, it represents a new channel through which to interact with users. Thus Domino's maintains a presence in Facebook Messenger and on Slack, and pizza lovers can send the company a direct message to get their dinner delivered to their doors.

Rather than direct services, some companies rely on messaging options to offer recommendations and insights. Users can receive cosmetic and hair color ideas; they also might use this channel to access important electronic documents, such as electronic tickets, boarding passes, or receipts.

Regardless of how the marketers figure out methods to connect with message service users, it is likely that Facebook will find a way to profit from it. Despite being somewhat obscure about what the shift in its emphasis to messaging means for advertisers, observers note that the savvy company would not undertake such a move without a good sense of how it could earn new revenue from doing so. These sources of revenue might come from a percentage earned on every transaction (e.g., for every pizza Domino's sells, it pays Facebook a fee) or else from fees charged to brands to maintain a presence and connect with specific customers through its Messenger.

### Discussion Questions:

1. Do you agree with the sense that Facebook would not have made this change without knowing how to earn revenue from it?
2. Would you find it acceptable to receive advertising messages in the midst of conversations with your friends on Messenger? What about service offers? How do they differ?



# Supporting Black-Owned Businesses that Sell Products Dedicated to People of Color, Even After They're Purchase by Conglomerates

Aisha Al-Muslim, "Big Beauty Taps Black-Owned Startup' Loyal Customers," The Wall Street Journal, March 11, 2019

**Use with Chapter 5, "Analyzing the Marketing Environment," and Chapter 9, "Segmentation, Targeting, and Positioning"**



As consumers, people of color long were ignored by large corporations, such as those that operate in the beauty sector. The massive consumer goods companies often dismissed the hair and skin care needs of people with curly hair textures and distinct skin challenges (see also our previous abstract, "Moving Beyond Skin Color to Comprehensive Skin Care in the Cosmetics Industry"). In response, various entrepreneurs have developed dedicated product lines, and many of these companies proudly identify themselves as black-owned businesses.

Consumers have flocked to the appropriately targeted products offered by such companies, leading many of them to greater success and demand than they might have anticipated. Accordingly, the big consumer goods companies started paying more attention and then seeking to acquire the smaller firms, to expand their own product lines and benefit from the appealing offerings they had established. Such a collaboration often makes sense for the entrepreneurial firm too, which gains access to financial resources, expertise, and vast distribution networks and channels.

Yet some growth pains also result from such expansions and mergers. For consumers who embrace an ethical view that says they should buy explicitly from minority-owned companies, the purchase of their favorite brand by a faceless, massive conglomerate creates a dilemma. Do they continue buying the products, which they know and like, or do they stop, because their purchases no longer go to benefit and support small business operations?

In some cases, the large consumer goods companies and small enterprises seek a compromise option, in which they commit to keeping the entrepreneurs in leadership positions. For example, even after being acquired by Procter & Gamble, Walker & Co. Brands will continue to be led by Tristan Walker, the entrepreneur who started marketing single-blade razors, as more effective tools for men whose curly or coarse beards make multiple-blade razors unappealing. Similarly, Unilever left Richelieu Dennis in charge of Sundial Brands, and their purchase agreement also includes contractual clauses that require Unilever to commit at least \$100 million to developing and supporting companies owned by women of color and expanding supply chain operations in Africa.

But even with these concessions, some consumers simply prefer to devote their money to companies that they perceive as needing support. Determined to shop local, small, and black-owned, they are unwilling to allocate more of their purchases to international companies that, historically, have failed to attend to their needs. For entrepreneurs, these responses also create a dilemma, in that they likely want to grow and expand, to make sure their products are available to as many people as possible. But in expanding their reach, they also might be alienating the loyal customers who have been with them from the start.

## Discussion Questions:

1. How might big consumer product brands like Unilever and Procter & Gamble convince consumers that buying from them still supports black-owned businesses?
2. Why is reliability a difficult feature on which to base a comparative advertisement?

[Back to Top](#)

# Moving in Two Directions: Even as Some Consumers Demand the Most Advanced Mobile Devices, Others Seek Simplicity

Sarah Krouse, "Smartphone Addicts' New Tactic to Break Their Habit: Buy a Second Phone," The Wall Street Journal, March 11, 2019

Use with Chapter 6, "Consumer Behavior," and Chapter 9, "Segmentation, Targeting, and Positioning"

Mobile devices are ubiquitous, partly because they can do so much. People use them constantly, for a vast range of activities, to such an extent that the notion of a smartphone addiction is widely accepted and identified. For consumers who worry about their level of reliance on their smart devices, an increasingly appealing alternative is to obtain another device, in addition to their primary, technologically advanced smartphone, that purposefully limits the options they can access. When they feel the need to take a break from constant connectivity, they stick the less sophisticated device in their pockets and thus impose limits on themselves.

These simplified devices vary in the range or extensiveness of the limits they impose and the options they enable. Some inexpensive, clam-shell style devices only support calls and texts. Others can receive email and messages but do not support online browsing. Another class of devices provides talk, text, and some convenient app capabilities, such as ride-sharing, GPS, or alarm settings. Yet another option offers virtually all the same operations as the most advanced smart device but contains them in a small phone, such that the small screen makes spending substantial amounts of time interacting with it less appealing to consumers.



These purposeful simplifiers, for the most part, still maintain their primary, advanced smartphones. In most cases, the same phone number applies to both devices, so they do not risk missing any important contacts or calls. However, they might leave the high-end tools at home when they take a weekend getaway or if they plan to spend time with their family. By using their less well-equipped devices, they reduce the powerful pull exerted by constant connectivity and help themselves remain "in the moment." They also might designate different operations for which they need the sophisticated devices and those that they can perform more simply. For example, one artist relies on her iPhone to post examples of her work to Instagram, but when interacting with her friends and families, she uses a simple, small Punkt phone.

Although less sophisticated devices usually have been marketed toward older users, who may be less familiar or comfortable with advanced technology, the current trends are mainly being driven by younger, digital natives. These consumers seek to take breaks from social media and connectivity, which have always been parts of their lives, as a conscious and proactive consumption, or perhaps anti-consumption, choice.

Of course, such trends do not mean that all mobile devices are going to revert to simpler times. Virtually every device maker continues to pursue more advanced, powerful, sophisticated options. But at the same time, mobile devices are branching out increasingly into different forms, such as wearables and watches, with increased capabilities. A consumer sporting a smartwatch might need less assistance from a smartphone, because many of the functions move from her hand to her wrist.

Overall, these developments may suggest the increasing segmentation of the smart market. Different consumers seek different options and uses, and the smartest of the smart device providers will find ways to get them exactly what they want.

## Discussion Questions:

1. How concerned are you about your smartphone addiction? Would you consider investing in a second device to limit your usage?
2. What segmentation criteria could companies use to determine which sorts of devices to market to various consumers?

# International Women's Day as Inspiration for Marketing Messages

Olivia Raimonde, "See How Brands Are Promoting Empowerment for International Women's Day," Advertising Age, March 7, 2019

Use with Chapter 5, "Analyzing the Marketing Environment," and Chapter 8, "Global Marketing"

When we mention "holiday marketing," the first holiday that comes to mind might not be International Women's Day. But around the world, brands have taken inspiration from the holiday to share marketing messages about their dedication to women's rights and equality and their efforts to ensure advances for women across the globe. The examples range from conventional advertising spots to creative marketing initiatives.

For example, Walmart's campaign consisted mainly of television ads featuring female executives with the company, most of whom had started in entry-level positions and risen through the hierarchy. Thus Walmart could signal its commitment to promoting and encouraging female employees. Hulu raised billboards featuring famous women who appear on shows on the streaming service, such as Elisabeth Moss, the star of *The Handmaid's Tale*, and Margaret Atwood, the author of the book on which the series is based. Along with their pictures, the billboards offer inspirational quotes from these female opinion leaders.



Moving beyond such spots, Dove Chocolate used International Women's Day to launch a new market in the village of Gueyo, in Cote d'Ivoire. The village is home to many female cocoa growers, and the new market gives them a central location in which to sell their products, as well as hold meetings and educational courses to learn ways to enhance their operations and gain more financial independence.

On Tinder, International Women's Day was celebrated by an announcement of a donation of \$1 million in free advertising on the dating app to nonprofit organizations dedicated to supporting women. For example, an educational nonprofit that seeks to eliminate gender inequality, called "She's the First," already has established its advertisement on the platform. At the same time, Tinder announced that it had hired an analytics firm to review its pay policies, to ensure it was not imposing a wage gap on female employees, and introduced a new internship option to attract more women to apply for jobs with the company.

Not all of these inspired efforts were successful though. The U.S. Air Force released a short video of female fighter pilots, comparing them to the latest, female Captain Marvel character and encouraging other potential recruits to consider a flying career with the military. But allegations by Senator Martha McSally, the first female fighter pilot in the United States, that she had suffered sexual assault during her service came out just days after the video was released, challenging the Air Force's assertion that it was a safe and welcoming option for women.

## Discussion Questions:

1. Are marketing communications such as these examples evidence of inspiration by International Women's Day, or are they exploiting the commemoration?
2. What other holidays might prompt similarly inspired messages?

[Back to Top](#)

# Uber's Multipronged Effort to Regain a Positive Reputation, with Riders and Drivers

Nat Ives, "Uber's Marketing Plan to Put its Scandals Behind It," The Wall Street Journal, February 22, 2019; Heather Somerville, "Uber, Lyft to Offer Some Drivers Shares in Stock Market Listing," Reuters, February 28, 2019

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

The growth of Uber has been massive and rapid, and as its current chief marketing officer notes, that level of expansion rarely comes without some challenges. In particular, Uber suffered some bad press, detailing reports of sexual misconduct by its founder and then-CEO, as well as questions about the safety of both drivers and riders who use the service. To address those scandals, the company underwent a major leadership shakeup, leading to several initiatives to reestablish trust in the brand.



In addition to firing the tainted CEO, the company sought to adjust its corporate culture and then, only after it had done so, communicate about those changes to the market. The new leadership implemented new policies for hiring and promotions, as well as new safeguards for rider and driver security. In addition, the new CEO appeared in marketing efforts, promising to continue to improve the company's efforts. Such promises appear particularly important as Uber gets ready for its anticipated move to go public. Before its initial public offering, it wants to establish a strong reputation, so that it can ensure success and sell more shares.

However, some of those shares will be reserved for a specific population of potential buyers: the drivers who provide the service for the company. Although the precise operations have not been finalized, Uber plans to offer cash bonuses to its best drivers (defined as those who log the most miles or hours, as well as those that have been driving for it for the longest tenures) that will enable them to purchase initial shares, at the opening price.

The choice to provide the cash bonus, rather than just make the shares available for purchase, reflects Uber's attempt to recognize the needs of its more than 3 million drivers, located around the world. That is, some drivers likely would have a hard time coming up with the funds to make the purchase. Others simply might prefer to keep the cash. Still another segment of drivers, located in overseas markets, are legally prevented from buying stock in the company. Thus, with this cash-based system, Uber seeks to provide equal benefits to its best drivers, regardless of their own situation.

For the drivers that choose to allocate the bonus to shares, there is great promise for future benefits. Even with its recent reputational struggles, Uber has regained a strong position, and it still accounts for approximately 78 percent of the ride service market. Most predictions are that it will have a strong initial public offering, such that shares bought at the opening price are likely to be worth far more soon afterward. By providing such a valuable option, Uber seeks to communicate to its drivers how much it values them.

## Discussion Questions:

1. Have Uber's efforts been sufficient to overcome the bad press it provoked a few years ago?
2. If you drove for Uber, would you buy stock?

**Back to Top**



# Spotlight on Shoes: Brand Awareness Creates Greater Challenges for Nike Its Products Fail

Alexandra Bruell, "Zion Williamson's Ripped Sneaker Puts Nike in a Bad Spot," The Wall Street Journal, February 21, 2019  
Use with Chapter 19, "Advertising, Public Relations, and Sales Promotions"



Men's NCAA basketball draws huge audiences, which is why companies such as Nike work so hard to get their products on the athletes' feet, seeking to increase their brand awareness. But that outcome also can backfire when their products fail to perform as expected, because in that case, the brand's failure is spotlighted on a vast stage.

Notably, during a recent game, the Nike shoes worn by Duke University's Zion Williamson—widely noted as a promising prospect and likely high draft choice for the NBA—simply came apart. The seam holding the shoe's upper to its sole ripped, leaving Williamson sprawled on the court with a knee sprain. Cameras caught his pained expression, his sock showing through the ripped seam, and the large Nike logo featured on the broken shoe.

The images spread within seconds, such that Nike faced a substantial brand crisis without any warning or much time to respond. It quickly expressed concern about Williamson's health, even while pointing out that it was an isolated incident. Unfortunately, that claim was not particularly compelling for consumers, many of whom watched the game live and understandably might have questioned the quality of their own shoes.

The other audience watching avidly was Nike's competitors, which might use the incident to raise the tenor of those quality-based questions. In so doing, they could point to previous product failures by the company, such as those involving NBA players in the past whose Nike shoes malfunctioned, including Manu Ginobili, Aaron Gordon, and Andrew Bogut. Such challenges likely would go beyond consumer marketing and involve lucrative endorsement deals. That is, athletic gear companies compete vigorously to get contracts with universities and professional teams to equip all their players. If Under Armour, for example, could come to Duke University with a promise that its shoes would never fail, it might convince the school to switch away from an existing contract with Nike.

Such outcomes are not a given though. Nike responded promptly, apologized for any issues, and highlighted its long history of manufacturing high-quality equipment. Thus the incident, while likely creating some bad days for the company's public relations department, ultimately could have little effect on its overall reputation.

## Discussion Questions:

1. Imagine you are Nike's public relations manager. What steps would you implement immediately to respond to such a public product failure?
2. What marketing actions might Nike take in the longer term to deal with any potential negative effect of this incident?

# Rather than Just Advertising, Retailers Seek to Facilitate Others' Advertising Efforts with Their Market Analytics

"Walmart Takes Cues from Amazon Advertising," Bloomberg, February 17, 2019

Use with Chapter 17, "Retailing and Omnichannel Marketing"

A key distinction between brick-and-mortar and online retailers is the access that the latter have to vast amounts of consumer data. For example, Amazon knows what shoppers search for, when they shop, and how they move through its site. But omnichannel retailers such as Walmart are realizing that they actually have access to more diverse forms of data, suggesting the potential for creating a new source of revenue, based on sophisticated market analytics.

Notably, approximately 300 million shoppers visit Walmart stores monthly, and millions more click onto its website. That's more than online companies such as Amazon or Google can claim. Accordingly, for advertisers, Walmart has a valuable, attractive resource: in-depth information about a vast pool of active buyers. It currently is working to find ways to make that resource available, mainly by developing more appropriate analytics capabilities.



Walmart is not alone in this effort; Ahold, Target, and Kroger all have similar initiatives in place. These retailers seek out the brands that place products in their stores and promise improved targeting and advertising capabilities, based on shopper data. For example, Coca-Cola relies on Ahold (which owns the Stop & Shop grocery chain, among others) to provide data that show whether a particular targeted customer actually purchased its products in response to an in-store promotion. By working within the "retailers' ecosystem," consumer product companies gain greater proximity to consumers, without needing to rely on third-party analysts that might be conducting their research at a broader level, beyond the specific store setting.

Such efforts confront the existing power of Amazon, of course. The online retailer more than doubled its advertising business last year, and a whopping 97 percent of the companies that advertise there indicate that they find their investments valuable. Therefore, getting them to shift some of their budgets to other retailers might prove difficult. However, those retailers likely have little choice but to pursue those advertising dollars because, as one consultant put it, "In an Amazon world, retailers have to make money beyond just selling products."

Furthermore, the retailers can establish deals with product companies that cover multiple elements of an advertising campaign. Many consumer goods companies already pay retailers slotting fees to get their products on store shelves, for example. If the retailers can add analytics capabilities to their offerings, they might establish long-term contracts that combine both shelf commitments and analytical results, for a set price that appeals to the brand manufacturer. Such multipronged marketing efforts ultimately may prove more valuable and efficient, suggesting a means by which omnichannel retailers can overcome the Amazon advantage.

## Discussion Questions:

1. What data do omnichannel retailers possess that solely online or solely brick-and-mortar retailers do not?

# Making a First Impression in Less than the First Second: New Evidence About Mobile Marketing

Nat Ives, "Mobile Ads Do More Work in One Second than You Might Think," The Wall Street Journal, March 6, 2019

Use with Chapter 3, "Digital Marketing: Online, Social, and Mobile"



We know that the speed of mobile is fast, but recent evidence reinforces just how quickly it moves when it comes to obtaining and maintaining viewers' attention to marketing messages. In a study sponsored by a trade group of mobile marketers, the results suggest that people see and react to mobile advertising within 400 milliseconds, or less than half a second.

The study used eye-tracking tools and measures of viewers' reflexive responses, gauged with EEG trackers. In addition to mobile advertising, it offered comparative analyses of advertisements viewed on desktop devices, for which reaction times were much longer—approximately 3 seconds.

These differences may seem small, but for advertisers, they have massive implications. They have very little time to evoke a positive emotional reaction, meaning that they need to optimize their advertising for mobile channels. A complex picture or graphic that takes several seconds to load probably is never going to be seen by mobile users who just click away if the message is not immediately visible. These findings also appear informative for social media marketing, in which channels viewers similarly move quickly, on to other pages, if an image does not catch their attention immediately.

In turn, advertisers might adopt some proven methods for evoking rapid responses. For example, advertisements that highlight human faces, looking straight at the viewer, tend to arrest people scrolling through multiple messages. In addition, marketers can increase the use of color and contrasting tones to arrest visual attention. Finding a way to signal complex emotions in a split second is likely to evoke greater attention too. Finally, advertisers need to insist on the viewability of their messages, a criterion that usually means a static advertisement should appear at least halfway on the screen for at least one second.

Ultimately, this evidence suggests that rather than worrying about whether to prefer a 30-second or 15-second advertisement, mobile and social marketers might need to figure out how to develop 0-second advertising.

## Discussion Questions:

1. What challenges do such short timespans for gaining people's attention pose for brand marketers?
2. Can you think of any other tactics marketers could use to attract immediate attention to their mobile advertising?

[Back to Top](#)