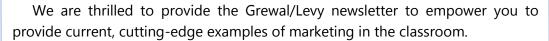
grewal levy Carlo SEVENTH EDITION



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Sincerely,



Dhruv Grewal & Michael Levy

February

2020











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Videos:

TikTok?! Clout-Chasing Millennial Learns About Memes and More

- × What is TikTok? What's a TikTok meme? How do you make a viral TikTok—aka a banger? WSJ's Joanna Stern set out to get answers to the questions about the hottest social media app—and danced along the way.
- × 6:45 min
- × Use with Chapter: 3, "Digital Marketing: Online, Social, and Mobile,"
- × Video Link

Coca-Cola TV Commercial, 'History Shakers'

- × Coca-Cola says it is for Davóne Tines, who isn't afraid to raise his courageous voice or Simone Manuel, who makes a splash while she breaks records. The company celebrates those who don't just break glass ceilings, but shatter them with their innovations -- those like Dr. Ayanna Howard. It is for the history shakers like Terence Lester and Tony Weaver who are constantly changing how the game is played. History is shaken in many ways and Coca-Cola honors those who dedicate their lives to shaking it every single day.
- × 0:30 min
- Use with Chapter: 19, "Advertising, Public Relations and Sales Promotions"
- × Video Link



Researching the Super Fans Who Buy Subscriptions to Receive New Coca-Cola Products Every Month

Korin Miller, "Coca-Cola Started an 'Insiders Club' that Lets You Try New Products Before They Hit Shelves," Delish, December 17, 2019; Leo Sun, "Coca-Cola Wants to Sell 'Soda as a Service'," Motley Fool, December 23, 2019

Use with Chapter 10, "Marketing Research"



Noting the vast popularity of subscription services for consumer goods—an estimated 54 percent of U.S. consumers pay fees to receive monthly shipments of razors, pet supplies, beauty products, and so forth—Coca-Cola decided to give its most fervent fans a chance to join the movement. For \$10 per month (or \$50 paid in advance), these Coke devotees receive shipments of new drinks, spanning a variety of flavors and styles.

The initial introduction of the service was limited to just a six-month trial for only 1,000 subscribers. That level was reached almost immediately. Coca-Cola quickly set up a

waitlist for the thousands of other fans who wanted to pay for such access, suggesting that the experiment might continue for a longer time as well. It already has promised that subscribers can look forward to receiving a new brand of sparking water, as well as new iterations of its Coke Energy beverage.

From these efforts, Coke hopes to obtain in-depth insights into which options people like best, as well as which ones are unlikely to move off store shelves. Unlike many of the other start-ups that have been experimenting with subscription services, Coca-Cola already has national and international distribution and marketing capabilities, which means that it can assign geographic segmentation considerations to the feedback it receives too.

The program thus serves several purposes. For true Coke (or Sprite or Monster or so on) lovers, it represents a special offering that recognizes them as special and different. For the company's R&D department, the feedback received from dedicated subscribers, willing to pay for the right to taste new products first, gives invaluable insights into what the earliest adopters find appealing. In addition to such formal feedback channels, these super fans are likely to share their exciting new deliveries and discoveries with friends or on social media, so the marketing department also enjoys the benefits of viral buzz.

- 1. Would you sign up for a subscription service from Coca-Cola? What makes this offering appealing to regular consumers?
- 2. How can Coca-Cola use the feedback and social media posts by super fans? For example, how might this information determine its distribution, new product development, or retailing strategies?

Is He Buying "Ice" or Ice Tongs? Tiffany & Co.'s Efforts to Get Men to Shop for Themselves

Nick Remsen, "Tiffany Creates Another Reason for Men to Shop," The New York Times, September 15, 2019

Use with Chapter 9, "Segmentation, Targeting, and Positioning" and Chapter 11, "Product, Branding, and Packaging Decisions"

Although the demographics of shoppers in Tiffany & Co. retail stores often have featured a lot of men, most of its products were designed for women to wear or for families to acquire for their tables. That is, the shoppers might have been men, but many of them were mostly buying for their female partners. In its ongoing attempts to remain relevant and prosperous, Tiffany & Co. wants to shift that trend by encouraging more men to buy treats for themselves too and making sure that it stocks plenty of luxurious offerings to tempt them.



Thus, in addition to diamond jewelry and fine silver,

Tiffany has introduced cuffs and bracelets for men (made of leather, silver, and other materials), a billiard ball set in its signature blue color, men's sunglasses, and silver ice tongs and beer steins that the discerning home bartender can get monogramed.

The added product offerings are not the first recent extension by Tiffany. It previously has added more items at lower price points, in an attempt to attract younger, less wealthy clientele with entry-level products that can get them accustomed and loyal to the brand. Before it thought about men, it also added luxury products for pets, including collars, leashes, and beds. Its Everyday Objects line includes a wider variety of home goods too. For its latest entry into the men's market, it has relied on these existing Everyday Objects; for example, it already sold beer steins but now markets them more actively toward male buyers.

Such moves reflect the company's realization that it needs to make some changes to stay relevant and avoid an image as a staid, old-fashioned brand. Modern consumers might have little interest in who Audrey Hepburn is or feel compelled to show off a blue box next to their new engagement ring—if they even get engaged at all. Sales of engagement rings have decreased by 4 percent in recent years, a drop that represents a great risk for a company that depends heavily on such sales. Furthermore, sales of designer jewelry overall have fallen by 12 percent. Although Tiffany also has sought to expand its brand internationally, its growth in one of the most promising markets, Hong Kong, has slowed dramatically, seemingly due to the social and political unrest disrupting the area.

- 1. What kinds of extensions has Tiffany & Co. been trying? Which ones should it focus on primarily, in your opinion?
- 2. Is focusing on male consumers an effective targeting approach, or should Tiffany & Co. consider different segmentation options?

Without Nostalgia, Can the Jedi Reign? Box Offices in China Suggest Not

Alan Yuhas, "Why 'Star Wars' Keeps Bombing in China," The New York Times, January 14, 2020 **Use with Chapter 5, "Global Marketing"**



The Star Wars franchise is a massive phenomenon. China is a major market for movies. It seems like a given that the combination would represent a massive success. Instead, China is one of the weakest box office markets for the Star Wars films and the related merchandising. The reasons for this somewhat surprising global marketing failure are varied, involving the nation's history, consumer preferences, and cultural influences and pride.

When Star Wars: A New Hope (Episode IV) first premiered in 1977, China was still largely closed to any international influences or imports. Foreign films were not welcome, so consumers never experienced the excitement of the new mythology pitting good versus evil or the (at the time) cutting-edge special effects of lightsabers and X-Wing fighters. The next two films, The Empire Strikes Back and The Return of the Jedi, similarly arrived during the Cultural Revolution era. Thus, Chinese consumers never gained familiarity with the backstory of Luke and Leia, nor did they start collecting memorabilia and toys.

By the time the second trilogy came to theaters, moviegoers in the West could barely wait, but those in China could barely raise any interest. That trend has continued with the most recent trilogy. For example, The Force Awakens (Episode VII, released 2015) and The Last Jedi (Episode VIII, 2017) each earned around one-quarter of a billion dollars in the United States but just \$52 million and \$28 million, respectively, in China. Most recently, The Rise of Skywalker brought in about \$177 million in U.S. revenues in its first month, but a mere \$12 million in China. In contrast, competing movie franchises, such as the Fast and the Furious entries or the Avengers series, perform substantially better in China. Avengers: Endgame, for example, brought in more than half a billion dollars just from Chinese audiences.

The reason is not a lack of trying by Disney, which owns Star Wars. Its marketing efforts in China have been extensive and aggressive. For The Rise of Skywalker for example, it commissioned a music video by a popular boy band and made a trove of translated books available. Its scheduled marketing events involved 500 Stormtroopers, posted on The Great Wall, as well as life-sized starfighters available for access and free lightsabers handed out to ticketholders in theaters. And still the movie flopped.

The explanation, as noted, has a lot to do with nostalgia. Other, more recent movie franchises do not rely, as Star Wars does, on parents introducing their children to a storyline that they loved and embraced when they were children themselves. But it also reflects some cultural differences with regard to what consumers prefer in their entertainment content. Many Chinese consumers regard the complex plots and jargon-heavy dialogue of the Star Wars universe as unappealing and difficult to follow. Without a foundation in the series' backstory and concepts, they also find the characters' motives and the drivers of the action hard to understand. Furthermore, as many film scholars have noted, the Star Wars mythology aligns closely with traditional Western and Judeo-Christian themes, which are less familiar, appealing, and embraced in a Confucian culture such as China.

In contrast, the Avengers or the Fast and the Furious films are designed explicitly to be able to stand on their own. Their plots also rely less on mythological themes of an ongoing battle between the parallel forces of good and evil. Thus, viewers might benefit from greater insights and enjoy the Easter eggs implanted into the different movies if they are familiar with all of the entries. But they also can easily derive enjoyment from the adventures and explosions on screen, even without a foundation of knowledge about the world in which those exciting actions take place.

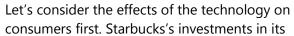
A final reason for the fall of the Jedi in China stems from consumers' growing sense of national pride. China's movie industry is expanding substantially, offering viewers more homegrown films and plots that cite the country's own mythologies and traditions. One researcher also argues that in general, Chinese viewers prefer "hard" science fiction over the "soap opera—like" science fiction that Star Wars provides. Thus local entries like The Wandering Earth attract most ticket sales, while the theater showing the latest Star Wars movie sits nearly empty.

- 1. Is there anything else Disney might do to get Chinese consumers to embrace Star Wars?
- 2. What lessons does the history of Star Wars in China teach other marketers attempting to sell nostalgic or culturally linked offerings in global markets?

With AI, Starbucks Is Making More Human Connections with Its Most Important Stakeholders

Chantal Tode, "How Starbucks Uses AI to Counter Mobile's Isolating Effect," Marketing Dive, January 14, 2020 Use with Chapter 3, "Digital Marketing: Online, Social, and Mobile," and Chapter 20, "Personal Selling and Sales Management"

Deep Brew is not the latest coffee blend from Starbucks, though you might be forgiven for thinking so. Instead, it is the name of the company's in-house artificial intelligence (AI) and technology tool, used to design efficient systems but also to reinforce the company's commitment to human connections and meaningful interactions. How can technology do that? According to President and CEO Kevin Johnson, by leveraging technology, Starbucks gives consumers the experiences they prefer, while also ensuring that its employees are happy, interested, and dedicated to their jobs.





mobile app make it easy for consumers in a hurry to order ahead, then grab their drink and go. By doing so, it also leaves more space and flexibility for other customers, those who instead want to linger and chat, while remaining in the store, interacting with their friendly baristas or other coffee drinkers.

By predicting and carefully calibrating inventory and staffing needs, Deep Brew also ensures that each store is appropriately staffed and stocked. Thus consumers are unlikely to encounter a lack of scones, and there usually are enough baristas on hand to handle the morning rush and still engage in a friendly encounter with customers.

Because Deep Brew automates these predictions, store staff are no longer responsible for them, giving them another tool for spending more time with customers. According to Johnson, the President and CEO, by using the technology, baristas actually become "more human." Accordingly, the company is seeking other technology-enabled options to create even more connections. For example, voice recognition software would enable baristas to repeat customers' requests into microphones, such that the information would be entered directly into the ordering system. With this option, they would never need to break eye contact, as they currently do when they must type an order into their computer terminals.

Beyond frontline staff, the advanced AI has benefits for other employees. Johnson notes that increasing numbers of computer engineers are turning to Starbucks as a potential employer, attracted by its dedication to ethical, humane principles. Whereas once they might have sought a job with a conventional technology firm—many of which are embroiled in controversies over their lack of privacy protections or exploitation of consumer data—they increasingly note their desire to work for an employer that adopts a "human-first digital strategy." For Starbucks, AI is the critical foundation for such a strategy.

- 1. As a potential employee, do the strategic technology priorities of employers influence your interests or choices?
- 2. How can technology enhance personal selling efforts in other types of transactions?

How Much Stuffing Is Enough? Oreo Plans to Use TikTok to Find Out

Robert Williams, "Oreo's Most Stuf Cookies Return with Pop-Ups, TikTok Challenge," Marketing Dive, January 14, 2020 **Use with Chapter 18, "Integrated Marketing Communications"**



What kind of Oreo eater are you? Do you love the stuffing most, scraping it off with your teeth and casting the chocolate cookie aside? Or do you need to keep the flavors together and dunk the whole thing in milk to get the most enjoyment? Or are you one of those who finds the filling just a side note, focused more on the cookie crunch?

Mondelez, the company that owns the Oreo brand, is determined to find out, by running a vast integrated marketing campaign designed to get consumers to vote for their favorite style of the popular treat, across a variety of channels. To get things started, it initiated a sweepstakes

contest, for a \$100,000 prize (as well as smaller prizes, like gift certificates and Oreo-branded gear), which people can enter by voting online. The ballot offers five stuffing choices, ranging from Thins and Originals to Double, Mega, and Most Stuf versions.

At the same time as the contest runs, branded videos on TikTok, the relatively recent and increasingly popular video-sharing site, promote Oreo as a fun and tasty option. Users can vote on this platform too, by including a branded hashtag in their short shared videos.

Although these elements of the campaign are specific to the ongoing debate about how much stuffing is the right amount, they are not the first integrated marketing efforts Oreo has adopted recently. For example, in a partnership with Dunkin', it created Oreo flavors for donuts and coffees sold in stores. It also gives Alexa owners an option to ask the digital assistant for updates about when new and seasonal cookie flavors will be available.

Thus, even though Oreo remains—after 107 years of existence—the top-selling cookie brand, it also is determined to ensure its relevance and appeal to younger consumers. Notably, an estimated 70 percent of TikTok users are between the ages of 13 and 24 years, making it a highly effective channel for reaching young buyers, whether they love the creamy filling or prefer their cookies crumbly.

- 1. Is TikTok an effective marketing channel? Why or why not?
- 2. What other sorts of information can Mondelez gather from consumers' votes for their favorite style of Oreo?

A Lipstick Option for Those Who Dream of a Hermes Bag

Alexandra Marshall, "Is This the Birkin Bag of Lipstick?" The Wall Street Journal, January 16, 2020 Use with Chapter 1, "Overview of Marketing," and Chapter 12, "Developing New Products"

The ultra-luxury brand Hermès is known primarily for its extremely high priced handbags and scarves, luxury items that, by design, few people can afford. But it also claims that it should be known for quality, regardless of the products that bear its brand. Thus when it ventures into a new market, such as by introducing lipsticks (with the promise of other cosmetics to follow), it features the same design, production, and ingredient standards that it would apply to anything it makes.

Hermès is notable for still relying on traditional production methods; an estimated 70 percent of the products that bear its logo are produced in-house, often with handmade



processes. This dedication to artisanship has persisted even as the company has grown, from 2,600 employees in the early 1990s to 14,500 workers today, and earning around \$6.8 billion in revenues.

Such growth strongly depends on its expanding product range. The lipstick is a recent example, though Hermès also has introduced perfume, as well as furniture and tableware, to move beyond its traditional leather bags and silk scarves.

Yet even as it produces a more diverse range of goods, Hermès insists on high-quality production processes. In developing its new lipstick line, the company underwent two years of dedicated research and development. It hired a makeup expert who previously worked for Chanel and other high-end brands, who then spearheaded on a team that included various existing employees and Hermès experts: its women's line artistic director, the head perfumer, and the creative director for accessories, for example.

The contributions of these different expert innovators guaranteed consistency with the Hermès image. Consider, for example, that the matte textured versions of the lipstick mimic the company's fine-grained suede products, whereas its satin version evokes the calfskin leather that marks its famously soft bags. The refillable case is made out of the same brass that appears on shoes and bags. The 24 shades in which the lipstick is available all were inspired by the company's libraries of fabric swatches and pigmentation formulas, which it has used for decades to design its scarves.

In line with these luxury design and production processes, the lipstick is not inexpensive: \$67 for the initial tube, with refills selling for \$42. Yet Hermès is unlikely to earn substantial profits from these sales, compared with a single sale of a Birkin bag, which can cost in the hundreds of thousands of dollars. But the company insists that profits are not its primary driver. Rather, it wants to establish its reputation and image as a company that consumers can trust to provide them with the highest quality, regardless of what they purchase. It wants people to refill their classically designed lipstick tube repeatedly over the years, secure in their knowledge that they are getting the very best cosmetics available, because Hermès promises it is so.

- 1. What is the value of Hermès's quality guarantee? Is it worth the high prices?
- 2. What kind of product extension strategy is Hermès adopting with its introduction of lipstick and promise of other cosmetics products to come?

Making the Fairytale Wedding a Reality for Fashionable, Plus-Size Brides

Alix Strauss, "Brides Find Perfect Fit at New Plus-Size Pop-Up Store," The New York Times, January 14, 2020 **Use with Chapter 9, "Segmentation, Targeting, and Positioning"**



A common reassurance offered to women searching for a perfect wedding dress is that when they find "the" dress, they will just know. But for larger women, that feeling of satisfaction and confidence has often been difficult to attain, because the samples they had available to try on came in dramatically smaller sizes (usually, a size 6), leaving them feeling uncomfortable and unhappy, even if they loved the style of the dress.

In response to this clear consumer need, more options are emerging for plus-size women looking for wedding dresses. Some are expansions of existing labels into larger sizes. Others represent new entrants to the market that explicitly cater only to

this segment of the buying population. For example, Ella & Oak, a start-up company that functions mainly online, offers about two dozen wedding dress styles only in sizes 12–30. In addition to shipping samples to women to try, it has experimented with various pop-up stores that remain open for several weeks and allow local women to make appointments to try on the entire line, in sizes that are more approximate to what they actually wear.

Several other established designers also are expanding their size ranges, with the recognition that the average dress size of U.S. women today is a 14. For the wedding dress brand Justin Alexander, sales of dresses in size 16 and up account for more than one-quarter of its sales. Accordingly, it established a dedicated line for products in these sizes, for which it revised its sizing charts and designs to ensure better fit for larger women.

However, some other brands have resisted the line extensions, noting that adding more plus-size options would increase their inventory costs. In particular, they worry about having to offer more samples to retail locations, which would enable plus-size women to try on a dress that comes closer to fitting them. They would have to produce more samples, which represents part of the cost, and also potentially need to convince retailers to devote more space to stocking and displaying their dresses in various sizes.

Still, these costs seemingly are easily overcome by the benefits for both designers and retailers. Considering than an estimated 68 percent of women fall into the plus-size category, it constitutes a vastly promising and potentially extensive market. Furthermore, prices for wedding dresses often run into the thousands of dollars. People are willing to spend substantial amounts to look perfect on what many consider one of the most important days of their lives. If designers, brands, and retailers can help them achieve that goal, in a way that helps them feel happy, empowered, and comfortable, the potential benefits seem unmatched.

- 1. Why have wedding dresses remained so limited in sizes thus far?
- 2. Is segmentation by body type an appropriate and effective method? What are some of the benefits, and what are some of the concerns associated with such a strategy?

Buying Black: Demographic, Historical, and Cultural Drivers of a Growing Trend and Sales Pitch

Anthonia Akitunde, "Buying Black, Rebooted," The New York Times, December 25, 2019

Use with Chapter 5, "Analyzing the Marketing Environment," and Chapter 20, "Personal Selling and Sales Management"



For African American consumers, tired of watching their cultural heritage be appropriated for the financial benefit of corporations, there is an increasingly accessible option: Don't buy from them, and make purchases from black-owned businesses instead. For African American entrepreneurs, such trends suggest a relevant route to establish their appeal and market their offerings as particularly appropriate.

From an historical perspective, calls to buy black represent a swing in the pendulum. Whereas once, African American consumers could nearly only purchase from black-owned businesses, the modern civil rights movement sought to ensure

there were no such limits imposed. With this opening of the market though, many smaller, family-owned, and specialized firms were essentially crushed by larger, national, well-funded corporations. The large companies sought access to minority populations, and their buying power, offering more products that met their needs, such that consumers increasingly could find various products in easily accessible, one-stop shopping channels. These large companies are determined to maintain such sales to the large and growing market of African American consumers, whose buying power recently was estimated at \$1.3 trillion and predicted to grow to \$1.5 trillion by 2021.

But many consumers regard marketing and targeting efforts by large corporations as both insincere and insufficient. Especially when companies and brands engage in culturally offensive and racially insensitive actions, consumers would prefer to avoid buying from them, just as environmentally conscious consumers might avoid buying from a firm known for its polluting activities. Furthermore, impersonal corporations might be unaware of the specific needs of black consumers. For example, few national retailers stock items like edge brushes that help black women style the baby hairs along their hairlines.

In response to these needs, many new businesses are establishing broader platforms to ensure people can purchase nearly anything they need from a black-owned firm. The BLK + GRN store in Washington, DC, stocks natural products produced by black artisans; We Buy Black is an e-commerce firm with a platform that hosts a wide range of consumer products (e.g., batteries, pet food) made by companies run by African Americans.

Although some socially conscious consumers of various ethnicities already have embraced the buy black movement, suppliers and retailers note that they also continue to struggle to convince people of the viability of their business models. Despite their status as the fastest growing group of business owners, black women also are the demographic least likely to receive venture funding. Furthermore, discriminatory stereotypes continue to plague the companies. Sellers thus report that the inevitable mistakes that plague any small business and service provider prompt a total lack of forgiveness. Consumers seemingly take any problem or issue as a reason to discount black-owned businesses' professionalism. Using a familiar example of a persistent service failure and its outcomes, the founder of a nonprofit organization dedicated to encouraging black-owned businesses explains the problem: "People still go to McDonald's, and they still ask for a milkshake or ice cream, knowing it's not going to happen. If it's a black-owned business, now I have to write a whole dissertation on Facebook."

- 1. Explain some of the various factors in the marketing environment that have prompted the growing movement to prioritize making purchases from black-owned businesses.
- 2. What sorts of sales tactics should entrepreneurs adopt to encourage consumers to buy black?