EIGHTH EDITION

marketing

grewal·levy

May

2021

Dear Professor,

We are delighted to inform you that Marketing 8e 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 7th, 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 e by clicking here. To request a sample, please contact your **McGraw-Hill Learning Technology Representative**.

Sincerely,

www.grewallevymarketing.com

This newsletter summarizes article abstracts for the following topics:

INDEX	CHAPTERS
VIDEOS	
Nike’s rough week	11
Why Samsung upcycled older phones to help animals in the wild	4
Flying High with Abundant Data from Technology-Enabled Aircraft	10
Lowered Supply, Fluctuating Demand, and Vaccines: A Perfect Storm in the Rental Car Industry	15
Jewels Fit for Royalty … and for Nerds: Technology Advances in the Luxury Jewelry Market	5, 12
Why the Cookpad Recipe Site Succeeds Everywhere but the United States	8
Bean Burgers and Seitan Cheesesteaks: Epicurious Stops Publishing Beef Recipes	4
Using Sponsorship to Stand for Something: A Telling Choice by Simone Biles	5
Opting In to App Tracking: Does Apple’s Latest Update Represent Privacy Support or Competitive Suppression?	3, 4
Tiered Pricing by DoorDash	7, 15
If Segmentation Is Racist and Unhealthy, Should It be Banned? Menthol Cigarettes and Proposed Legislation	9
Marketing Old Age Products to a Generation that Refuses to Grow Up	9
MARKETING TIDBITS	
A Florida Company Sold $1 Million in Toxic Bleach as a ‘Miracle’ Cure	
Airlines are Recovering from the COVID-19 Pandemic	
Shoppers Are Returning to Malls	

www.grewallevymarketing.com

Back to Top

Videos:

Nike’s rough week

- Gymnast Simone Biles and Kobe Bryant’s estate both announced this week they are parting ways with the swoosh. Plus, the presumptive number 1 NFL draft pick is expected to sign with Adidas.
- 2:17 min
- Use with Chapter 11, “Product Branding and Packaging Decisions”
- **Video Link**

Why Samsung upcycled older phones to help animals in the wild

- Electronics giant Samsung has been equipping an all-female group of rangers in South Africa with some “nearly-new” tech, allowing the world to watch animals in the wild and help spot poaching. But what was in it for Samsung? CNBC’s James Wright looks at ESG and CSR in marketing and finds that big gestures aren’t always needed.
- 6:30 min
- Use with Chapter 4, “Conscious Marketing, Corporate Social Responsibility, and Ethics”
- **Video Link**

Back to Top

Flying High with Abundant Data from Technology-Enabled Aircraft

Christine Negroni, "Newer Planes Are Providing Airlines with a Trove of Data," The New York Times, April 20, 2021

Use with Chapter 10, "Market Research"

Planes are getting smarter. That's clearly a beneficial development, in that it means air travel is getting safer and more efficient. Current airliner models are lighter, such that they burn less fuel, and feature onboard monitoring systems that can diagnose a potential mechanical problem before the plane leaves the ground. Beyond these clear benefits, smarter planes also have implications for passengers and the marketers trying to convince them to fly—only some of which represent evidently positive developments.

But on the positive side, enhanced flight-tracking and navigational technologies increase the chances that each flight will arrive on time. Air traffic controllers can better allocate the planes in local airspace, so there should be fewer delays to wait for a runway to become available. Pilots use weather forecasting systems to anticipate and avoid pockets of air that will create turbulence, creating a more pleasant customer experience. Advanced communication technologies allow onboard flight crew members to communicate with members of the ground crew, ensuring that all the personnel involved in getting passengers where they need to go are working collaboratively and with up-to-the-minute information. The aircraft monitoring systems also have substantial benefits for consumers, who can rest better assured that the service they are purchasing is safe. That is, advanced technologies increase the quality of the service provided (e.g., getting them to their destination on time, providing a smoother ride), potentially lower prices (e.g., by lowering the airlines' fuel costs and increasing their labor efficiency), and diminish consumers' purchase risk.

But other technology tools and the data they collect raise some concerns for consumers, especially with regard to privacy. The relatively new carrier AirAsia actively embraces cutting-edge technology developments that would enable it to link biometric data about passengers, such as fingerprints that it might collect for security screening purposes, with those travelers' ticket preferences or in-flight purchases. Although arguably such connections might lead to more personalized offers, it also might entail an excessive violation of people's privacy.

Furthermore, some airlines already struggle to handle the massive amounts of data available to them, which may create additional risks. Most of the major carriers have legacy reservation systems that, thus far, have not kept pace with the online sales technology available in many other market segments. As they work to combine new data streams with their existing systems, there is a realistic worry that some of those data might be used in unpermitted ways or shared across platforms, without sufficient security.

Such concerns are especially pressing due to the current state of the travel industry. The drastic reductions in travel imposed by the COVID-19 pandemic prompted most airlines to begin retiring their older aircraft at a pace that was about twice their average annual turnover. Without sufficient demand, they were able to decommission more planes. In turn, the fleets that remain contain greater proportions of the new, technology-enabled, data-collecting aircraft.

Thus, more and more data are coming, and airplanes keep getting smarter. It is up to the airlines and marketing professionals to ensure they make responsible, effective, appropriate uses of those data, to provide more benefits and limit more threats to passengers.

Discussion Questions

1. What kinds of personalization could airlines provide to travelers, using data gathered from their reservation and in-flight actions?
2. How might tracking technology improve airlines' efficient operations?

Back to Top

Lowered Supply, Fluctuating Demand, and Vaccines: A Perfect Storm in the Rental Car Industry

Elaine Glusac, “How to Deal with the Rental Car Crunch,” The New York Times, April 21, 2021

Use with Chapter 15, “Strategic Pricing Concepts”

Rental Car Costs	Cost per Day	Cost per Mile
Able Car Rental	$30	$0.05
Baker Car Rental	$20	$0.10

When travel stopped, due to the COVID-19 pandemic, rental car companies were saddled with a lot of inventory and not a lot of demand. So they made the logical choice to sell off much of their vehicle inventory. Hertz for example sold an estimated 40 percent of its fleet.

But then vaccines became available, and people who had been cooped up for more than a year jumped at the chance to get away. Demand shot up nearly as fast as it had disappeared a year before. Car rental companies thus faced the opposite problem: too much demand, not enough inventory.

The result, as any basic economics textbook would predict, has been substantial increases in prices. Consumers are encountering astronomical daily and weekly rates, like $300 per day for a subcompact car—if they can even get a reservation. In popular vacation destinations like Florida, visitors have to search far beyond the airport to find a rental agency that has cars available. In Hawaii, there simply aren’t any cars to rent.

Although the rental companies are, naturally, working hard to rebuild their fleets to meet this demand, the continued disruptions to global supply chains—such as a worldwide shortage of critical microchips that go into every new car produced—means that they do not have ready access to cars to purchase. In the meantime though, they are charging and getting prices that are four, five, and even ten times higher than before the pandemic. Such revenues are a relief for these travel firms, after a year of drastically reduced income and, in some cases, requests for bankruptcy protection.

For consumers, the prices have sparked some other creative efforts. Some of them have found affordable moving vans and trucks from U-Haul, which tends to operate many rental sites, including locations that are attached to home improvement stores. These vehicles are thus more widely available, as well as being quite affordable (e.g., $19.95 per day for a van). The trucks and vans help consumers get from point A to point B, though perhaps somewhat less comfortably than would have been possible with a passenger car.

Ride-sharing and car-sharing services also report increased bookings. The Turo platform, which allows owners to rent out extended access to their vehicles, notes a shift in the profile of customers. Whereas once, the renters were mostly local people who needed a car for a day or two, the platform increasingly is linking the local car providers with tourists, who ask for the car to be available at the airport. Other consumers are giving up on a conventional vacation process, involving a flight and rental car, altogether and embracing the RV option. According to the sharing site RVshare, bookings have increased by about 50 percent compared with previous years.

Discussion Questions

1. Were the car rental companies right to sell off their car inventories in response to declining demand due to COVID-19? Try to argue both sides of the debate: What factors justify their response, and what factors suggest that the move was short-sighted?
2. Should car rental companies keep increasing prices? Is there a point at which the price becomes too high?
3. What strategic tactics might car rental companies and competitors in this sector (e.g., ride-sharing firms) adopt to take advantage of the current levels of supply of and demand for vehicles?

Back to Top

Jewels Fit for Royalty … and for Nerds: Technology Advances in the Luxury Jewelry Market

Victoria Gomelski, “Technology Could Turn You into a Tiffany,” The New York Times, April 23, 2021

Use with Chapter 5, “Analyzing the Marketing Environment” and Chapter 12, “Developing New Products”

What makes luxury jewelry luxurious? Is it the scarcity of the gems, the handcrafted creative design, or the purity of the metals? Even if each of these features might once have been the definitive criterion used to establish a luxury standard, modern technology is challenging each of them and thus what it means to produce luxury jewelry for discerning consumers. In particular, by leveraging the tools provided by computer-aided design (CAD), design systems embedded with artificial intelligence (AI), 3D scanning and printing, additive manufacturing, and virtual depictions, various jewelry designers are conceiving of new ways to design, produce, and sell their sophisticated, stylized goods.

Consider Boucheron’s Nature Triomphante collection. Noting the beauty of the imperfections that occur in flowers in nature, designers took digital scans of actual petals plucked from roses, orchids, and other dramatic flowers. Feeding the scans into computer systems, they produced tiny, realistic looking flowers that the company then set onto precious metal rings.

Rather than starting from a natural occurrence, a designer at Volund Jewelry recalled a previous visit to a candle-lit Italian monastery and its grounds when he was programming dedicated CAD software to come up with nearly infinite numbers of leaf patterns that then could be combined into a broach. Instead of drawing various leaves by hand, he prompted the program to come up with a range of variations that mimic natural variations more effectively than any single designer could do.

If granted access to such software, consumers arguably could undertake these design efforts on their own too. They can adjust the alignment and placement of jewels in a necklace to ensure it is just how they imagined it, make a chain heavier or thinner, or test out whether they like rose or traditional gold better. Any order placed with the help of such tools then would essentially guarantee consumer satisfaction, because it exactly matches their preferences.

Once the designs are set by computer, prototypes also can be readily produced with 3D printing. In the past, jewelers would cast designs in resin, wax, or other inexpensive materials, to get a sense of how the final product would look. But such efforts took weeks to complete, whereas a 3D printer might churn out a mock-up of a new bracelet in less than a day. The printed form in turn can be used to create the final mold that the company will use to fabricate the actual accessories.

The fabrication process also is informed by advanced technology that enables jewelers to blend various alternative materials into their products, while still maintaining the look of precious gems or metals. A novel method for mixing plastics into gold produces lighter-weight composites, which in turn opens up new design options. Another use of advanced printers involves stamping designs onto ceramic to make it look like enamel or other more expensive materials.

But according to some jewelers, all of these efforts, even if seemingly cutting edge, really remain stuck in the past, because they involve producing an actual item. The future instead might entail exclusively virtual designs, such that people who interact mainly in digital domains can present themselves decked out in virtual jewels and fashion. Similar to the way game avatars can sport digital skins, influencers and popular figures might appear to be wearing expensive jewels that appear only onscreen. A designer in Amsterdam already charges thousands of dollars to create personalized, virtual, one-of-a-kind dresses for fashionable consumers.

Such options might seem a bit futuristic, though virtual representations of how particular pieces would look on consumers are becoming a more widely used sales tool for jewelers. Consumers can determine just how far down their neck a pair of dangling earrings would hang or whether a particular bracelet matches the color of their favorite dress, for example. Such experiences help them make purchase decisions, while also connecting them at an emotional level with the designer that makes their avatar sparkle.

Discussion Questions:

1. What benefits does technology offer to the luxury jewelry market, but at the same time, what detriments does it have, in terms of this sector’s traditions?
2. Can luxury jewelers market themselves as high-tech, rather than handmade, and still achieve similar appeal among consumers?

Back to Top

Why the Cookpad Recipe Site Succeeds Everywhere but the United States

Priya Krishna, "With No Frills or Celebrities, Cookpad Is a Global Go-To for Recipes," The New York Times, February 28, 2021

Use with Chapter 8, "Global Marketing"

When at-home cooks seek inspiration, ideas, or new recipes, they go online and put in a few search terms—maybe ingredients they have on hand or a regional cuisine that sparks a craving at that moment. If they are in virtually any country other than the United States, the search results are dominated by a recipe site called Cookpad. But U.S. consumers will have to page farther down to find the Cookpad ideas, a gap that reflects both the site's targeting efforts and Americans' food habits.

The idea behind Cookpad, since it first appeared in 1997, was to collect home recipes, offered up by regular users. Rather than single, glossy images of perfectly designed dishes, Cookpad posts usually contain multiple pictures of the entire process of creating the dish and realistic presentations of the end result. The contributors give hints, tricks, and shortcuts, often using informal, chatty descriptions. Their recipes tend to reflect their native cultures, such that users might learn how to make one contributor's grandfather's barbacoa, then another's mother's korokke.

The company started in Japan, and the Cookpad site designed for Japanese users continues to account for most of its estimated 100 million monthly visitors. Although a majority of women in Japan work outside the home, traditional gender roles still assign them primary responsibility for cooking, and accordingly, an estimated 90 percent of Japanese women in their 20s and 30s rely on the recipe site for ideas and instructions. Those instructions are not limited to the originally posted recipes themselves. In this international community, visitors are encouraged to respond to each recipe they try with improvements, alternatives, and suggestions. If a particular dish seems not to be working, users will collaborate to come up with solutions.

Furthermore, the company has introduced dedicated sites for 76 different countries and cultures around the globe, including various Asian nations, different regions in South America and Africa, and multiple European nations. It also developed and posted a site for the United States, but that version remains one of its poorest performers overall. According to the company's founder, many Americans prefer eating prepared meals or dining out over cooking. Rather than enjoying the process of cooking themselves, they would rather be entertained by cooking shows.

But there is a notable exception. For immigrants to the United States, Cookpad represents a valuable and treasured source of information and assistance. Because it hosts a diverse range of international dishes, categorized according to highly specific regional traditions, people living away from their native country can use it to remain a sense of connection to their distant family, as well as keep track of emerging trends in the cuisine of their homelands. Still, because it has not gained widespread adoption in the United States, the company has not invested heavily in this version of the site; it is relatively harder to navigate and search than comparable sites available to users in other countries.

Discussion Questions:

1. Visit Cookpad and search for a recipe, using criteria of your own choice. Did you find the site easy or difficult to use? Would you consider using it more regularly?
2. How would you assess the characterization of U.S. consumers as less interested in cooking their own foods?

Back to Top

Bean Burgers and Seitan Cheesesteaks: Epicurious Stops Publishing Beef Recipes

Derrick Bryson Taylor and Christina Morales, “Epicurious Has a Beef with Beef,” The New York Times, April 27, 2021

Use with Chapter 4, “Conscious Marketing, Corporate Social Responsibility, and Ethics”

Citing data that indicate livestock operations account for approximately 15 percent of greenhouse gas emissions, most attributable to cattle ranching, while also noting its mission to “inspire home cooks to be better, smarter, and happier in the kitchen,” the Epicurious website has announced that it no longer will be publishing recipes featuring beef. Previous entries that highlight the meat will remain available on its site, but posts henceforward will highlight other alternatives.

According to the editors, the site has quietly been eliminating beef-based recipes for more than a year. It issued the statement after the fact, to highlight its commitment to sustainability and call on various actors—including consumers, restaurants, and agricultural supply chain members—to devote themselves more intensively to similar principles.

Despite proactive efforts to head off criticisms, by asserting upfront that the move was not “anti-beef” but rather “pro-planet,” the announcement sparked some complaints. Representatives of the beef industry mocked the site’s decision; regular users worried that their preferences for beef were not being supported. But some other users complained because they believed the editorial choice was insufficient, and if Epicurious really were dedicated to sustainability, it would remove all animal products from any recipes it published.

Other groups, such as animal rights organizations, and various consumers also expressed appreciation, noting that the variety of options currently being published had helped them diversify their own meal planning. According to Epicurious, data indicating engagement rates and traffic also support the decision, because recipes that list various ingredients as alternatives to meat attract more visitors.

Notably absent from the debate have been well-known, expert chefs or social media influencers in the foodie realm. According to one industry observer, this lack of reaction to what might seem like a stunning exclusion signals a wider shift in trends. Beef simply isn’t the essential ingredient it once was for today’s menus. Part of that shift might be due to environmental considerations: Reducing people’s meat consumption by one-quarter, and replacing it with plant-based options, would eliminate an estimated 82 million metric tons of greenhouse gasses from the atmosphere.

But predictions of the end of a U.S. beef culture also may be premature. The average U.S. consumer eats about 215 pounds of meat each year. And that’s the sort of information that Epicurious cited in explaining why it has made its editorial choice. It wants to contribute and intensify discussions about which food choices ultimately will be most sustainable for people and the planet.

Discussion Questions:

1. Is Epicurious’s ethical stance and argument convincing? Why or why not?
2. Do you anticipate that other cookbooks, food magazines, or websites will follow Epicurious’s lead and reduce their focus on beef?
3. Look through a recent issue of a food-oriented magazine. How many beef-based recipes do you find? How would you interpret your finding?

Back to Top

Using Sponsorship to Stand for Something: A Telling Choice by Simone Biles

Louise Radnofsky, "Simone Biles Leaves Nike for Partnership with Athleta," The Wall Street Journal, April 23, 2021; Kevin Draper, "Simone Biles Leaves Nike for a Sponsor that Focuses on Women," The New York Times, April 23, 2021

Use with Chapter 5, "Analyzing the Marketing Environment"

Arguably the greatest gymnast of all time, and objectively the most decorated one, Simone Biles has a powerful, international platform. Her recent decision to sign a sponsorship agreement with Athleta, a women-oriented brand owned by The Gap, suggests that she is determined to make use of it.

The partnership involves several levels. Biles will represent the brand's clothing, including sporting its logo at the 2022 Olympics. But in addition, Athleta has agreed to underwrite a post-Olympics exhibition tour organized by Biles that will feature other gymnasts as well.

Both of these elements represent challenges to other recognizable actors. First, Biles previously had an endorsement contract with Nike. In leaving that partnership, she seemingly is offering an implicit criticism of the company, though she refused to criticize it outright. But another elite athlete, the sprinter Allyson Felix, was more forthcoming when she left Nike to sign with Athleta, strongly criticizing Nike for its standing policy to financially penalize the female athletes it had under sponsorship contracts who became pregnant. Nike also has been subject to allegations of toxic work environments and sexual harassment claims by employees.

Second, whereas Biles avoided outright criticisms of Nike, she has been vocal in her issues with USA Gymnastics. This organization governs the sport in the United States and historically has been the host, and primary beneficiary, of post-Olympics exhibition tours of athletes. But many athletes, including Biles, have held USA Gymnastics directly responsible for ignoring and allowing the ongoing abuse they suffered for years, committed by the national team doctor, who has since been convicted of sexual abuse. If Biles refuses to join the USA Gymnastics tour and instead receives funding from Athleta to put on her own Gold Over America tour, it represents a direct attempt to undermine and pull support from the governing body.

Finally, Biles's decision reflects her own desire to function as a role model who encourages women's achievements. Athleta actively promotes its own status as a female-headed company and makes consistent, vocal commitments to diversity and inclusivity. By linking with a brand with this particular image, Biles can build her own public image and reputation, in ways that resonate with her own preferences.

Discussion Questions:

1. Which broader macroeconomic and societal trends appear to be driving this particular sponsorship?

Back to Top

Opting In to App Tracking: Does Apple's Latest Update Represent Privacy Support or Competitive Suppression?

Brian X. Chen, "To Be Tracked or Not? Apple Is Now Giving Us the Choice," The New York Times, April 26, 2021; Jack Nicas, "Apple's New Devices Target Markets Led by Smaller Rivals," The New York Times, April 20, 2021

Use with Chapter 3, "Social and Mobile Marketing," and Chapter 4, "Conscious Marketing, Corporate Social Responsibility, and Ethics"

When they update their systems to iOS 14.5, Apple iPhone and iPad users will begin encountering a new pop-up message when they reopen an app for the first time after the update. The message asks explicitly if they give that app permission to track their behaviors, and a simple click can signal their rejection or acceptance of the practice.

Most apps already track people along their digital pathways, and though users have the right to refuse permission, doing so has involved a complex, multistep process, even just to find where the instructions are posted. By tracking users' movements across apps and sites, marketers gained valuable data and information, the kind of insights that have allowed retail sites to offer up advertisements for precisely the product or service that a consumer had been searching for, on a different site, earlier in the day.

According to Apple, making the choice explicit and evident represents a way for it to help its customers take charge of and protect their own privacy. Clicking that they refuse to allow permission means that Apple no longer will provide their device identifier to the app. Although companies can use other forms of data to track consumers' activities, by giving consumers a means to express their preferences, Apple also promises that it can help them avoid those other forms of tracking too. That is, if consumers allege that an app has been tracking them using data other than their device identifier and asks it to stop, they can rely on their choice, registered by Apple, as proof of their previously stated preferences.

As a result of this update, most observers and industry experts expect that companies will experience substantially reduced access to consumer data. Such limitations threaten to make marketing efforts more difficult, which is the outcome that underlies protests against the move by Facebook and other firms. Facebook in particular relies heavily on its ability to track users' movements across apps, which it then integrates into a data packet that it can sell advertisers on its site. Advertisers that know what Facebook users are interested in can serve up better targeted, more personalized, more effective marketing communications. If Facebook can no longer gather and provide that information, it risks losses in one of its primary revenue sources.

Other competitors similarly have protested Apple's moves, including its introduction of the AirTag, a locator device that people can attach to their keys or other small objects. Tile, the existing competitor in this market, already has alleged that Apple has made it more difficult for consumers to find its devices in its stores and that it disrupted the functionality of the Tile devices on iPhones. App developers that sell their designs through the App Store similarly accuse Apple of playing favorites, such as by highlighting games and apps by companies that allow the company to take a greater share of the profits from app sales.

In these cases, Apple maintains that its moves are nothing more than competitive efforts to keep giving its customers what they want. If consumers embrace these changes, by purchasing AirTags or clicking "do not allow" on app tracking pop-up requests, it would be hard for other companies to argue otherwise.

Discussion Questions:

1. Is there evidence that Apple is being anti-competitive in its introduction of these new offerings?
2. Do you plan on allowing apps to track your movements, to ensure more personalized advertising, or to refuse that permission, to shield your privacy better? Why? Does your answer differ for different apps?

Back to Top

Tiered Pricing by DoorDash

Preetika Rana, "DoorDash Allows Restaurants to Choose Commissions in Post-Pandemic Future," The Wall Street Journal, April 27, 2021

Use with Chapter 7, "Business-to-Business Marketing," and Chapter 15, "Strategic Pricing Concepts"

The COVID-19 pandemic has been a massive opportunity for some firms, including DoorDash, which grew to take over fully half of the food delivery market over the course of 2020. By enabling consumers to get their favorite takeout while still sheltering at home, and simultaneously enabling restaurants to stay in business, the service provider gained such a powerful position that it seemingly could charge just about anything it wanted. But price preferences change with the times, and as pandemic-related challenges have started to resolve, DoorDash has come under increasing pressure, from both its business customers and regulators, to make changes.

In response, it announced a novel, three-tiered pricing structure for the commissions paid by restaurants to obtain its services. If DoorDash takes only a 15 percent commission on the order, it will provide relatively limited marketing support. If the restaurant agrees to give it a 30 percent commission, it will get prime placement on the DoorDash site and other forms of marketing support. A 20 percent commission option also is available.

Furthermore, if the business side of the platform reduces the amount it shares with the DoorDash platform, the platform will find the revenue elsewhere, namely, on the consumer side. Specifically, if a restaurant chooses the lower commission rate, DoorDash will charge customers $4.99 for their delivery. But customers only have to pay $1.99 to receive food from a restaurant at the higher end of the commission scale. In this way, DoorDash can drive more customers to its business clients that pay it more.

Industry associations praise the announcement for its transparency, noting that previously, it was difficult for restaurants to anticipate what commission they would need to pay to work with DoorDash. By giving the choice to these business clients, the service provider gives them more autonomy, such that they can analyze their own sales to determine if it is worth it to pay more to gain priority among visitors to the DoorDash site. The move also seeks to address regulatory efforts adopted by several municipalities, which imposed limits on how much the company was able to charge during the pandemic. Some of those legislatures have raised the possibility of making those commission caps permanent, so DoorDash's effort to offer increased transparency likely represents an attempt to head off further regulations too.

Discussion Questions:

1. Which party in these three-sided exchanges (restaurants as sellers, DoorDash as the platform and service provider, consumers) has the most power? How might those power relations shift over time?
2. Is this revised pricing strategy fair? Will it be strategically effective?

Back to Top

If Segmentation Is Racist and Unhealthy, Should It be Banned? Menthol Cigarettes and Proposed Legislation

Sheila Kaplan, "Biden Administration Plans to Propose Banning Menthol Cigarettes," The New York Times, April 28, 2021; Michael Collins, "Report: Biden Administration Expected to Push for Menthol Cigarette Ban," USA Today, April 28, 2021

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

Even among the long and complex history of questionably ethical marketing tactics adopted by the tobacco industry, the promotion of menthol cigarettes to African American consumers stands out as particularly egregious. Menthol additives make cigarette smoke feel less harsh, such that it encourages new smokers to take up the habit. It also makes the cigarettes even more addictive than conventional versions, meaning that people who have adopted the habit have a harder time quitting.

In an unethical strategic effort, tobacco companies historically have explicitly targeted Black consumers with marketing to convince them to adopt menthol cigarettes, and today, an estimated 85 percent of African American smokers consume these flavored versions. Noting this discriminatory and damaging practice, several citizens' rights groups came together to petition for a ban, an initiative that a U.S. district court upheld. The ruling has brought the issue to the forefront, though it has no enforcement power.

But in response, the Biden Administration has announced that it will call for a ban on menthol cigarettes, as well as those flavored with other additives and mass-produced flavored cigars and cigarillos. In calling for these bans, the Administration cited statistics that show that despite lower levels of smoking, relative to other population segments, Black smokers are more likely to die of tobacco-related causes, such as strokes and heart attacks. The call also resonates with state-level efforts in California and Massachusetts to ban menthol cigarettes.

Opponents include some predictable actors, but also some perhaps surprising ones. That is, tobacco industry lobbyists call the proposed ban ineffective and overreaching. But in addition, the ACLU has announced its opposition to the ban, concerned that criminalizing a product that is predominantly embraced by Black consumers will lead to unfair penalties on minority communities.

Discussion Questions:

1. Is a ban on menthol and other flavored cigarettes an ethical move? Apply the ethical decision making framework from Chapter 4 to justify your answer.

Back to Top

Marketing Old Age Products to a Generation that Refuses to Grow Up

Alex Williams, “Generation X, Your AARP Card Awaits,” The New York Times, April 24, 2021

Use with Chapter 9, “Segmentation, Targeting, and Positioning”

At its prime, in the 1990s, Generation X was a widely derided but proudly distinctive age cohort. Blamed for being less serious and industrious than their Baby Boomer parents, Gen Xers rejected conventional ideals by embracing individualism, grunge rock, tattoos, and thrift stores, and then committing themselves to staying authentic, no matter what happened.

But of course, life happens, and Gen X is now reaching its 50s, the threshold at which people can apply to become AARP members. The generational cohort faces the combined demands of active child rearing (because they waited longer to have children) and caring for aging parents (who themselves are living longer). Their needs thus are well within the wheelhouse of AARP, which exists mainly to advocate for members and consumers as they age. But Gen Xers also still insist on their individualism and independence, so targeting them with solicitations that worked for Baby Boomers would not be effective.

Instead, AARP developed a campaign focused on how it can help this cohort remain active, invested, and supported. Rather than schmaltzy nostalgia, a recent advertising campaign highlights youthful-looking people in their 50s practicing tai chi, killing various TikTok challenges, and performing skateboarding stunts. The voiceover promises that AARP is there to support them well into the future, because, it claims, even at age 50, these members still might have half their lives to live.

Such support represents an appeal that might be uniquely resonant with Gen X too, due to the upheaval they have experienced in their lifetimes. Their prime earning years were disrupted by the global recession in 2008–2009, and then the COVID-19 pandemic more recently. They became “hustlers,” with the realization that unlike their parents, they could not rely on remaining in a steady job for their entire career and retiring with a good pension. Thus, they continue to be entrepreneurial and willing to take risks. Furthermore, this is the generational consumer cohort that first enabled the Internet to find footing as a consumption channel, demanded greater sustainability and responsibility commitments by companies, and embraced irony as a way to look at every aspect of the world.

For them, nostalgia does not work, nor does any mention of being old, slow, or retired. They are determined to stay rebellious and different, independent and cool. To appeal to them, AARP might need to start sponsoring concerts and skate parks, rather than shuffleboard courts (unless ironically, of course). By the same token, they are not young anymore, which means that AARP has offerings of value to them. It’s a matter of convincing them that it is cool enough to accept those benefits.

Discussion Questions:

1. How is Gen X different from the Baby Boomers?
2. Even if companies might need to shift their targeting to appeal to Gen X, what elements of their strategy should remain consistent?

Back to Top

Marketing Tidbits

A Florida Company Sold $1 Million in Toxic Bleach as a 'Miracle' Cure

Christina Morales, "$1 Million in Toxic Bleach Sold as 'Miracle' Cure, Officials Say," The New York Times, April 25, 2021

By registering as a church, despite acknowledging that the organization is nonreligious, the Genesis II Church of Healing sought to avoid legal ramifications for its primary activity: falsely claiming that a mixture of sodium chlorite and water could cure cancer, Alzheimer's disease, and COVID-19 and selling it at a profit. The mixture, once ingested, becomes chlorine dioxide or, in layperson's terms, bleach. Embracing a false narrative that suggested ingesting bleach might be a way to kill the COVID-19 virus, the founders of the church expanded their existing operations, touting the "cure" through their website, radio broadcasts, and newsletters. Their advertising was effective enough that it caught the attention of an FDA official, who placed an order for the "Miracle Mineral Solution," analyzed the ingredients, and then had a warrant issued for the founders' arrest on charges of fraud and criminal contempt. Two of the founders have fled to Colombia, where they run a "health retreat" that doses the bleach solution to visitors; two others are in custody, after having issued threats of violence if authorities tried to halt their activities. Although it may seem that buyers should be savvy enough to realize drinking bleach is not a viable solution to any health issues, lying about its effects in marketing materials remains a prosecutable offense.

Airlines are Recovering from the COVID-19 Pandemic

Niraj Chokshi, "Once Crippled by the Pandemic, Airlines See a Fast Recovery Coming," The New York Times, April 22, 2021

The passengers might not have returned completely, but airlines' confidence seems to have. After a year in which they had to rely on three separate government bailouts, totaling tens of billions of dollars, the major airlines are starting to rehire laid-off pilots, baggage handlers, and flight attendants; reschedule flight routes; and rebuild their fleets. Still, the effects of the pandemic remain persistent. International travel continues to be severely restricted, whereas relatively short domestic flights are more popular. To serve those routes, the airlines are turning to their larger aircraft, which previously would have been reserved for long haul flights. That strategic choice offers a couple of benefits, in that it enables passengers who still prefer social distancing to spread out more, and it enables the airlines to use the plane inventory they have on hand. Business travel still is sparse too, which remains a challenge for airlines that often depend on price-insensitive workers who will pay more to get to a critical meeting. If they can keep holding those meetings via Zoom though, that segment of the market might never completely recover. Still, compared with just a few months ago, things are substantially better, to the extent that Southwest even announced a small profit in a recent quarter. For an industry that seemed on the precipice of collapse, such outcomes were tough to imagine yesterday, but deeply satisfying to encounter today.

Shoppers Are Returning to Malls

Esther Fung, "Shoppers Return to Malls, with an Urge to Shop," The Wall Street Journal, April 27, 2021

Malls are back. As vaccinations continue to increase and infection rates slowly decrease, shoppers are returning to malls, such that in March 2021, foot traffic was 86 percent higher than in March 2020. Of course, that low level of foot traffic a year ago represented a massive decline compared to previous months, but at least the trends are heading in a more positive direction. Despite this good news, not all retailers are enjoying equal benefits. Seemingly informed by the fashion trends that became prominent during the pandemic, consumers are eschewing formal wear but embracing casual gear and accessories. Furthermore, some malls, especially those that already were struggling before COVID-19, have not rebounded. But others are showing some additional positive signs, beyond foot traffic. According to retail leasing firms, rent collection rates have gone back to nearly normal. Here again though, the industry looks a little different, reflecting trends that the pandemic initiated. Retail tenants are requesting shorter, more flexible leases, as well as rent payments based on a percentage of sales. Thus malls are back, but both their consumer trends and their operational methods look different, after weathering the COVID-19 storm.

Back to Top