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## Videos:

### How Margin Calls Can Transform Market Downturns Into Market Crashes

- × Investors rarely hear about margin calls except during market downturns. WSJ's Dion Rabouin explains what they are and the unique way they are contributing to the current cryptocurrency crash.
- × 3:07 min
- × [Video Link](#)

### 'Hypercasual' video games are soaring. What investors should know

- × 'Hypercasual' is a genre of mobile gaming that is simple in graphics and play. In 2021, over 50% of all U.S. mobile game downloads were hypercasual. Here's what investors need to know about this nascent market.
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| MARKETING

# Video Game Sales Are Slowing Down

Sarah E. Needleman, "Videogame Companies Face Slowdown as People Spend Less on Gaming," The Wall Street Journal, August 9, 2022; Ryan Browne, "Video Game Sales Set to Fall for First Time in Years as Industry Braces for Recession," CNBC, July 7, 2022; Stephen Totilo, "Number of Video Game Players in U.S. Dips After Pandemic Surge," Axios, June 7, 2022

## Use with Chapter 5, "Analyzing the Marketing Environment"



Is it game over for the video game market? Not quite, but after a couple of years of explosive growth, sales are declining.

From 2019 to 2021, the video game market blew up—growing 26 percent to a record \$191 billion. CNBC cites data showing that video game sales have consistently grown since 2015. But the really explosive sales were driven by the pandemic, which kept people locked down inside, and then the introductions, by Microsoft and Sony, of the newest Xbox and Playstation consoles that gamers could not wait to buy and use.

But 2022 is different, and growth is slowing. Video game sales are expected to contract 1.2 percent in 2022, to \$188 billion. Sales have already fallen 13 percent in the second quarter, and fell 8 percent in the first quarter.

Why? A combination of factors seems to be at work, including people being out in the physical world again, spending money on travel, concerts, and basically everything that is not sitting in front of a screen at home. Inflation and consumer wariness about a possible recession on the horizon are not helping matters. Furthermore, industry executives and analysts have noted that the "dearth" of exciting new products is another contributing factor. Even the war in Ukraine is having an effect, in that some game companies have suspended operations in Russia—a very big market, whose loss as a destination for consoles and games is expected to lead to \$1.2 billion less in sales.

But hope is not lost. First of all, sales are still up from pre-pandemic levels. And second of all, there's still a lot of people playing video games, and they account for a promisingly large market—216 million players in the United States alone in 2021, the last year for which data were available. That's noticeably lower than 2020's 227 million—but higher than the figure from 2020, which was 214 million.

## Discussion Questions

1. Why are video game sales slowing down?
2. What could make sales go back up?
3. How would you attract more buying, if you were advising a video game company?



# Walmart May Add Streaming to Make Walmart+ More Appealing

Benjamin Mullin and Brooks Barnes, "Walmart Ponders Streaming Deal with Paramount, Disney and Comcast," The New York Times, August 9, 2022; Matthew Keys, "Walmart Explores Adding Streaming Access to Walmart Plus Memberships," The Desk, August 9, 2022; Sarah Perez, "Walmart Is Selling its On-Demand Video Service Vudu to Fandango," Techcrunch, April 20, 2020; David Pierce, "Walmart Is Trying to Build a Streaming Service, Again," The Verge, August 9, 2022

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

Consumers already get their affordable home goods, clothes, food, and nearly everything else from Walmart. Soon they may be able to get their streaming services there, too. As recent reports indicate, representatives from Walmart have met with executives from Disney, Comcast, and Paramount as the mega-retailer contemplates which platform would add the most value to its Walmart+ membership. Disney owns Disney+, ESPN+, and Hulu. Comcast owns Xfinity. Paramount owns Paramount+ and Showtime.

Walmart+ memberships, which cost \$12.95 per month, include free shipping on Walmart orders, free grocery deliveries, gas discounts, and a six-month free trial of Spotify Premium. Thus, the offerings already are diverse. But adding streaming services could help Walmart+ compete against Amazon Prime, which provides even more benefits, including streaming, for just a couple of dollars more per month.



This pursuit is a substantial shift from Walmart's exit from the streaming market just a few years ago. After purchasing the independent service Vudu in 2010, it sold off the division to Fandango in 2020, allegedly because it perceived too much competition in the streaming market. Such experiences might have left Walmart a bit hesitant about reentering the streaming space on its own. Thus, the company hopes to proceed with a well-established partner that can bring in its own customers and provide its own content. At the same time, Walmart has strict policies regarding what it will offer; for example, when it first purchased Vudu, it required the service to eliminate any adult content from its platform.

So which company will partner with Walmart? That's the literally billion dollar (if not more) question. Various sources offer different views: "It is unclear whether any of the streaming companies are inclined to reach a deal with Walmart," according to The New York Times. But The Desk appears more willing to speculate, positing that Comcast is the best candidate, because Walmart was among the first retailers to carry Comcast's XClass television sets. Furthermore, because Comcast currently has the fewest streaming customers, it may be more willing to accept the terms that Walmart is likely to impose on the deal. We'll have to watch this space to see, and stream, what comes next.

## Discussion Questions

1. Why would Walmart want to partner with a streaming service?
2. Do you think partnering with Walmart is beneficial to an existing streaming service?
3. What added elements might make Walmart+ more valuable to customers, beyond of partnering with a streaming service?

# The Biggest Warehouses in the Country Are Completely Full

Lisa Baertlein, "America's Biggest Warehouse Is Running Out of Room. It's about to Get Worse," Reuters, August 2, 2022; Greg Cornfield, "LA Is Out of Warehouse Space," Commercial Observer, July 25, 2022; Sarah Zimmerman, "10 Disruptions that Rocked Supply Chains in 2021," Supply Chain Dive, December 15, 2021; Justine Calma, "What a Billion Square Feet of Warehouses Looks Like," The Verge, May 2, 2022; Santosh Nair, "California Government Leases Six Sites to Chunker Aiming to Reduce Port Congestion," project44.com, February 18, 2022; Michael Corkery, "Retail's 'Dark Side': As Inventory Piles Up, Liquidation Warehouses Are Busy," The New York Times, July 30, 2022

Use with Chapter 1, "Overview of Marketing," and Chapter 16, "Supply Chain Management"



Probably no one ever thought that any member of a working supply chain would look back at the challenges and woes of 2021 longingly. Big-time consumer demand, port congestion, and manufacturing delays all contributed to massive challenges for retailers to get consumers the exercise equipment, furniture, appliances, and hamburgers that they demanded.

But today, members of various supply chains are facing the opposite, and potentially even more expensive, problem. In place of empty shelves, the largest warehouses in the United States are overflowing with inventory, as they have simply run out of space. Consider the situation in California's Inland Empire—an area of Southern California, the east of Los Angeles, which itself hosts the Western Hemisphere's largest

port. There's more than one billion square feet of warehouse space in that region. And virtually all of it is full. According to estimates by the real estate services firm Cushman & Wakefield, the Inland Empire warehouses have just .6 percent vacancy, compared with 3.1 percent nationwide. Although the vacancy rates already are the lowest in the United States, they could go even lower, if consumers continue to exhibit caution and limit their spending in these strange economic times.

Further down the supply chain, Best Buy has too many televisions and computers sitting around. For Target, it is televisions, clothes, and kitchen items. But regardless of their product category, the goods are taking up warehouse space instead of counter and closet space in consumers' homes. They will soon face new competition for space, because more goods are coming, including Christmas toys, holiday paraphernalia, and other seasonal goods that people want in timely fashion.

The incredible demand for space is leading to higher rents, which reached an all-time high of \$1.35 per square foot per month. In that sense, the threat to retailers may transform into an opportunity for other supply chain actors. A new business-to-business operation has arisen, designed to match retailers with unused space that currently is not being used for storage, but that readily could be. A warehousing-on-demand company called Chunker—the "Airbnb for warehouses," as it likes to be known—finds empty malls and big box stores, as well as government buildings and old greyhound tracks, then builds out and transforms them into usable warehouse space.

To the extent that retailers still have too much stuff filling too little space, consumers ultimately might benefit. Once the demand for space gets powerful enough, they must dispatch some of those goods, often to outlet stores or liquidation warehouses, where consumers can snag themselves a real bargain.

In the ongoing disruption involving supply chains, it thus appears that it is retailers, and perhaps their warehousing partners, that are caught between the proverbial rock and hard place: Manufacturers still might not be delivering consistently, leading them to order more safety stock. But if consumers are not buying consistently either, the costs of holding excess inventory might be more than they can bear.

## Discussion Questions:

1. Why are warehouses so full?
2. What are some solutions to this space crunch? Can you think of any ideas that aren't already being tried?
3. Does every challenge in the retailing industry present opportunities for someone else?

# Wait, Online Prices Are Actually Going ... Down?!

Matt Egan, "Good Inflation News: Online Shopping Prices Are Suddenly Falling Fast," CNN Business, August 9, 2022; "Adobe Digital Price Index: E-commerce Enters Deflation for the First Time in over Two Years," news.adobe.com, August 9, 2022

## Use with Chapter 15, "Strategic Pricing Concepts"

How much is that television on the shopping website? Probably quite a bit less than it was last year, or even a month ago.

Notably, inflation is a major topic, in the news and in people's daily lives. But according to a recent Adobe Digital Price Index report, online prices are actually going down for the first time in two years. The report even uses the term "deflation" to describe the current e-commerce environment.

The specific amount of thus deflation varies by category. For example, Adobe Analytics indicates that prices for electronics—the product category that accounts for the biggest share of online spending, at 18.6 percent—fell 9.3 percent from the previous year, and 2 percent in the most recent month. After 14 months of clothing prices going up, they are coming down too. As of July 2022, clothing prices dropped 1 percent year over year and 6.3 month over month.



Toys are practically being given away, with prices falling 8.2 percent year over year, and 2.9 from the previous month. In total, prices for electronics, jewelry, books, toys, computers, sporting goods, and apparel all decreased year over year. Month over month, electronics, personal care products, office supplies, jewelry, books, furniture/bedding, toys, home/garden, appliances, flowers/related gifts, computers, sporting goods, medical equipment/supplies, and apparel saw price drops.

Consumers in these product categories will need to have saved some of the extra cash they kept though, because online food prices are up 13.4 percent over the previous year, and 1.4 percent over the previous month—the largest increase of any category. But the increases in prices for pet products purchased online are not far behind, jumping 12.6 percent year over year, 1.7 percent month over month. Prices for pet products have been rising for 27 months, creating serious challenges for pet owners who are determined their furry companions deserve the best.

These dynamic shifts in prices suggest both difficulties and opportunities for both e-commerce retailers and consumers. Savvy buyers might be able to score some great deals in certain categories and thus leave more of their budgets for those products that continue to increase in price. Retailers could devote more attention to their strategic pricing, to ensure they lower prices enough to attract consumers but not so much that they eliminate their profit margins.

### Discussion Questions:

1. Why would prices fall in some categories, like electronics and clothing, but not in others, such as food or pet supplies?
2. Is now a good time for consumers to look for bargains?
3. If you were an electronics retailer, how would you entice consumers to start spending on televisions right now?

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# More Companies Are Selling Directly to You, At Least For Now

Akiko Matsuda, "Direct-to-Consumer Sales Are Fueling Supply-Chain Tech Growth," The Wall Street Journal, August 6, 2022; Tim Gaus and Bill Lam, "Consumer Connectivity: Creating Customer-Centric Supply Chains," [www2.deloitte.com](http://www2.deloitte.com), August 2, 2022; Sara Bloomberg, "Shogun, a Direct-to-Consumer E-commerce Startup, Lays off Dozens," The Business Journals, August 10, 2022; Gary Drenik, "Will Retailers Follow Nike's Playbook? Why More Brands Are Moving to DTC Operations and Away from Wholesale and Marketplaces," Forbes, July 12, 2022; Mayumi Brewster, "Annual Retail Trade Survey Shows Impact of Online Shopping on Retail Sales during COVID-19 Pandemic," census.gov, April 27, 2022; Nicole Silberstein, "Nike to Double Down on DTC Following Q3 Gains, Plans Standalone Jordan Stores," Retail TouchPoints, March 23, 2022; Jessica Young, "US Ecommerce Grows 14.2% in 2021," Digital Commerce 360, February 18, 2022; Cara Salpini, "How Nike Is Using DTC and Data to Expand Its Empire," Retail Dive, March 23, 2021; Alex Kantrowitz, "The Direct-to-Consumer Craze Is Slamming into Reality," CNBC, March 14, 2022; Daphne Howland, "Warby Parker Lays off 15% of its Corporate Workforce, Citing Changing Consumer Behavior," Retail Dive, August 9, 2022; Caroline Jansen, "DTC Brands Have Long Been Vocal about the Importance of Sustainability. Is That Enough?" Retail Dive, June 27, 2022

## Use with Chapter 17, "Retailing and Multichannel Marketing"



The pandemic changed a lot of the ways that people do things, and some of those new habits have stuck. For example, when merely breathing in the same room as another person spelled dire peril, consumers understandably stopped shopping as much in brick-and-mortar stores. Online shopping grew to fill the void, and then some, with e-commerce sales increasing from \$571.2 billion in 2019 to \$815.4 billion in 2020, then to \$870.78 billion in 2021.

It is not just consumers whose behavior changed though. Retailers and manufacturers had to adapt to this new world of consumption, as well—bolstering their e-commerce offerings and in some cases ditching third-party retailers to sell directly to customers themselves. In so doing, they have entered into more

direct competition with sellers that have been direct-to-consumer—DTC—from the start, like the glasses company Warby Parker or Allbirds, which sells comfy, sustainable shoes. But these innovative upstarts now confront competition from companies with greater brand recognition, as they enter the DTC business. For example, Nike cut back substantially in the amounts of physical product it provided for Foot Locker, Amazon, DSW, Zappos, and other third-party retailers to sell. Instead, it moved the inventory to bolster its DTC offerings, in a move the company claims helped offset the decline in its wholesale business early in the pandemic.

According to Nike's Chief Financial Officer, some 24 percent of Nike's total revenue in the fiscal year that ended in May 2022 came through digital channels, including its website and smartphone app. As this calculation indicates, DTC is not limited to the web. Accordingly, Nike has plans to build out its DTC offerings even further, including a Jordan-only concept store to open in 2023, as well as more Nike Live stores, which are membership-based boutiques that offer unique merchandise and special experiences.

Along with Nike, food and beverage companies like Pepsi have entered the DTC market in recent years. Across these markets, the lines between the manufacturer, retailer, and distributor categories have grown more fuzzy.

But even as these big-name brands jump on the DTC train, it might be jumping the track. Some very recent figures suggest a big slow-down in online shopping. Warby Parker is the latest DTC brand to enter into downsizing mode, laying off 15 percent of its corporate workforce. Other DTC brands like Allbirds and Glossier, as well as Walmart's DTC arm, have shrunk recently too. The reasons for this contraction might be the heightened competition in the market, or it could reflect the increased costs of Facebook ads and shipping costs. Alternatively, maybe the projections were wrong, and the customer bases for DTC products remain relatively small. In response, some companies have reoriented themselves yet again, away from selling directly to consumers and toward a stronger embrace of the wholesale route. Everything old is new again.

### Discussion Questions:

1. Why might Nike open its own DTC channels instead of selling its products to third-party retailers?
2. Do you expect to see more or less DTC retailing, in the coming year or decade?
3. Are some types of brands better equipped to handle the challenges of DTC than others?



# Most Stores Don't Accept SNAP Benefits for Online Grocery Shopping. This Company Wants to Change That

Heather Lalley, "Online SNAP Payment Processor Forage Raises \$22M," Winsight Grocery Business, August 8, 2022; Keerthi Vedantam, "Fintech Platform Forage Raises \$22m from Instacart Founder and PayPal," Crunchbase, August 8, 2022; "Forage Raises \$22m to Help Merchants' Efforts to Accept SNAP Benefits," pymnts.com, August 8, 2022; Abby McCain, "Instacart Statistics [2022]: Users, Revenue, Growth, and Grocery Ecommerce Market Trends," Zippia.com, May 23, 2022; Chase DiBenedetto, "The Tech Company Trying to Make Online Grocery Shopping Accessible for Everyone," Mashable, April 27, 2022; Bonnielin K. Swenor, Rachel M. Cahill, and Laura J. Samuel, "Food Insecurity in the Disability Community: Disparities in Snap Access," healthaffairs.org, May 17, 2021

## Use with 4, "Conscious Marketing, Corporate Social Responsibility, and Ethics"

The grocery delivery company Instacart was losing \$25 million per month, until the beginning of the pandemic. Then in April 2020, Instacart brought home a \$10 million profit—its first profitable month. The company made \$1.8 million in revenue in 2021. Today it's said to have 9.6 million active users.

But while many consumers have appreciated the convenience and safety of online grocery shopping during the last few years, the nearly 42 million U.S. consumers receiving federal Supplemental Nutrition Assistance Program benefits—SNAP benefits, once more commonly known as food stamps—have not, by and large, been able to participate. Instacart and other online grocers require the use of credit cards, as well as a digital purchase channel. They have not been set up to accept payments via the Electronic Benefits Transfer (EBT) card that SNAP recipients use to buy food. Although there are about 250,000 grocery stores across the country that accept EBT payments, far fewer allow customers to make purchases online using their SNAP benefits.



Forage, a payments technology company that specializes in helping grocers accept EBT payments, is working to change that—and it just got \$22 million to help it along toward that end. Specifically, Forage announced that it had raised \$22 million in a funding round that included Instacart's founder and PayPal Ventures. The money will go toward product development and hiring, and "will help accelerate Forage's mission to democratize access to government benefits," according to the company's co-founder and CEO. In addition, Forage recently launched an app to offer EBT processing for merchants that use the e-commerce platform Shopify.

Today, SNAP benefits provide a literal lifeline for millions of families without sufficient resources. About one-quarter of U.S. households that receive SNAP benefits include a person with disabilities—and this market is who Forage has especially in mind, according to another Forage co-founder: "Many of them are homebound. They lack transportation, or live in food deserts, without any easy access to grocery stores. The ability to do grocery shopping online, with their SNAP, is a complete game changer for them."

### Discussion Questions:

1. Consider the market of consumers with disabilities. What challenges hinder their access to food from a grocery store?
2. Is it the responsibility of online grocers to ensure access to their offerings for SNAP recipients or other people who many not have access to credit or digital channels?
3. What other products or apps might be developed to ensure that low-income families have sufficient, easy access to food?

# Abercrombie & Fitch Wants You (Yes, You!) to Visit Its New Gateway Shopping Destinations

George Anderson, "Will a New Store Design Turn Abercrombie & Fitch into a Getaway Shopping Destination?" RetailWire, August 9, 2022; "Abercrombie & Fitch Launches New Getaway-Inspired Store Design Concept," corporate.abercrombie.com, August 8, 2022; Veronika Bondarenko, "Abercrombie & Fitch Is Trying to Grow Up," The Street, August 8, 2022; Jessica M. Goldstein, "The Teens Who Hated Abercrombie Are the Adults Shopping There Now—And They Can't Believe It Either," Washington Post, November 23, 2021; William White, "Abercrombie & Fitch (ANF) Stock Drops 30% on Disappointing Earnings," InvestorPlace, May 24, 2022; Dana Ben Arye, "Unbelievable Stories from Former Abercrombie & Fitch Employees," www.history-a2z.com, July 6, 2022; Rebecca Jennings, "End of an Era: Abercrombie's Chiseled Greeters Will No Longer Go Shirtless," Racked, April 24, 2015; Ashley Lutz, "Abercrombie & Fitch Refuses to Make Clothes for Large Women," Insider, May 3, 2013; Susan Berfield and Lindsey Rupp, "The Aging of Abercrombie & Fitch," Bloomberg, January 22, 2015; Marianne Wilson, "Abercrombie & Fitch Swings to Loss; Lowers Outlook," Chain Store Age, May 24, 2022

**Use with Chapter 17, "Retailing and Multichannel," Chapter 9, "Segmentation, Targeting" and Chapter 5 "Analyzing the Marketing Environment."**



Way back when, all the way back in the 1990s, Abercrombie & Fitch was the source for some very strange retail stories, due to its remarkable and rather disturbing corporate culture. Having started as an outdoor equipment provider, it had morphed into a gatekeeper. The brand became known—by design; it aggressively pursued its image—for dressing really good-looking, mostly White, cool kids in pastel polos with popped collars. The smooth-chested young men who greeted customers outside the stores' doors were all shirtless.

The retailer's marketing leaned into such heavily sexualized imagery of young people. Store employees were hired for their attractiveness and were instructed to act aloof and cold toward customers. Sizing was the opposite of inclusive. The largest women's pants size stores would carry was a 10. Larger customers need not step foot in the heavily perfumed, dark, loud, snooty, but still somehow extremely compelling stores.

In an infamous and ill-advised interview in 2006, the brand's then-CEO Mike Jeffries explained the point: "In every school there are the cool and popular kids, and then there are the not-so-cool kids. Candidly, we go after the cool kids. We go after the attractive all-American kid with a great attitude and a lot of friends. A lot of people don't belong [in our clothes], and they can't belong. Are we exclusionary? Absolutely."

By 2015, with a changing set of sensibilities, plummeting sales, and Jeffries gone, store greeters finally got to put on some shirts. Thereafter, Abercrombie & Fitch began looking for ways to regain its status as a strong and appealing retail brand—experimenting with a broader range of sizes, developing better quality clothes, training friendly sales associates with a variety of looks, putting out less sexualized marketing, and adding brighter lighting to stores. It has changed nearly everything except its signature scent, Fierce, which still fills the air of every Abercrombie & Fitch store. But in a nod to progress, bottles of Fierce are available in both the original packaging, which sports a picture of a muscled, shirtless torso, and a new design, with no nakedness at all.

Some of these changes appear to have worked. In reports about the appeal of Abercrombie & Fitch's curvy line of jeans, the company also emphasized its efforts to target and market more actively to a more mature demographic—though in this case, "mature" means people in their 20s. It's recovery is not a given though; Abercrombie & Fitch posted disappointing earnings in the first quarter of 2022, leading to a 30 percent drop in its stock value.

Therefore, it is going even bigger. Take a deep breath (unless you are actually in an Abercrombie & Fitch, in which case you will get a lungful of perfume) and imagine the latest initiative to rejuvenate the brand: The Gateway. This "refreshing new store experience" expressly aims to evoke the feeling that people enjoy on the first day, at the start of a long weekend, according to a press release. The Gateway stores—which will open first in Los Angeles and Milan, with plans to expand moving into 2023—are designed to appeal to young millennial and zillennial shoppers. With an aesthetic similar to a high-end, chic hotel lobby, the stores provide a check-in desk, as well as fitting rooms with customizable lighting.

But even while they are in the Gateway stores, Abercrombie & Fitch invites customers to engage in an "immersive interpretation" of the brand and explore the store's "omni-hub capabilities." The wording might seem like jargon, but the idea is that visitors to The Gateway can do a lot of different things while they are in the store, including trying on clothes, picking up online orders, and hanging out with friends.

Of course, due to its recent struggles, Abercrombie & Fitch also need to attend to its expenses and costs. The current CEO thus announced commitments to finding ways to limit or offset the increased shipping and production costs that confront all supply chains, as well as make strategic marketing, technology, and customer investments. Such claims are far less controversial and attention-grabbing than comments that actively insult millions of consumers, but they likely will prove more effective for long-term performance.

## Discussion Questions:

1. Do you think Abercrombie & Fitch's new Gateway stores will be sufficient to change its image and improve the company's bottom line?
2. What else would you recommend Abercrombie & Fitch do to increase its profitability?
3. In the past, Abercrombie & Fitch's marketing focused on its exclusivity instead of its inclusivity. Can brands be profitable today if they try to turn some customers away? Which ones?

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## Marketing Tidbits

### The FDA caps nicotine in cigarettes

*Andrew Jacobs, "Breaking Nicotine's Powerful Draw," The New York Times, August 2, 2022; "Assessing the FDA's Latest Moves on Nicotine and E-cigarettes," www.hsph.harvard.edu, July 26, 2022; Christina Jewett and Andrew Jacobs, "F.D.A. Aims to Cut Down on Smoking by Slashing Nicotine Levels in Cigarettes," The New York Times, June 21, 2022; "FDA Announces Plans for Proposed Rule to Reduce Addictiveness of Cigarettes and Other Combusted Tobacco Products," fda.gov, June 21, 2022; Kathy Katella, "Are Reduced-Nicotine Cigarettes Coming?" yalemedicine.org, August 3, 2022*

Dear smokers: Take a deep breath. The Food and Drug Administration—which regulates the manufacture, import, packaging, labeling, advertising, promotion, sale, and distribution of cigarettes, among other things—recently announced it plans to set a cap on the amount of nicotine in cigarettes. The purpose, according to a press release on the agency's website, is to reduce cigarettes' addictiveness, and in so doing "reduce youth use, addiction and death." An estimated 480,000 deaths per year are linked to smoking; in the United States, it is the top cause of preventable death. Meanwhile, some 70 percent of this country's 31 million adult smokers say they would like to quit. But even as more than half of them recount their active efforts to give up the habit, just 7.5 percent are successful. To assist these desperate smokers, the FDA has indicated it will issue a new rule in May 2023, but it has not established precisely when it intends to implement the new nicotine standards. In response to these announcements, tobacco manufacturers likely are gearing up their plans to protest the change, and any lawsuits they file could take a long time to resolve. Thus, unlike the removal of cigarettes from many store shelves, the effort to reduce amounts of nicotine could take years. In other words, for the foreseeable future, quitting nicotine is still going to be a drag.

### Amazon to acquire iRobot

*George Anderson, "Is Amazon's Deal for iRobot All about Mapping Americans' Homes?" RetailWire, August 8, 2022; "Amazon and iRobot Sign an Agreement for Amazon to Acquire iRobot," press.aboutamazon.com, August 5, 2022; Khari Johnson, "The iRobot Deal Would Give Amazon Maps inside Millions of Homes," Wired, August 5, 2022*

iRobot, the company that makes Roombas, has agreed to be acquired by Amazon for \$1.7 billion. According to a joint press release put out by the two companies, Amazon's interest in this acquisition stems from iRobot's history of creating products "that make customers' lives easier and more enjoyable." But according to some wary observers, the deal is more about something far dirtier: personal data, the most valuable of resources. Specifically, Roombas create maps of the interiors of customers' homes as they learn pathways and avoid big drops. In the past, iRobot has acknowledged the potential opportunities of monetizing this information, by selling it to other retailers. For Amazon, information about customers is central to its business model, because with more information, it can appeal more powerfully to each buyer, thereby establishing its nearly monopoly position. Then again, even without vacuum-mapped details about people's homes, Amazon already has access to all kinds of data, including depictions of parts of people's homes. It owns the video doorbell company Ring, the AI assistant Alexa, and a lot of other tools that people use willingly, to invite Amazon to get to know every inch of their living space. But with a detailed map of people's homes, Amazon also can learn about the square footage of their homes, which is a good proxy for income levels, and what sorts of furniture is (or is not) already in place—and thus what kinds of items it should push to consumers next time they click onto its site.

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