

marketing

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Newsletter for Instructors

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Finding and Defining Value on YouTube: A Marketing Perspective

Use with Chapter 1, “Overview of Marketing”



Unsplash / Kushagra Kevat

When you, along with 150 million other subscribers, watch a Jimmy Donaldson video—sorry, we mean a MrBeast stunt—you are helping him become an international phenomenon. Currently the third most popular content provider on YouTube, MrBeast is a distinctive kind of influencer whose revenues are based not on selling products or promoting brands but rather on whether he can get more viewers to watch him perform charitable acts, like randomly handing \$10,000 to a person engaged in panhandling on a highway median.

How do these transactions work? How does MrBeast—or should we say, Donaldson—earn an estimated \$54 million each year by giving away money to others?

The answers to these questions rest on the central concept of value, as it relates to MrBeast’s offerings but also to his audience’s participation. Because the videos MrBeast posts offer value to his followers, they happily subscribe to his channel—an action that costs little for them but offers great value for MrBeast, YouTube, and advertisers. Let’s break it down further.

MrBeast has gained a name for himself—well, for his alter ego—by posting videos that appeal widely to audiences. Their appeal stems from several features. First, MrBeast videos are well-produced, carefully edited, strategically designed content. Little is left to chance; it is clear to viewers that Donaldson has devoted substantial time and effort to producing the best content possible. Donaldson himself affirms this perception, noting that he has devoted hundreds of hours and many years of study to learn what make YouTube videos successful, even before launching his own effort. Thus, he knows precisely which cuts are more appealing, and how many, as well as where on the screen to place tickers that provide information about the number of viewers or people helped at each moment of the video. That level of quality differentiates the videos from the clutter of YouTube content available across the site.

Second, the videos offer altruistic benefits, which MrBeast readily shares with viewers. He promises them that by subscribing, they enable him to undertake even more and more extravagant charitable efforts. He explicitly defines clicking the “subscribe” button as an act of charity. He makes the link totally obvious, stating for example, “Beast Philanthropy is literally funded by your eyeballs. Not even joking.” For several months, he ended each video with the promise that for every new subscriber he received, he would donate 10 cents to charitable causes, even beyond those provided in the videos.

But the videos themselves also help viewers feel a warm glow, because they show struggling people benefitting in remarkable ways. MrBeast has paid for ocular surgery for 1,000 people with vision impairments, cochlear implants for 1,000 people with hearing loss, and to adopt all the dogs from an animal shelter. He has given the deed to a house to a pizza delivery driver and a Lamborghini to an Uber driver.

In return, people clearly are willing to subscribe to his channel, as well as spread word of mouth, in the form of their own MrBeast-inspired altruism. With more subscribers, MrBeast can earn more revenue from YouTube, which pays content providers according to the revenue it earns from advertisers that pay to appear next to that content. Because advertisers know that millions of people are paying attention, to catch the next video in which he might tip a server with real gold bars, they are willing to pay more for such slots. For consumers, even though subscribing costs them virtually nothing, other than attention, the benefits they earn, in the form of more and better content, is substantial.

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Some theorists argue that this transaction—attention for entertainment—actually is more expensive than consumers realize. In a sense, their eyeballs are being sold. But most YouTube viewers appear aware of that trade-off and happy to enter into it. They figure they were going to watch anyway, so doing so in a way that allows someone like MrBeast to help others adds even more value to their side of the transaction. Furthermore, his fans argue that, by watching him commit acts of generosity or silliness, rather than the ugly, violent, and racist content that plagues the platform, they are helping create a better, kinder, more enjoyable YouTube overall. And Donaldson himself actively maintains this image, presenting MrBeast as just a regular, friendly guy who happens to be willing to spend exorbitant amounts to entertain and help others.

In turn, many fans have shared videos to the MrBeast channel, depicting themselves engaged in small acts of kindness, like cleaning up a public park or tidying the shelves in a local store. They claim to be inspired by his acts, and perhaps they are. But they also might be hoping for some substantial payoff; MrBeast's invitations to join in silly contests often are limited to those who subscribe and interact more with him. In one video, he created a version of Willy Wonka's factory, with large spinning peppermints, a chocolate river, and marshmallow-looking walls. The contestants, chosen randomly from among his followers, had to maintain their balance in the spinning peppermints. The last person standing received \$500,000. Not a bad potential payoff for a simple click.

Discussion Questions:

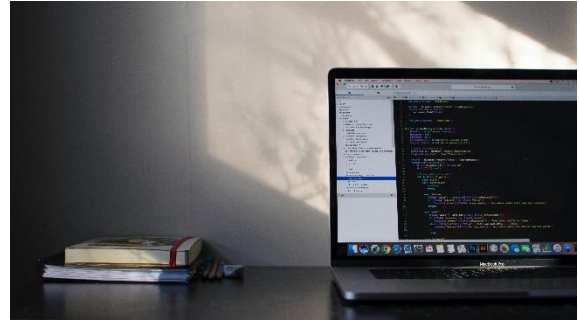
1. Do you subscribe to MrBeast? If yes, what is your favorite of his videos, and why? That is, what value do his videos provide?
2. What sets MrBeast apart from other popular YouTubers, and how could other influencers learn from his example?

Sources: Max Read, "How MrBeast Became the Willy Wonka of YouTube," *The New York Times Magazine*, June 12, 2023; Vincent Miller and Eddy Hogg, "'If You Press this, I'll Pay': MrBeast, YouTube, and the Mobilisation of Audience Commodity in the Name of Charity," *Convergence* (online first), <https://doi.org/10.1177/13548565231161810>; Olivia Peluso, "MrBeast Could Be Worth a Billion—and We Don't Just Mean Views," *Forbes*, December 23, 2022

Making Sure that the Classics Stay in Style—or At Least in Print

Use with Chapter 2, "Developing Marketing Strategies"

Classic writing transcends time. Novels written centuries ago still have resonance for readers; memoirs can provide compelling insights into how people lived in the past; poetry collections are eternal. But this notion of permanence does not always translate into effective marketing strategies. For publishers, once a book has been available for some period of time, they need to shift their attention to the next new release, in their efforts to appeal to readers and encourage them to keep buying new content.



Unsplash / Emile Perron

The motivations of the marketing department might not align with the promise of the product though. Therefore, a new company is reaching back to the past, seeking out novels, nonfiction texts, and other formats that are terrific reads but that have gone out of print or simply have faded from popular attention. To support their efforts to bring the past into the present, it relies on technology of the future.

Specifically, Open Road Integrated Media leverages machine learning to scan the entire worldwide web for mentions of book titles in reviews, retail sites, or blog posts. When it identifies a title that has appeared at least a few times, the machine learning algorithm also proposes a creative marketing plan for the book, based on the content of the mentions already available. For example, if the reviews for a no-longer-familiar text constantly mention its thrilling content, Open Road might target audiences who have purchased more well-known thrillers. It also offers dynamic pricing suggestions and ideas for creative promotions on retailers' websites to encourage wider dissemination.

In addition to these extensive technology-provided insights though, Open Road also relies on real, human consumers. It solicits input from approximately 3 million active readers who have signed up to receive its newsletters. These users might suggest additional titles for Open Road to reinvigorate with marketing efforts. But in addition, when they click on the recommendations linked through the newsletter, they help bump attention to existing titles, such that the retail algorithms (such as Amazon's) are more likely to move those options higher on recommendation lists for their many other customers. All its titles are currently available only in digital form, though it has indicated some possibility of publishing physical versions in the future.

Noting the success of the titles that Open Road promotes—such that on average, the books' sales double after its efforts—some publishers have entered into collaborative agreements with it, hoping to leverage its capacities to promote their own catalogs of content. In a more recent initiative, Open Road's Re-Discovery Lit division works to identify texts that have gone out of print or for which the copyright has reverted to the author. Then it can reintroduce them in any way it deems best, based on machine learning and readers' inputs.

The effort seems driven, in equal parts, by utilitarian and nostalgic motives. By marketing old books to new audiences, Open Road earns revenue, as do publishers and authors. But in addition, as one publishing executive explained, "We have these great books that are waiting to be found by a new set of readers. But with so much focus on what's next, some of those terrific titles get forgotten."

Discussion Questions

1. Is affection or nostalgia for a great book a sufficient reason to devote marketing resources to it? On the other side, is identification by a machine learning algorithm sufficient?

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2. What books, which you might have loved but that no one else seems to have read, would you recommend that Open Road promote?

Sources: Elizabeth A. Harris, “Decades Old? No Problem: Publisher Makes a Bet on Aging Books,” *The New York Times*, May 24, 2023; <https://openroadmedia.com>

Taking the Community Barbershop on the Road and Online: The Elite Cadre of Influencer Barbers

Use with Chapter 3, “Social and Mobile Marketing,” and Chapter 13, “Services: the Intangible Product”



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For generations, the local barbershop has been a site of community and camaraderie, particularly for Black men, as depicted in popular television shows like the LeBron James–produced series *The Shop: Uninterrupted*. In addition to providing a welcoming third place for patrons, barbershops have established notable entrepreneurial and economic opportunities for the service providers who hone their skills with razors and clippers.

Today, those communities extend beyond chairs in the local shop though. For barbers who develop a reputation as especially skillful, as well as a clientele that is willing to pay handsomely for on-call service, hair styling has transformed into a specialty, luxury service that they promote by establishing their own influencer identities through social media. Many of these now-famous barbers—such as Marcus Harvey, Lionel Harris, and Vince Garcia—got their start in traditional barbershops, sweeping up when they were teenagers, picking up techniques from old-timers, and eventually working their way up to having their own chair.

Then, through some lucky introductions and consistent demonstration of their abilities, these service providers attracted patronage from celebrity clients, including rappers (e.g., Nas, Ludacris), professional athletes (e.g., Draymond Green, Chris Webber, Chris Bosh), and so on. Many Black men prefer to maintain their hairstyles carefully, planning on weekly or biweekly visits to their barbers. Thus, once the star barbers gain a few wealthy, famous clients, and word of their skills spread, they can make a living offering house calls, often at any time of day or night. They maintain carefully packed and protected suitcases with their favored clippers and straight razors, which go with them everywhere they travel.

Another effective option for expanding their reach and earning potential occurs during special events, at which many potential clients are in attendance. A barber who lives in Atlanta books a large hotel suite each year, wherever the NBA All-Star Game is being held, then invites his clients, current and former NBA players, to visit the suite, which he has decked out with all the necessary amenities and tools to offer a perfect cut.

While providing the services, these barbers also take nearly constant videos, which they then upload (with the clients’ permission) to their own Instagram sites. Fans of both the celebrities and the barbers flock to these pages, enjoying seeing both the precise cuts that the barbers offer and the styles that their favorite athletes or musicians prefer. The videos also might feature some of the honest, frank talk that barbershops are known to encourage, with the promise of insights into the internal lives of some of the most famous Black men in the world. (A similar promise represents the key appeal of James’s *The Shop: Uninterrupted*, which features a mock barbershop but real barbers and clients, talking about a range of personal topics and current events.)

Although these star barbers charge luxury rates and earn a comparatively nice living—compared with the median income of \$36,000 for “regular” barbers, they tend to earn well into the six figures—they also leverage their influencer status with endorsement deals. The barber Marcus Harvey has maintained a contract with the clipper company Bevel for more than a decade; nearly every video he posts includes a close-up of his favorite Bevel clippers. Vince Garcia uses Gillette razors, but he also has a deal to promote the luxury brand Dior.

Finally, reflecting the community foundation with which they started, the influencer barbers are determined to help train and bring along the next generation of cutters. During an annual BarberStar Summit, Harvey holds classes in techniques and styles, but he also outlines the best ways for more influencers to monetize their digital barbershop brands and to find endorsement deals. It isn't enough to wield a razor with distinctive skill. Today, the best barbers need to style their brands, if they want to reach the top.

Discussion Questions

1. What other service providers might transform themselves into influencers too?
2. What is unique about the role and context of influencer barbers?

Sources: Kurtis Lee, "Inside the Life of Influencer Barbers," *The New York Times*, May 20, 2023; <https://www.hbo.com/the-shop-uninterrupted>

Donate It, Burn It, Sell It? The Ethical Dilemma Facing adidas

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

On this blog, we previously discussed what brands can and should do when one of their endorsers engages in activities that might reflect badly on them (see “**What to Do When Your Celebrity Spokesperson Says Something Ugly? It’s a Question that a Lot of Companies Are Having to Figure Out**”). For adidas, which had a profitable collaboration with the media personality Ye (formerly known as Kanye West), the answer, ultimately, was to sever ties when his anti-Semitic and offensive rants became nearly constant.

But when it did so, adidas already had massive amounts of Yeezy gear in stores and in production. Determined not to allow the ugly mess to affect its employees, adidas announced it would complete its current production lines, so that it would not threaten the jobs of workers producing the sneakers and clothing.



istockphoto / yujie chen

But then what? What was the company to do with the estimated \$1.3 billion worth of Yeezy gear sitting in its warehouses?

One option would be to donate the items, but in that case, the likelihood of a profitable resale market would mean that the Yeezy brand would still be getting press and praise. The sneakers in particular already fetched hundreds of dollars among collectors; releasing them into the sneakerhead universe would likely push their prices and revenues to absurd levels.

Another idea was to liquidate all the items, such as by burning or incinerating them. Although this choice would avoid further spread of the Yeezy brand, it also represents a substantial waste of material and resources.

Adidas arguably might rebrand the clothing and sneakers, putting another label on the gear that already exists. Such a choice likely is not possible though, because Ye still owns many of the intellectual property rights on the clothing. Simply taking his designs and putting a new label on them would open adidas up to lawsuits and allegations of intellectual property theft.

Yet another option, and the one ultimately adopted by adidas’s leadership, is to sell the products as they normally would be sold, then donate the profits to charitable organizations. After several months of consideration, adidas chose to donate the proceeds of all Yeezy sales to the Anti-Defamation League, which works to combat Jewish hate and antisemitism throughout the world, and the Philonise & Keeta Floyd Institute for Social Change, an organization started by the siblings of the late George Floyd to address criminal justice, police brutality, and systemic racism. Still, Ye reportedly will earn his 15 percent share of the sales, as initially contracted, meaning that he will profit off the sales, nearly as much as anti-hate groups do.

Discussion Questions

1. What is the most ethical choice for adidas, and other companies in similar situations, for dealing with products linked to endorsers or spokespeople whose behaviors are offensive or unacceptable?
2. As a consumer, would you be willing to purchase Yeezy gear at this point?
3. If you were a marketer for adidas, how would you recommend that the company promote the remaining products?

Sources: Melissa Eddy, “Adidas Is Wondering What to Do with \$1.3 Billion in Yeezy Sneakers,” *The New York Times*, March 8, 2023; Preezy Brown, “Adidas to Donate Proceeds from Yeezy Inventory to George Floyd’s Family Foundation,” *Vibe*, May 22, 2023; The Philonise and Keeta Floyd Institute for Social Change, <https://pafisc.org/about-us/>

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Diversity and Representation by Barbie

Use with Chapter 5, “Analyzing the Marketing Environment,”

Over her long history, Barbie has seen some ups and downs. Immensely popular when she was first introduced in 1959, she later came under fire for setting unrealistic bodily expectations for generations of girls. Occasionally derided as anti-feminist and problematic, Barbie recently has been enjoying a resurgence and reconsideration, based at least in part on efforts by Mattel to make her more inclusive, diverse, and representative of the actual girls targeted by the marketing for the toy.

For several years, Mattel has actively sought to expand the images and depictions of Barbie to include more diverse representations, including various skin colors, body types, and visible indicators of physical ability. Its most recent addition to the Barbie lineup reflects the features of a girl with Down syndrome, including a rounder face, flatter nose, shorter stature with a longer torso, and slightly almond-shaped eyes. The doll wears ankle braces, as are required by many people with the genetic condition, and her necklace is a chevron symbol, reflecting the three copies of the 21st chromosome that produces the syndrome. Mattel noted that all the physical traits had been suggested and reviewed by medical professionals with expertise in the field.



istockphoto / studio22comua

This Barbie joins others who represent women with different traits, in various roles. According to Mattel, currently, Barbie is available in 35 skin tones, with 97 different hairstyles and 9 body types. More professions are represented in Barbie’s outfits as well, including a blue-haired doll with a lab coat and microscope, as well as a Black Barbie with an Afro who sports binoculars. Some Barbies use wheelchairs; others have prosthetic legs or arms.

Beyond these attempts to help children see themselves represented by Barbie, Mattel also has reformulated the controversial body shape of the doll. Mostly gone are the proportions that would not have allowed any person to exist in real life. (Were the original Barbie to have been expanded to actual size, her tiny waist would have been unable to contain her internal organs, and her tip-toed feet, designed to be shod in high-heeled shoes, would have caused her to topple over regularly.) Instead, most versions of Barbie today—while still glamorous and unrealistic as a bodily role model—have larger waists and smaller bustlines.

Furthermore, the aura and appeal of Barbie has never completely receded, even with the criticisms. According to psychologists, that’s because Barbie promises young children that they can be anything they want, and they use that promise to play with her in imaginative, unpredictable ways. As one observer noted, Astronaut Barbie came out in 1965, nearly 20 years before Sally Ride became the first U.S. female astronaut to actually go to space.

Discussion Questions:

1. Are representation efforts by Mattel necessary and/or sufficient?
2. How can you explain the enduring popularity of Barbie dolls in particular?

Sources: Nardine Saad, “Mattel Launches First Barbie with Down Syndrome to ‘Counter Social Stigma’,” *Los Angeles Times*, April 25, 2023; Mattel, “The Power of Representation,” <https://shop.mattel.com/pages/barbie-diversity>; Emily Tamkin, “A Cultural History of Barbie,” *Smithsonian Magazine*, June 2023

Diversifying the Bridal Dress Buying Experience

Use with Chapter 6, “Consumer Behavior”

Just as many conventional wedding traditions have fallen out of popularity (does anyone still do garter tosses?), so has the tradition surrounding shopping for wedding dresses, whether for the bride or their family members. Rather than trying on gown after gown, and standing on a pedestal for their friends to gawk at, today’s brides are more likely to host an online event or in-home party, encouraging attendants and family members to vote on digital options for fabulous dresses while they themselves stay in their pajamas.



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Several factors underlie this shift. Couples getting married today tend to be older and more established, such that they may be less influenced by the opinions of their parents and more likely to be paying for the dress themselves. Generationally, these couples also tend to prioritize experiences rather than objects. A great band during the reception or more funds for the honeymoon often are more critical to couples than having an expensive dress they will wear just once.

In response, companies like Azazie (founded by a man who observed his now-wife’s long, frustrating, and time-consuming search for a wedding dress before they got married) offer substantial convenience and personalization. The retailer’s website posts approximately 500 styles of wedding and bridesmaid dresses, available in more than 70 colors, at price points of around \$200. The dresses come in a wide range of sizes too, from 0 to 30. On the site, a bride and other interested parties can gather virtually, pick out various options that seem appealing, and vote for favorites. Azazie even provides an at-home try-on party platform with appropriate music and suggestions for party games to allow local brides to interact at home with attendants in trying the dresses. Buyers can either choose a standard size or send in their measurements, to receive a custom fit, and the wait times average around four weeks (compared with three or months at traditional bridal boutiques).

Another outcome of these trends is evident in the struggles of conventional bridal retailers such as David’s Bridal. Entering bankruptcy for the second time since 2019, the chain struggles to appeal to customers who seek less expensive, more convenient options. Although after its last Chapter 11 filing, David’s Bridal sought to reestablish itself by expanding into markets for quinceanera and prom dresses, the efforts have not been sufficient.

Such a simple comparison might imply that the overall bridal market is moving completely online, though some exceptions challenge this oversimplification. In particular, a newly recognized niche market involves the mothers of wedding couples and their search for appropriate formal wear for themselves. The Queen’s Lace, a Cincinnati-area boutique, specializes solely in dresses for mothers and grandmothers of the brides and grooms. The owner, previously a senior vice president of Procter & Gamble, explains that for these mothers and grandmothers, finding something fashionable and attractive has long been a problem, and just like in a corporate setting, the goal is “problem-solving.”

Discussion Questions

1. What other unconventional channels might join the competition for the bridal wear market? Could social media-linked retailers play a part, for example?
2. What other service providers (e.g., caterers, flower arrangers) could use the trends described in this abstract to (re)define their marketing efforts, and how?

Sources: Jeena Sharma, “David’s Bridal May Have Lost to the Experiential Economy,” Retail Brew, May 12, 2023; Katie Kapusta, “Bridal Shop Focuses on Mothers, Grandmothers,” Spectrum News (Cincinnati), April 4, 2023; Nicole Silberstein, “As Legacy Bridal Retailers Flounder, DTC Brand Azazie Is Selling 5,000 Dresses a Day,” Retail Touchpoints, May 19, 2023

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Disney World's Galactic Starcruiser Crashes and Burns

Use with Chapter 11, "Product, Branding, and Packaging Decisions"



istockphoto / Willow_Hood

When the Disney corporation purchased all the intellectual property and rights associated with *Star Wars*, it naturally wanted to make the most out of its investment. In addition to the new trilogies of films and original streaming services, it installed the Jedi Training Academy in Disney World in Orlando.

Adding to the immersive experience, in 2022 visitors to Disney World encountered the chance to stay in a Galactic Starcruiser. More than a hotel, the Starcruiser recruited guests to aid in a mission, working for either the First Order or the Resistance. Staff members remained completely in character, and all the décor was carefully designed to seem as if they were actually inside a spaceship. Even the windows blocked out any Florida sunshine, covered instead with imagery of stars.

To get the full effect of the immersion, guests had to spend at least two nights if they wanted a reservation on the Galactic Starcruiser. And those nights were not cheap. Starting costs were close to \$5000 for two people; a family of four would need to spend more than \$6000, even before paying for any park fees if they wanted to visit the rest of Disney during the day.

In the meantime, Disney announced a pressing need to cut costs and a strategic plan to focus more intensely on its streaming services and content production efforts. Those divisions have grown notably profitable for the company, such that the parks themselves appear to be losing some of their prioritization. And at the very same time, Disney entered into a well-publicized and ongoing feud with the governor of the State of Florida over a controversial law that prevented public schools from discussing sexual orientation. Following a series of threats, lawsuits, and fights in public sources, Disney indicated its unwillingness to invest more of its resources in Orlando, until the state guarantees not only the civil rights of gay people but also the company's right to govern itself, as had been established with a special agreement decades ago.

All these elements likely factored into Disney's decision to close the expensive, expansive, well-resourced hotel, less than two years after it opened. The announcement, released in May, promised guests with existing reservations through September that their stay would still be booked, but after that, all bets were off. Nor could anyone make a new reservation, for one last chance to stay aboard a Starcruiser. Not that there were many people clamoring for the chance though. Disney fans, who are an active and vocal stakeholder group, noted that there was little reason to return, once they had been to the Starcruiser once, because nothing much changed. Thus, they could immerse themselves, but on their next visit, they felt they knew what was coming.

Overall, it appears a relatively rare misstep by Disney: an expensive, not particularly appealing offering in a controversial setting. The question now becomes, What will the sequel to the hotel be? Will it be another unpopular offering, like *The Phantom Menace*, or will it be a success, like *The Mandalorian*?

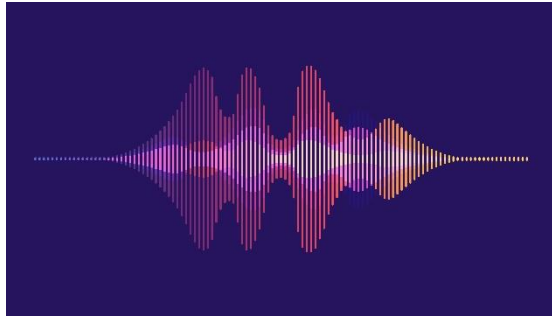
Discussion Questions:

1. What aspects of the Galactic Starcruiser Hotel seem most responsible for its failure (e.g., cost, offerings)?
2. How could Disney World have increased the value provided by the Galactic Starcruiser Hotel?

Sources: Lauren McCarthy, "Disney to Close 'Star Wars'–Themed Hotel Less than Two Years After It Opened," *The New York Times*, May 20, 2023; Brooks Barnes, "Searching for Streaming Profit, Disney Cuts \$5.5 Billion in Costs," *The New York Times*, February 8, 2023; Evelyn Long, "Star Wars at Disney World: How it Started, How it's Going," *WDW Magazine*, November 23, 2022

A Novel Navigation App for Consumers with Visual Impairment

Use with Chapter 11, “Product, Branding, and Packaging Decisions”



istockphoto / iNueng

By leveraging and integrating cutting-edge technology with relatively simple graphics, companies in a variety of sectors are making it easier for consumers with visual impairments to go about their daily lives. Enabled by a sophisticated app, users of NaviLens’s service can readily scan dedicated codes on product packaging and public signs to gain detailed information that facilitates their independence, need satisfaction, and capabilities.

In more detail, NaviLens has developed a square code that is, in some ways, similar to the QR codes that consumers find nearly everywhere these days. But the NaviLens code uses

bright, distinctive colors, which makes it easier for people with limited vision to find those squares on packages or signs. The squares feature a dark black frame, such that they are clearly differentiated from any other colorful packaging designs. Then bright pink, blue, yellow, and black squares within the frame establish a particular code for the specific product or directional sign.

Users who have downloaded the NaviLens app can scan these codes. In grocery stores, the app provides them with nutritional and price information for products. Kellogg was the first company to adopt and apply the labels to all its products. Coca-Cola is another recent adopter, and the developer hopes that most consumer packaged goods companies will follow suit.

But the tool is not limited to products; NaviLens codes also appear throughout the New York Metro system, guiding riders with visual impairments to find the trains they want and offering detailed train arrival information. In Barcelona, where the company was founded and maintains its headquarters, the codes guide riders of both trams and busses, facilitating navigation, ticket purchases, and access to the vehicles.

For consumers whose visual impairments are severe enough that they cannot physically discern the codes, the app provides further assistance. Unlike QR codes that require precise camera placement, NaviLens can detect its codes from about 12 meters away and from a variety of angles. Verbal instructions then guide users to move their camera to capture the code accurately, together with large arrows on their mobile devices that guide them toward the required angle and distance. Users also can program the app to read the relevant information aloud.

The app currently is free to download and available in 35 different languages, in line with the company’s determination to meet the needs of and provide value to the 39 million blind and 246 million visually impaired people throughout the world.

Discussion Questions

1. How might retailers make use of this technology in stores and/or on other product offerings?

Sources: Ebony JJ Curry, “New App Helps Visually Impaired with Grocery Shopping,” *ABC 12 News (Michigan)*, March 13, 2023; Kellogg, “Kellogg and NaviLens: Everybody Deserves a Place at the Table,” https://www.kelloggs.com/en_US/NaviLens.html; NaviLens, “Discover NaviLens,” <https://www.navilens.com/en/>; Chris Welsch, “A Digital Map for the Blind,” *European Investment Bank*, December 9, 2020, <https://www.eib.org/en/stories/blind-digital-sign-language>

Is “Energy Drink” a Marketing Term or a Claim that Demands Regulation?

Use with Chapter 11, “Product Branding and Packaging Decisions,” and Chapter 19, “Advertising, Public Relations, and Sales Promotions”

What is an energy drink—that is, how would you define it? Is your definition the same as your friends’? How about your parents’ views? Do they match with the definition offered by, say, your school nurse or physician?

We’re guessing that many of those definitions would vary, which may be a problem for policy makers. Since Red Bull first started marketing its caffeinated products as energy drinks, the market for these beverages has grown massively. So has the amount of caffeine in each drink, leading to what some call a “caffeine arms race.” For example, a 12-ounce can of Red Bull has 114 milligrams (mg) of caffeine; Prime Energy contains 200 mg. Bang Energy Drinks come in bigger cans and offer a mind-boggling (literally) 300 mg per can. (Note that the daily recommended allowance of caffeine for an adult is 400 mg.)



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These levels vastly outpace the amounts available in conventional caffeinated drinks, like coffee and cola. For example, the 200 mg available in Prime Energy is equivalent to two cups of coffee or a six-pack of Coke. That’s a lot for anyone to consume, but it may be especially a problem if their bodies are still developing—that is, if they are children, who often appear targeted by the current crop of energy drinks. (Note here that children aged 12–18 years are recommended to consume no more than 100 mg of caffeine daily, and those younger than 12 years should not have any, according to federal nutrition guidelines.)

Prime Energy, a brand promoted by the social media personalities and “boxers” Logan Paul and KSI, appears in bright, neon-colored, reflective cans, in flavors like Ice Pop, Tropical Punch, and Blue Raspberry. Although small print on the cans indicates that the drink is not intended for people under the age of 18 years, the marketing strongly appeals to younger audiences. Other brands, like C4 and Ghost, push candy-inspired flavors, such as Swedish fish and Skittles; GFuel has a marketing tie-in with Sonic the Hedgehog.

Beyond their age-related appeals, today’s energy drinks also make health claims, because for the most part, they are sugar-free and contain few or no calories. For its Live Fit product, the Celsius brand noted the inclusion of “healthier” ingredients and touted the presence of ginger and green tea in its formulation. Other brands market their offering on the promise of fluid replenishment capabilities, in that they replace electrolytes. The original electrolyte replacer, Gatorade, accordingly has introduced its own caffeine-packed brand, Fast Twitch, in familiar flavors like Cool Blue but also with the novel addition of about 200 mg of caffeine.

Some consumers might not be blamed for feeling confused. They have learned that sugary drinks are unhealthy, so they seek out sugar-free versions. Their kids love Cool Blue Gatorade or tropical punch-flavored drinks in general. So why shouldn’t they buy an energy drink that promises healthy outcomes?

School nurses would readily explain that the reason is that children are showing up in their offices, complaining of rapid and irregular heartbeats after they have consumed one of the energy drinks. Even when elementary schools ban the sale of caffeinated drinks in the lunchroom though, many schools report a thriving secondary market, in which kids bring extra drinks from home and sell them to peers. In high schools, the drinks are not banned, and students frequently show up to class with high-caffeine beverages they have purchased from vending machines, like

Kickstart—which Pepsi markets as an “enhanced soft drink.” We already cannot define an energy drink, and neither has the U.S. Food and Drug Administration at this point. Can we hope to define what an enhanced soft drink is?

The issue with the lack of definition is that it makes any legal restrictions or recommendations more difficult to establish. Pediatricians have said young children should not have caffeine, but it may seem like a losing battle to keep such drinks out of their hands, up against the marketing might of massive, global beverage companies. Thus in the United States alone, energy drink sales have surpassed \$19 billion annually.

Discussion Questions

1. How should “energy drink” be defined?
2. Should energy drinks be regulated? If yes, what criteria would you recommend (e.g., levels of caffeine per serving, age)?
3. Assuming you know some people who consume energy drinks, or do so yourself, what are the main drivers of this consumption choice? What implications do those main drivers have for any effort to regulate energy drinks?

Sources: Julie Cresswell, “Energy Drinks Are Surging. So Are their Caffeine Levels,” *The New York Times*, June 9, 2023; James Beeson, “How Health and Wellness Became the Hottest Trends in Energy Drinks,” *Just Drinks*, March 30, 2023; Truth in Advertising, “Consumer Alert: Energy Drinks Marketed to Kids,” December 12, 2022, <https://truthinadvertising.org/articles/consumer-alert-energy-drinks-marketing-to-kids/>

Remixing Condiment Choices: Kraft Heinz's Latest Dispenser Innovation

Use with Chapter 12, “Developing New Products”



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At the ballpark, what do you want on your hotdog? A little mustard and relish? Or are you a strictly ketchup fan? Although manual dispensers in ballparks have long been limited largely to those three condiments, a new innovation by Kraft Heinz promises to give consumers a wider array of choices—and grant vendors vast insights into consumer preferences.

The Heinz Remix is a relatively small, automated dispenser that comes stocked with ketchup, along with BBQ sauce, ranch, and Heinz's 57 mix. But consumers can go beyond just choosing from these flavors, such that they can add, to the level of intensity that they prefer, jalapeño, chipotle, mango, or buffalo flavors to the base sauces. Thus one family member might spice up their ranch for dipping fries, while another makes their barbeque sauce sweeter with a hint of mango.

Beyond the expanded choice, the machines promise to make the very process a little easier and less messy for fans—an appealing proposition for anyone who has ever pushed too hard on the lever of the manual machines and wound up with a thumb covered in sauce. Consumers make their flavor choices on a touchscreen, then insert the small paper cups that hold the condiments onto a platform, a little bit like a fountain soda machine. The

Remix automatically mixes the chosen flavors perfectly and doses the perfect amount into the cup, requiring less than 10 seconds to do so.

In addition to the touchscreen technology, the Remix is equipped with data analytics and cloud capabilities, such that it can keep track of which mixes are most popular, on which days, and at what point in the game. What if, for example, it learned that during close pitchers' duels, nervous fans stopped putting too much spicy flavoring into their Heinz 57 sauce? They might then consider whether they needed to push more calming treats during tense moments in games. Or perhaps on days that teams have special promotions for young fans, the ranch flavor flies out of the dispensers. Here again, such insights are critical for Kraft Heinz, in marketing its own products and innovating new flavors for various consumer markets.

They also can be invaluable for retail vendors at the ballparks that might want to design new menu options based on the flavor combinations that consumers signal they prefer. A nearby stand selling chicken tenders might add a ranch–chipotle seasoning if it were to learn that many customers combined those flavors; the booth selling Italian sausages also could introduce a buffalo sauce–flavored sausage based on high levels of demand for that spicy option. Finally, Heinz promises that the machines are easy to operate, with click-in refill pouches and large capacities. Thus, it seeks to avoid the frustrating situation in which a fan is stuck with a dry dog when the ketchup container is empty.

Discussion Questions

1. In addition to ballparks, where else might Kraft Heinz roll out its new Remix machines to provide more value to consumers?
2. How can consumers' preferences inform Kraft Heinz's continued new product innovation strategies?

Sources: Brooke DiPalma, “Ketchup from the Cloud: Kraft Heinz Debuts ‘Remix,’ its Personalized Sauce Dispenser,” Yahoo Finance, May 17, 2023, <https://www.yahoo.com/finance/news/ketchup-from-the-cloud-kraft-heinz-debuts-remix-its-personalized-sauce-dispenser-100022983.html>

New Cars Are Too Expensive for Most Buyers. But Then Again, So Are Used Cars. Where Does the Road Lead?

Use with Chapter 14, “Pricing Concepts for Establishing Value,” and Chapter 15, “Strategic Pricing Concepts”



Unsplash / Erik Mclean

In the U.S. new car market over the past decade, prices have been all over the proverbial map. In 2017 for example, 11 car models could be purchased at a base price of less than \$20,000. In March 2023, only 2 models matched that price point. Instead, the average price of a new car in that month was \$48,008. So consumers with little to spend on a car arguably should turn to the used car market. But prices in this sector have risen notably as well, due to many of the same factors that have led to price increases in the new car sector. Accordingly, the average price of a used car also surpassed the previous baseline, reaching \$27,125.

Those influential factors are numerous. Supply chain issues during the pandemic made it difficult for car manufacturers to access necessary parts, especially computer chips. Even as those supply chain bottlenecks began to resolve, the carmakers prioritized devoting resources to luxury vehicles, on which they earn higher margins. Thus, there are simply fewer affordable cars being built.

The supply chain issues coincided with pandemic-era consumer buying trends. For people stuck at home, especially if they received stimulus payments, a new car seemed like an excellent investment. Bored and ready to buy, many people splurged on higher end models than they normally would have bought. Thus, consumer behavior signaled to manufacturers that the cars most in demand were large, luxury SUVs, rather than economical sedans or coupes.

In more recent months, in efforts to stabilize the economy and combat rampant inflation, the Federal Reserve also has raised interest rates multiple times. If a consumer needs a loan to purchase a car, these high rates can make the purchase more expensive. That is, a middle class consumer might be able to afford a \$40,000 car at a 5 percent interest rate, but if they are borrowing at 11 percent, the monthly payment jumps out of reasonable reach.

None of these trends appear to be reversing any time soon. Manufacturers still have strong incentives to focus their attention on the luxury car market, where wealthy consumers display continued willingness to pay for expensive options. Interest rates continue to rise, and the chip supply still has not returned to pre-pandemic levels.

The problem can be devastating for low income consumers who need reliable transportation to work, but it also challenges dealerships. They note imbalanced inventory: a glut of expensive but not luxury models that none of their customers can afford, and massive demand for affordable cars that simply are not being supplied. In this way, the automotive market appears unsustainable at the moment, but thus far, no solution has been mapped either.

Discussion Questions:

1. Do you have any ideas of solutions that could resolve these supply, demand, and pricing challenges?
2. Visit the website of a local car dealership of your choice and survey the new and used inventory. Do the cars available reflect the trends outlined in this abstract?

Sources: Rachel Siegel and Jeanne Whalen, “New Cars, Once a Part of the American Dream, Now Out of Reach for Many,” *Washington Post*, May 7, 2023; Lydia DePillis and Jeanna Smialek, “Why Is Inflation So Stubborn? Cars Are Part of the Answer,” *The New York Times*, May 20, 2023; Tom Krishner, “Why Experts Say Now Is a Good Time to Buy a Used Car Before Prices Surge,” *PBS News Hour*, March 30, 2023; Sean Tucker, “Why the Used Car Market Is So Bad, and Won’t Get Better Soon,” *Kelley Blue Book*, May 3, 2023

A Supply Chain and Public Health Crisis for Prescription and Generic Drugs

Use with Chapter 16, “Supply Chain Management”



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How do we define a public health crisis? Some of them are obvious, as the COVID-19 pandemic taught the world. But in other cases, slower trends converge and lead to equally severe issues, though without the same stark, stunning arrival. The prescription drug market represents one such case, and many public health experts assert we should be referring to this supply chain as a public health crisis of its own.

The trends underlying the massive and dire shortages of a wide range of critical prescription drugs involve multiple parties, throughout the supply chain. At the farthest downstream point, consumers exhibit growing needs for a range of medications.

Especially as physicians have gained increasing insights into attention deficit and hyperactivity disorder (ADHD), they have broadened the criteria for prescribing Adderall and its generic equivalents, in their efforts to help the many people who struggle with this condition. Similarly increasing demands involve other drugs, including weight loss prescriptions but also cold and flu medication, which many people with relatively mild cases of the coronavirus used to treat their symptoms.

At the next upstream step in the supply chain, particularly for generic versions of prescription drugs, intermediaries that collect supplies from various manufacturers might function as a roadblock. These intermediaries function as distributors that work closely (and in some cases own) retail pharmacies. They have pursued significant consolidation, such that there are only a few of them, functioning on a worldwide scale. Due to their substantial control over the market—to be able to sell their products, manufacturers have little choice but to go through them—these major intermediaries can put substantial price pressure on the manufacturers. For generic drug producers, which already earn relatively thin margins, such pressures can lead to their demise.

Another response to price pressures is to cut costs by lowering quality. But such a solution is not really an option in the drug market, where quality considerations literally can mean the difference between life and death for consumers. When some generic manufacturers faced inspections and sanctions from the U.S. Federal Drug Agency, they ultimately were forced out of business. Such an outcome is good, for consumers who are protected from receiving dangerously adulterated or ineffective medications. But it's also bad, because as more manufacturers leave the market, even fewer drugs are available.

These crises have been particularly troubling in relation to chemotherapy drugs. Expensive, technologically sophisticated, and especially quality dependent, the generic versions of these drugs have been widely adopted for years. Few cancer patients can afford the branded versions of the life-saving treatments. But today, many of those patients might be willing to mortgage their future if they could just obtain the drugs. Hospitals and cancer treatment centers report being forced to halt people's treatments before finishing all the necessary rounds. According to one nationwide survey, oncologists in 35 states reported that they lacked sufficient supplies to treat their patients. At the same time, patients report their vast fear that their illnesses will recur, grow, and threaten their life if their health care providers cannot get the drugs.

Unfortunately for all these actors, the solution to this health and supply chain crisis is not immediately evident. Lawmakers have been debating various options, such as offering tax incentives to generic manufacturers or mandating more transparency in quality reports. But U.S. policy also prioritizes lower cost (and thus potentially lower quality) providers, suggesting that some legislative efforts already induce contradictory incentives. If low prices are mandated, it is hard to claim that quality is a priority. Another option might be a national exchange, which

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would move critical drugs to the regions with the highest demand. But if demand is high everywhere, how can priorities be determined?

Discussion Questions

1. Can you suggest other options for resolving this supply chain and public health crisis? Where in the supply chain should the solution be applied?
2. How can or should ethical considerations be applied when dealing with supply chain issues in critical markets such as those for life-saving drugs?

Sources: Christina Jewett, “Drug Shortages Near an All-Time High, Leading to Rationing,” *The New York Times*, May 17, 2023; German Lopez, “Prescription Drug Shortages,” *The New York Times*, May 18, 2023

Theater or Factory? Finding the Right Balance at Starbucks

Use with Chapter 20, “Personal Selling and Sales Management”

A long-standing recommendation from trade books and popular press articles, as well as reality television, is that top management of any company should spend time working on the frontlines, assembly lines, or shop floor, so that they get a sense of what their employees really encounter. Following a recent real-life application of that recommendation, Starbucks’s relatively new CEO came away with just the sort of insights promised by such efforts. Those insights in turn promise to have implications for stores throughout the global coffee chain.

In particular, Laxman Narasimhan believes that there are too many combinations of cups and lids available. As a result of this variety, the chances of any one lid or cup being out of stock in a store is unnecessarily high. Ensuring appropriate stocking of the approximately 1,500 combinations also imposes significant labor, logistics, and tracking costs. By simplifying these basic packaging elements, Starbucks could both save money and improve customer satisfaction (by reducing stockout risks).

Beyond better matching the available cups and lids, Narasimhan wants to expand Starbucks’s sustainability efforts by innovating more ecologically friendly options. Citing its existing commitment to sustainability, including top innovations that reduce demands for straws, the CEO suggested that further efforts might focus on the cups themselves and how they could be made more efficiently.



Unsplash / Ricko Pan

But these insights reflect what he calls the “factory”—that is, the back end of operations. Narasimhan also explained his sense that on the frontlines, Starbucks is theater, and the goal of any theater should be to spark connections. He accordingly has initiated two-hour connection meetings for the entire company. During these connection opportunities, local employees and managers will join together to play games, taste test new coffee options, and participate in team-building exercises. Narasimhan hopes to prompt greater connections between employees (which Starbucks refers to as “partners”) and customers. In line with that goal, Narasimhan also introduced a new mission statement for Starbucks, timed to coincide with his ascension to the top of the global firm: ***“WITH EVERY CUP, WITH EVERY CONVERSATION, WITH EVERY COMMUNITY—WE NURTURE THE LIMITLESS POSSIBILITIES OF HUMAN CONNECTION.”*** The styling, with capital letters, boldface font, and italics, appears purposeful and repeated in various communication channels.

Finally, in addition to asking partners to engage in regular connection meetings and connections with customers, Narasimhan has committed to making his own ongoing connections: He promises to work at least one day a month as a barista in different stores. Signaling his attitude, he offers another interesting stylistic choice. Whenever Narasimhan refers to his job title in writing, rather than capitalizing the acronym, he denotes himself the “ceo.”

Discussion Questions

1. For Starbucks, which is more important to improve: the back end (factory) or the frontline (theater)?
2. Should all CEOs work regularly in frontline or operational capacities? Why or why not?

Sources: Haley Peterson and Gloria Dawson, “Starbucks CEO Worked in Stores and Said He Found Too Many Shortages and 1,500 Combinations for Cups and Lids,” *Business Insider*, May 3, 2023; Gloria Dawson, “Starbucks Is Holding 2-Hour Employee ‘Connection’ Meetings Amid Heightened Tensions with Some Baristas,” *Business Insider*, April 25, 2023; Nancy Luna, “New Starbucks CEO Says He’ll Work a Half-Day Behind a Store Counter Monthly as He Plans to Prioritize ‘Human Connection over Every Cup of Coffee’,” *Business Insider*, March 23, 2023; Starbucks, “A Message from Starbucks ceo: A Revitalized Mission for our Future,” April 24, 2023, <https://stories.starbucks.com/press/2023/message-from-starbucks-ceo-a-revitalized-mission-for-our-limitless-future/>

Marketing Tidbits

Using AI to Find the Most Iconic Burger

Use with Chapter 3, “Social and Mobile Marketing”

Seeking to leverage the latest technology in its advertising, McDonald’s in Brazil submitted a simple question to ChatGPT: “What is the most iconic burger in the world?” The chatbot quickly produced the response that the burger chain wanted, noting that the Big Mac emerged as the most globally recognized name in fast-food hamburgers. So pleased were the marketing professionals with this response, they added the response to billboards that appeared in bus stops and other public places. But the campaign prompted Burger King to wonder what would happen if they phrased the request differently. Entering the ChatGPT thread about the most iconic burger, Burger King posed the query: “And which is the biggest?” Here, the AI identified Burger King’s Whopper in top place. With this AI-provided ammunition, Burger King placed its own advertising next to each of the McDonald’s billboards, using similar colors and font. Thus, the McDonald’s claim to iconicity is immediately countered by Burger King’s claim to size. ChatGPT is designed and claims to be objective, of course, but as this simple competition shows, advertisers could make widely divergent claims of superiority on the basis of its responses.

Sources: Amy Houston, “Ad of the Day: Burger King Responds to McDonald’s ChatGPT Taunt,” *The Drum*, June 8, 2023; Beatrice Nolan, “Burger King Claps Back at McDonald’s with its Own ChatGPT Ad After the Chatbot Calls the Big Mac the Most Iconic Burger,” *Business Insider*, June 9, 2023

Americans Are Growing Tired of Tipping

Use with Chapter 6, “Consumer Behavior”

Confronted with the growing ubiquity of tablet checkout screens that prompt suggested tip amounts, at coffee shops, retail stores, hair salons, and so forth, U.S. consumers are rejecting the hint. Arguably due to their “tipping fatigue,” people have indicated their decreased willingness to tip at all, even in conventional settings like deliveries and sit-down restaurants. Whereas a few years back, an estimated 77 percent of diners tipped every time they ate at a full-service restaurant, a recent survey indicates that only 65 percent do so now. Yet among those consumers who do tip, the amounts they leave have grown larger; the median tip for restaurant servers generally ranges around 20 percent, higher than it was in the past. Demographics have some effect on these trends too: Men and younger adults tend to tip less frequently. But when they do tip, they throw down an impressive amount. Furthermore, attitudes toward tipping as a norm continue to grow less positive, with an estimated one-third of adults asserting that the practice simply has grown out of control. It shows no signs of stopping though; consumers must continue to decide how to react when a service provider turns that tablet around and waits expectantly to see which button they click.

Sources: Jared Mitovich, “Fewer Americans Are Tipping, Bankrate Survey Finds,” *Yahoo Finance*, June 8, 2023