

# marketing

## grewal•levy

August  
2023

## Newsletter for Instructors

This newsletter summarizes article abstracts for the following topics:

Let's Go Party: The Barbie Movie as a Branding Phenomenon .....	1
Use with Chapter 1, "Overview of Marketing"	
Targeting Twitch Users with Branded VTubers .....	3
Use with Chapter 3, "Digital Marketing"	
Limiting Corporations' Abilities to Pass On Liability .....	4
Use with Chapter 4, "Conscious Marketing, Corporate Social Responsibility, and Ethics"	
Shoplifting Is an Obvious Problem for Retailers, But the Harms to Others Are Just as Troublesome .....	5
Use with Chapter 4, "Conscious Marketing, Corporate Social Responsibility, and Ethics," and Chapter 6, "Consumer Behavior"	
Nutrition Advice, Counselling—and Drugs: Expanded Offerings from Some Weight Loss Firms .....	7
Use with Chapter 13, "Services: The Intangible Product,"	
Dynamic (Food) Pricing as an Environmental Initiative .....	9
Use with Chapter 14, "Pricing Concepts for Establishing Value"	
How Macro-Level Inflation Is Turning Some Tides in the Pizza Wars .....	11
Use with Chapter 15, "Strategic Pricing Concepts"	
No One Can Stand this Heat: Climate Implications for Supply Chains .....	12
Use with Chapter 16, "Supply Chain Management"	
ALDI, Y'All: When, How, and Why the German Grocery Retailer Is Expanding in the U.S. South .....	14
Use with Chapter 17, "Retailing and Omnichannel Marketing"	
With Anime Advertising, Brands Hope to Draw in Gen Z Consumers .....	15
Use with Chapter 19, "Advertising, Public Relations, and Sales Promotions"	
Marketing Tidbits .....	16
Are Companies Responsible for the Traffic Burdens They Create?	
The BRICS Acronym May Soon Be Getting Longer	

If you are interested in the textbook, you can learn more about it [here](#).  
If you would like to see this newsletter and the previous editions, go to:  
<https://grewallevymarketing.com/newsletters/>



# Let's Go Party: The Barbie Movie as a Branding Phenomenon

Use with Chapter 1, “Overview of Marketing”



istockphoto / OGULCAN AKSOY

What is Barbie’s secret really? That is, what made “The Barbie Movie” so successful that it surpassed the \$1 billion in sales, faster than nearly any other movie in the history of cinema? (Note: Only one of the “Harry Potter” franchises achieved it faster.)

Part of the explanation is simply that the movie is a good one, with broad appeal, compelling actors, a witty script, and clever Easter eggs and nostalgia-inducing bits. But much of the credit goes to the expansive, sophisticated marketing campaign undertaken in collaboration by marketers employed by different firms, all determined to bring Barbieworld to the entire real world.

The marketing budget was impressive, at an estimated \$150 million. But that spending also was devoted to creative, attention-grabbing campaigns. Warner Bros., which produced the movie, sought and entered into collaborations with a multitude of partners, both expected and unexpected. Working with Mattel, the toy company that owns the rights to Barbie, seemed like an obvious move. They created life-sized Barbie toy boxes to place outside theaters, allowing moviegoers to imagine themselves as Barbies, as well as digital imagery of such personas. Mattel allowed the moviemakers to include decades of its intellectual property in the film itself. As much as the historic toys inspired the filmmakers, Mattel also introduced new toys that mimic the design, sets, and costume choices from the film.

But less obvious collaborations also sparked conversation and attention. A life-sized Barbie Dream House appeared on Airbnb. A limited edition Xbox console came up for sale, housed in a Barbie-pink case. Multiple fashion brands introduced Barbie-licensed apparel for adults and children, to fulfill their strong desires to attend screenings in all pink to match the aesthetic. In Progressive Insurance commercials set in Barbieworld, the spokescharacters Flo and Jaime referred to a obvious “secret client” who bundled insurance for her Dream House and Dream Car.

Calling the overall marketing design a “breadcrumb strategy,” Warner Bros. executives consciously sought to place advertising in unexpected places, such that the surprise would lead consumers to investigate further. The first time that the movie’s trailer—which featured part of the opening sequence of “The Barbie Movie” and its homage to “2001: A Space Odyssey”—appeared in theaters, it was before “Avatar: The Way of Water.” Science fiction fans might not be the most obvious target market for “The Barbie Movie,” but by leveraging this unexpected placement, Warner Bros. sought to alert audiences that the film would challenge their expectations.

It also allowed public access to filming on the Santa Monica boardwalk, where Margot Robbie and Ryan Gosling, dressed in Dayglo leotards in their roles as Barbie and Ken, roller skated and shot scenes near Ken’s professional setting, “beach.” Knowing that the action would prompt amateur photographers and fans to take pictures and post them, the filmmakers kept the set open, which provided extensive, free advertising that sparked people’s curiosity, months before the movie was ready.

These creative efforts also had a strong foundation on which to build. Mattel has been actively promoting Barbie for generations, and it estimates that more than 90 percent of girls have owned at least one Barbie in their lifetimes. These efforts over the years mean that the Barbie brand is already familiar to nearly every moviegoer in Western cultures, as well as many Eastern ones. Thus, when Robbie appeared at press screenings and openings, dressed in outfits that clearly had been inspired by historical Barbie dolls, it helped evoke familiar recollections of consumers’ own doll collections as children.

But the long history of the doll also has featured some conflicting and troubling perspectives; by leaning into such controversy, the marketers embraced those very issues as inspiration for more of the movie's marketing. Critics have long noted the unreasonable beauty standards that Barbie dolls create, and for many adult women, their childhood affection for Barbie may feel outdated or antifeminist. Acknowledging these internal conflicts is central to the plot of the movie, and they also became central to its marketing. Thus for example, a widely used tagline prior to its release (reportedly written by Greta Gerwig, the movie's director) promised, "If you love Barbie, if you hate Barbie, this movie is for you."

That purposefully broadly defined target market also helps account for the movie's success. It is accessible to young children (even if some of the jokes might go over their heads), teenagers, and adults. It allows viewers who cringe at the notion of Barbie to feel validated, especially in the first half of the film. It also allows those who regard Barbie as an inspiration to feel validated and confirmed in their choices. It embraces a feminist message, using gentle humor to ensure the message can be understood, followed, and accepted by people with various viewpoints (with some notable and predictable exceptions, of course). It is empowering without being strident, it is funny without being overly silly (even with the presence of Will Farrell), and it shares a message without being preachy.

So the marketers had a great product to promote. But the methods they used to market it represent novel, creative, and groundbreaking approaches that ensure and increase the value of the offering for consumers, just as all great marketing should aspire to do.

#### **Discussion Questions:**

1. In your view, what was the most effective element of the marketing campaign for "The Barbie Movie"? Why do you pick that element?
2. How precisely does this novel marketing campaign create value for viewers?

**Sources:** Zoe Chance, "The Secret of the Barbie Movie's Marketing Success," *Yale Insights*, August 8, 2023; Eva Rothenberg, "'Barbie' Makes History with \$1 Billion at the Box Office," *CNN*, August 6, 2023; Rebecca Rubin, "Inside 'Barbie's' Pink Publicity Machine: How Warner Bros. Pulled Off the Marketing Campaign of the Year," *Variety*, July 23, 2023; Lisa Laman, "Here's What Makes 'Barbie's' Marketing Campaign So Genius," *Collider*, August 5, 2023

# Targeting Twitch Users with Branded VTubers

Use with Chapter 3, "Digital Marketing"

On Twitch, livestreams often feature individual gamers playing popular titles, either on their own or with other streamers. But the platform also allows corporate entities to maintain pages with live content, and creative marketers are discovering new and entertaining ways to make use of this channel.

For example, Pizza Hut has hosted its “Friday Night Bites” livestream since 2020, when the company sought to reach consumers stuck at home by COVID-era lockdowns with entertaining content that they could enjoy, ideally while scarfing down a delivered pizza. The platform proved popular enough, attracting an estimated 5.4 million views, that Pizza Hut has maintained it. In various livestreaming events, its VTuber host—a streamer that appears only as an avatar—interacts with other celebrities, influencers, and gamers, often while competing in branded challenges that relate to the pizza chain’s offerings.



istockphoto / Disobey Art

In a recent integrated marketing campaign, these Twitch sessions provide a clear tie-in with Pizza Hut’s ongoing promotions linked to the release of the latest Teenage Mutant Ninja Turtles movie. That is, “Friday Night Bites” is being hosted by Donatello, the Turtle described as the biggest gamer among the four, rather than the usual avatar presented by the series host.

Pizza Hut thus is taking its Twitch presence to a new and integrated level, but it is not the only brand to stream content. In a Kellogg’s campaign, the Frosted Flakes mascot Tony the Tiger plays a battle royale game with several familiar streamers, conversing with them and participating in the gaming sessions. The actual identity of this VTuber isn’t clear, but it is obviously another well-qualified gamer, based on the play exhibited.

In inserting key spokescharacters into their own or others’ livestreams, marketers are pursuing a clear and obvious target: the young consumers who account for most of Twitch’s user base. An estimated three-quarters of Twitch users are younger than 30 years of age, and about 38 percent are still in their teens. For brands like Frosted Flakes and Pizza Hut, appealing to this hard-to-access youth market can be just as good as emerging victorious in a massive multiplayer game.

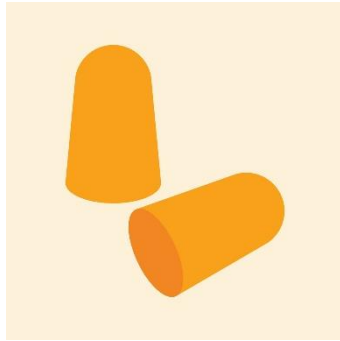
## Discussion Questions

1. What other brands should establish a presence on Twitch?
2. Are spokescharacters as VTubers an effective marketing strategy? What are some other ways that brands could leverage Twitch to reach and appeal to consumers?

**Sources:** Chris Kelly, “Pizza Hut Mutates Twitch Streamer into ‘Ninja Turtle’,” *Marketing Dive*, July 26, 2023; Chris Kelly, “Tony the Tiger Transforms into Gr-r-eat Twitch Streamer,” *Marketing Dive*, August 15, 2022; “[U.S. Twitch App Users by Age 2020](#),” *Statista*, April 8, 2021.

# Limiting Corporations' Abilities to Pass On Liability

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



istockphoto / kolae

When a company's products cause harm, that company is liable to consumers who suffer the damages. Whether those harms include cancer caused by continuous uses of talcum powder that contained asbestos, or exposure to asbestos in paper products, or hearing loss due to faulty earplugs, U.S. law and courts have long held that the company must offer reparations to the damaged parties. But when the damages are truly extensive, the costs of such remediation can lead the companies at fault into bankruptcy.

To avoid such outcomes, some famous corporate names have used a tactic called the “Texas two-step,” in which they create a new subsidiary, fund it with some minimum level of resources, and then transfer all liability to that firm. So for example, Johnson & Johnson established LTL Management LLC, a limited liability company to which it transferred all liability for the approximately 100,000 consumer claims that allege its talcum-based baby powder is a cancer-causing agent. (We should note explicitly that Johnson & Johnson denies all such claims and asserts that its baby powder is safe for use.) Next—that is, the second step in the Texas two-step—the new subsidiary company claims bankruptcy and settles any legal claims with the limited resources it has available.

In this way, the parent company avoids having to pay out any more than it cost it to set up the subsidiary. It also skirts any further liability and reduces its chances of having to declare bankruptcy itself. The losses are limited to just the single subsidiary.

But many consumers and consumer advocates are turning down the invitation to dance the two-step. Noting that such tactics benefit the corporation, to the detriment of consumers, they have brought various court cases to deny the efforts. Judges thus have disallowed LTL Management from declaring bankruptcy, such that it (and its parent company) would continue to be required to pay the talc-related claims.

In contrast, 3M previously had maintained its subsidiary company Aearo to sell earplugs to military and civilian consumers, even before allegations of the products' faulty protection that led to users' hearing loss. But the courts still have rejected 3M's attempt to limit liability just to Aearo, noting that the subsidiary does not qualify for bankruptcy, because it is not in immediate jeopardy. Even if Aearo might not have enough funds to pay out claims and continue operating, its parent company does, so it cannot avoid the responsibility by claiming bankruptcy.

Although consumer advocates have cheered these decisions, the ultimate outcomes remain unclear. The corporations continue to appeal the rulings, and for example, the Johnson & Johnson case appears destined to appear before the Supreme Court. In the meantime, consumers harmed by their use of its baby powder face medical bills and ongoing challenges.

## Discussion Questions

1. What represents an ethical solution to product harm crises in which companies deny responsibility?
2. Should the Texas two-step be allowed, or does it represent a reasonable precedent?

**Sources:** Alexis Keenan, “Why J&J’s ‘Texas Two-Step’ Setback Could Make it Harder for Companies to Shed Lawsuits,” *Yahoo! Finance*, August 2, 2023; Evan Ochsner and Alex Wolf, “J&J Is Left Weighing Options After Second Talc Bankruptcy Tossed,” *Bloomberg Law*, August 1, 2023



# Shoplifting Is an Obvious Problem for Retailers, But the Harms to Others Are Just as Troublesome

Use with Chapter 4, “Conscious Marketing, Corporate Social Responsibility, and Ethics,” and Chapter 6, “Consumer Behavior”

For retailers, shoplifting may have always been a concern, but the challenge also is growing disproportionately and to potentially unsustainable levels. In New York City, reports of retail thefts have increased by a whopping 77 percent in the most recent year of statistics. Target executives released a projection that its stores would lose approximately \$1 billion due to retail shrink in 2023, \$500 million of which it attributed to retail crime. Many small retailers beset by theft have been forced to close their stores, but so have major retailers, including REI, Whole Foods, Starbucks, and Walmart, in cities with high retail crime rates.



istockphoto / think4photop

Thus, the threats to retailers are clear and evident. But retail firms are not the only ones harmed by rising rates of shoplifting and organized retail crime. Both shoppers and store employees suffer too, in ways that are more difficult to quantify but still represent meaningful and troubling detriments.

For retail employees, the risks linked to shoplifting run the gamut, from discomfort to real threats to their safety. Various retailers implement different rules for their employees, such that some employees feel responsible for preventing theft, whereas others are discouraged from doing so. Requiring untrained employees to prevent theft can clearly put them at risk, especially in the face of organized crime rings that are potentially armed. But asking them not to intervene can be similarly problematic: In one well-publicized case, a Lowe’s employee was fired (though later rehired) for trying to stop a group from stealing items, and being assaulted in the process.

Even if they do not suffer physical harms, the stress of encountering frequent shoplifting can be demoralizing and exhausting for retail employees. Research indicates that when retailers tell their employees not to intervene, those employees feel helpless and targeted by criminals. They also express less pride in their work, seemingly due to their sense that they cannot perform effectively if products are just being stolen from under their noses.

A potential solution would be to train employees in how to monitor stores more closely or make their presence obvious, to discourage attempts at shoplifting. But such a solution feeds into another problem created by retail theft, namely, a shopping experience that is uncomfortable, unpleasant, and less enjoyable for customers. If retailers ask employees to follow shoppers around the store as they browse, those customers may feel unfairly judged and surveilled, which cannot create a pleasant retail experience for them. Rather, it communicates a sense that the retailer expects them to steal, which is uncomfortable and aversive.

If retailers instead or also adopt tactics like locking expensive or frequently stolen items behind counters or in display cases, they similarly undermine shoppers’ enjoyment. Especially if they are purchasing personal care items, such as condoms, pimple cream, or feminine hygiene items, customers dislike the requirement that they ask shopkeepers to unlock a case to access the products. In such scenarios, consumers are less like to linger in the store, make impulse purchases, or even complete their shopping lists. A person can only expose so many personal needs to a random checkout clerk, so many times, before the experience gets so embarrassing that they simply leave the store.

As a form of crime, shoplifting also has effects on societal levels of well-being. A National Retail Federation survey recently indicated that 53 percent of consumers perceive that, in the past several years, looting, shoplifting, and other

retail-linked crimes have increased in their communities. Such perceptions are not good for individual citizens (whether consumers or employees), retailers, or society as a whole.

### Discussion Questions

1. Do you have any innovative ideas for combating retail theft of shoplifting?
2. What macroenvironmental influences might explain the rising frequency of retail crime?

**Sources:** Pamela Paul, “What We Lose to Shoplifting,” *The New York Times*, August 10, 2023; Melissa Repko, “Target Expects Organized Retail Crime-Fueled Losses to Jump by \$500 Million This Year,” *CNBC*, May 17, 2023; Nathaniel Meyersohn, “The Real Reason Stores Such as Walmart and Starbucks Are Closing in Big Cities,” *CNN*, May 13, 2023; The City of New York, “Combating Retail Theft in New York City,” March 2023, <https://www.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2023/combating-retail-theft-report-may-17-2023.pdf>; National Retail Foundation, “Exclusive: NRF Survey Shows Majority of Consumers Believe Retail Crime Has Increased,” June 1, 2023, <https://nrf.com/media-center/press-releases/exclusive-nrf-survey-shows-majority-consumers-believe-retail-crime-has>

# Nutrition Advice, Counselling—and Drugs: Expanded Offerings from Some Weight Loss Firms

Use with Chapter 13, “Services: The Intangible Product,”

The relatively new class of weight loss drugs, which feature semaglutide as an active ingredient, has made a massive difference in many people’s health and well-being. Sold under more familiar brand names such as Ozempic and Wegovy, semaglutide effectively reduces users’ blood sugar levels and their appetite, because it creates a signal that tells their brains they are full. For patients diagnosed with obesity, diabetes, and other related conditions, these medical solutions to their diseases have helped them achieve healthier, safer physical conditions.



istockphoto / Douglas Cliff

Such benefits in turn have created massive markets for the products, especially in the United States, where approximately 42 percent of the population struggles with being dangerously overweight. New markets prompt new competitors, and accordingly, firms that already have marketed weight loss solutions are seeking to appeal to consumers. Both Noom and WeightWatchers offer access to semaglutide prescriptions, in addition to their existing advice and encouragement tactics, in their attempts to remain competitive. Their expanded offerings appear to reflect the lessons they have learned recently, such as following the exit of companies such as Jenny Craig, which arguably failed due to its inability or unwillingness to keep up with the latest developments in care and treatment for the medical conditions that lead to obesity.

Both Noom and WeightWatchers firms promise that their entries into prescription medicine are guided and supported by physicians on staff, such that customers must demonstrate their medical need for the drug before they can receive it. For customers with such medical requirements, obtaining their prescription through WeightWatchers or Noom offer several benefits, compared with receiving it from doctors.

First, this channel allows them to combine existing recommendations for maintaining healthy weight, such as tracking calories and exercising, that the companies already offer with a new tool. They can manage and maintain all their weight loss efforts in one place, with ongoing support that likely surpasses what they might receive from a busy physician. Second, though obesity is an acknowledged medical condition, many people who suffer from it feel embarrassed or judged. Some patients report that their doctors have denied them the medically proven solution, even when their health condition clearly qualifies them. Visiting a doctor and requesting a prescription for Ozempic may be difficult for these consumers, whereas receiving the drug from online companies that embrace nonjudgmental attitudes as central to their brand identities may feel much more comfortable. Third, due to massive demand, it can be difficult to obtain supplies of Wegovy or Ozempic; Noom and WeightWatchers promise an alternative channel.

The expanded market for these drugs also raises some concerns, of course. Popular media frequently reports on inappropriate uses of Ozempic by celebrities, and arguably, easier access through profit-oriented firms might encourage further abuses. Consumers who do not qualify to take these drugs might pursue a prescription to reach an unhealthy and false standard of thinness, especially if they suffer from body dysmorphia. Both Noom and WeightWatchers note that they have precautions in place to avoid such abuses, but the potential for getting around such restrictions seems obvious.

In addition, obtaining Wegovy or Ozempic through WeightWatchers or Noom is more expensive for consumers than getting it from a doctor. For example, a regular, basic Noom subscription costs about \$42 per month; adding the Noom Med service, which is required to receive the prescription medication, requires an additional \$49 per month,



such that the cost more than doubles. At WeightWatchers, the subscription is \$99 per month, beyond fees for counselling or meal services. Then beyond the subscription fees, consumers still must pay for the medications (if they are not covered by their insurance), which can exceed \$1000 per month.

The drugs require a lifelong commitment; when people stop taking semaglutide, they nearly invariably gain any weight they had lost. For weight loss companies, the appeal of getting into this market thus is clear. What remains is the need to make sure the value and benefits they provide to consumers are equally clear.

**Discussion Questions:**

1. How should Noom and WeightWatchers market their new offerings to consumers? Propose a marketing plan for one or the other.
2. What precautions should be established to ensure healthy prescriptions of weight loss drugs? Can for-profit companies be trusted to establish them on their own, or are legal restrictions necessary?
3. Are the prices charged by WeightWatchers and Noom justifiable?

**Sources:** Aria Bendix, “Ozempic and Wegovy Force Weight Loss Companies to Upend their Approaches,” *NBC News*, June 4, 2023; “Adult Obesity Facts,” May 17, 2022, <https://www.cdc.gov/obesity/data/adult.html>; “FDA Drug Shortages,” [https://www.accessdata.fda.gov/scripts/drugshortages/dsp\\_ActiveIngredientDetails.cfm?AI=Semaglutide%20\(WEGOVY®\)%20Injection&st=c&tab=tabs-1](https://www.accessdata.fda.gov/scripts/drugshortages/dsp_ActiveIngredientDetails.cfm?AI=Semaglutide%20(WEGOVY®)%20Injection&st=c&tab=tabs-1)

# Dynamic (Food) Pricing as an Environmental Initiative

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

Everybody hates food waste. It creates unnecessary costs for producers, retailers, and consumers, and it has deeply detrimental impacts on climate change. In the face of global food insecurity, it also represents a moral flaw. So if everybody agrees, why is it so difficult to find a solution?



istockphoto / Roman Mykhalchuk

Perhaps marketing and retailing theory can come to the rescue. Recent research and pilot programs in stores call for leveraging a well-known pricing tactic to reduce food waste substantially, namely, by adopting dynamic pricing for perishable foods. As vegetables, dairy, fruit, and meats get closer to their expiration dates, lowering their prices should encourage more purchases, which would reduce the number and amount of items thrown out by retailers. A similar pricing strategy might occur further up the supply chain too, such that farmers and other producers might lower their wholesale prices to move late-season produce into stores, rather than letting it rot in the field.

According to some studies, dynamic pricing offers substantial promise. One experiment indicated that it reduced food waste in a grocery chain by 21 percent. In a comparative analysis, the researcher also tested the effectiveness of organic waste bans, which require retailers to deal with the expired products in their stores by either composting or donating them. Those efforts, according to the study, reduced food waste by only 4 percent.

In addition, organic waste bans create costs for retailers, which must find methods and channels to move the expired items. But dynamic pricing promises increased revenues throughout the supply chain. They might earn lower margins on nearly expired food, by charging, say, 25 percent less for eggs that are within a week of their expiration date, but it is still better than earning nothing, while also having to pay to have the eggs disposed of. It also implies better immediate outcomes for the retailer than donating the food for free. According to the previously cited study, dynamic pricing increases retailers' gross margins by about 3 percent, whereas the bans decrease them by 1 percent.

Such studies and experiments only focus on wholesalers and retailers though, so dynamic pricing alone is not enough. Once consumers get the products home, they still might wind up tossing expired food, such that it still goes to waste. To address this stage, dynamic pricing advocates also suggest establishing revised rules for the definition of expiration, sell-by, and best-by dates printed on food packaging.

Currently, those rules are vague and undefined (with the exception of expiration dates for baby food). Manufacturers tend to be conservative and print early dates, even if the food is likely to remain consumable and fine for a longer time, to protect against potential lawsuits and to encourage people to eat their products at their optimal freshness levels. For the dynamic pricing plan to work, consumers need to realize that they can still safely consume food after its best-by date, so that they feel safe purchasing it at the store, then consuming it at home.

Still, disposal by grocery stores accounts for approximately 10 percent of all food waste, so reducing the volume of items thrown into dumpsters in the back of stores could have a significant effect. The next step is determining effective implementation plans; to price dynamically and accurately, the wholesalers and retailers need to be able to identify a precise date of production and/or expiration for all the foods they sell. Such information is not widely available currently, suggesting the need for more transparent food supply chains. That's another idea that seems likely to get everybody to agree, even if deciding how to make it happen continues to challenge us.

[Back to Top](#)

## Discussion Questions

1. Develop a plan for dynamic pricing of food, imagining that you are a food manufacturer (e.g., farmer). Develop another plan, imagining that you are a retailer. What are the most important features that each member of the food supply chain would want to include?
2. Should laws regulate the meaning of expiration, sell-by, and best-by dates printed on food? What represent reasonable requirements for these products?

**Sources:** Christine Clark, “Dynamic Pricing Superior to Organic Waste Bins in Preventing Climate Change,” *UC San Diego Today*, July 23, 2023; Robert Evan Sanders, “Dynamic Pricing and Organic Waste Bans: A Study of Grocery Retailers’ Incentives to Reduce Food Waste,” available at <http://dx.doi.org/10.2139/ssrn.2994426>; Jodi Helmer, “Can Dynamic Pricing Reduce Food Waste in Supermarkets?” *FoodPrint*, January 31, 2022

# How Macro-Level Inflation Is Turning Some Tides in the Pizza Wars

Use with Chapter 15, “Strategic Pricing Concepts”



istockphoto / bhofack2

As any consumer can tell you, inflation has led to rising food costs, across the board. But consumers are not the only ones affected; service providers also face higher costs for the raw materials they use to produce their offerings. For quick service pizza chains for example, tomato sauce, pepperoni, and mushrooms cost more, which means their profits will suffer, unless they raise prices.

For chains maintained by a single, corporate owner, such pricing choices likely reflect a careful strategic analysis of the market, weighing the risks of increasing the prices they charge consumers. But if chains are dominated by small franchise owners, like Papa John's is, pricing decisions are less centralized and consistent. The

franchise owners generally have less margin for experiencing reduced profits. If costs cut into their profits, they simply might not have the financial resources to remain open.

Because Papa John's allows its franchisees to set their own prices (though with a few exceptions, such as national promotions that are mandated across the board), the cost to order a Papa John's pizza have risen notably on average. In particular, the prices at franchise-owned restaurants are much higher than those charged by company-owned stores. And because around 2,900 of Papa John's 3,400 U.S. locations are owned by franchisors, prices rose on average—and sales dropped by more than 2 percent.

Clearly, pizza places are not the only actors to suffer from massive inflation. The prices for popular Kraft Heinz products like Lunchables, Mac and Cheese, Capri Sun, and Velveeta rose precipitously, which led grocery store shoppers to display their readiness to switch to less expensive alternatives. The company CEO thus openly acknowledged, “We priced above the market.”

But for Papa John's, the challenge is particularly intense, because of the sales channels that it uses. In grocery stores, consumers can see the price immediately and make their choice at the moment. If they visit the drive-thru of a conventional fast-food restaurant, they encounter the prices at the moment they order. But for diners seeking a delivered pizza, the choice process often does not include an explicit, clear indication of the price, especially if it represents a habitual repurchase.

For example, if ordering a pizza for delivery is a regular Friday night habit, consumers might not notice the prices until after they get the pizza and the bill, which makes for an unpleasant surprise—unpleasant enough to cause consumers to rethink their habits and switch to another chain, offering more competitive prices. Such shifts are a serious problem for any contender hoping to emerge victorious from the ongoing, intense pizza wars.

## Discussion Questions:

1. How should Papa John's corporate owners address these price-related concerns with their franchisees? Should they mandate price limits, and if they did, what would the implications be for franchise owners?
2. When you order pizza, how closely do you track the price? What about when you visit a drive-thru for fast food?

**Sources:** Danielle Wiener-Bronner, “Papa John's Prices Are Driving Some Customers Away,” *CNN*, August 3, 2023

# No One Can Stand this Heat: Climate Implications for Supply Chains

Use with Chapter 16, “Supply Chain Management”



istockphoto / coffeekai

When it is too hot to work, a person’s work does not get done. When the heat reaches such levels that entire teams of laborers, production shifts, firms, or even industries find it impossible to function, the implications spread throughout supply chains and entire national economies.

Let’s take food retailers as a simple, familiar example to understand how difficult working conditions undermine the entire supply chain. These retailers—whether grocery stores, fast-food chains, or more formal restaurants—all need raw materials such as meat, dairy, and bread products. But in meat packing plants, like a National Beef factory in Kansas, working conditions make it nearly impossible to operate safely or

efficiently. As outside temperatures reach or exceed 100 degrees, workers outfitted in heavy safety aprons are cooled only by fans, not air conditioning. As sweat drips into and fogs their safety glasses, they cannot see well enough to perform their physically demanding, dangerous jobs safely—assuming they have not already passed out from the heat.

That’s a risk for many workers, throughout the supply chain. Warehouse workers stocking huge pallets of supplies rarely have access to air conditioning during their shifts, leading to a risk of heat exhaustion. In fast-food restaurants, some workers allege that the front of the store might be appropriately cooled, but in the back, near friers and grills, the heat reaches excessive levels. Worried about her health, one McDonald’s employee left her shift early rather than risk fainting, noting that it was the first time in her more than 20-year tenure with the company that she felt compelled to do so.

Climate change–induced conditions on farms also have reduced crop yields. In blazing sun and extreme temperatures, there simply may not be enough water to keep crops alive, leading to shortages of various grains. In addition, workers cannot function in such conditions, especially if they lack access to water or shelter—as is widely true in Texas, where the governor outlawed rules that would mandate that companies provide regular water breaks for employees working outside.

Such moves might be attributed to producers’ attempts to save money. One construction company that provides bottled water to workers estimated a monthly cost in the thousands of dollars. Installing air conditioning systems in warehouses and factories might impose costs in excess of \$200,000, depending on the size. But ignoring and avoiding such provisions also is expensive, particularly in the long term. The loss of productivity due to heat accounts for an estimated 2.5 billion hours of lost labor, which in turn implies a cost of around \$100 billion for the U.S. economy as a whole. On a global span, increasing temperatures could reduce overall productivity by one-quarter from current levels.

Of course, food supply chains are not the only industry affected. Tourism destinations, including Disney parks, recognize threats to their revenues created by high temperatures. Zoos note the steeply increasing operating costs they face in keeping their animals safely cool. Service providers, such as home health care workers or cleaning services, cannot maintain high quality services if customers cannot afford to keep their homes cool enough for them to perform necessary tasks. Furthermore, if workers live in non–air conditioned spaces, their sleep probably is disrupted, which tends to reduce their productivity once they reach work.

When many of these warehouses, factories, farms, stores, and homes were built, often decades ago, global temperatures were not as high, and it was sufficient to cool these spaces with fans or natural wind power. Today

[Back to Top](#)



though, as high temperatures around the world continue to break records, they are proving insufficient. The question becomes whether companies (and likely consumers) pay to retrofit production facilities to allow the flow of goods through supply chains now, or if the entire world pays later, in the form of lost productivity and risk to the health and safety of workers.

**Discussion Questions:**

1. Which stage(s) in food retailing supply chains should be held responsible for ensuring safe working conditions for the workers who participate in each stage? Should there be collaboration, or should they be independent?
2. How might firms throughout the supply chain leverage new technologies to address heat-related concerns?

**Sources:** Coral Davenport, “Heat Is Costing the U.S. Economy Billions in Lost Productivity,” *The New York Times*, July 31, 2023; Justin Worland, “Extreme Heat Is Hitting Companies Where It Hurts,” *Time*, July 13, 2023; Alicia Wallace, “‘It Comes Up on You Fast’: Scorching Heat Is Crushing American Businesses,” *CNN*, July 23, 2023

# ALDI, Y'All: When, How, and Why the German Grocery Retailer Is Expanding in the U.S. South

Use with Chapter 17, “Retailing and Omnichannel Marketing”

It is not as if ALDI's plans to expand in the United States were a surprise. It had announced that it wanted to increase its existing inventory of around 2,300 stores by adding 120 more throughout the 38 U.S. states in which it operates. But in one fell swoop, the German grocery chain has sped up and expanded those plans, by acquiring the parent company that runs Winn-Dixie and Harvey's grocery stores.

Through this substantial acquisition, ALDI will add around 400 stores to its portfolio, all of them located in southern states, including Alabama, Georgia, Louisiana, and Mississippi—as well as Florida. This latter state is home to nearly 300 of those newly acquired stores. Although some of the stores reportedly will retain the Winn-Dixie branding and logo, most of them will be converted in ALDI outlets.



istockphoto / JHVEPhoto

The change means more than altering the name on the outside of the store though. Known for its efficient, sparse designs and relatively small stores, ALDI gains various options from taking on the properties. Arguably, it could divide larger Winn-Dixie stores and sell a portion, as a revenue source. Or it might undertake a creative redesign to find a way for the larger footprints to match its corporate strategy. Creative cost-saving efforts have long been central to ALDI's appeal, as are private-label options that enable shoppers on a budget to get necessities, often in large package sizes, at lower prices.

Winn-Dixie is not a low-price grocer, but neither is it the most expensive and service-oriented conventional grocer in Florida and surrounding regions. That prize usually gets awarded to Publix, the dominant, beloved chain for Floridians. This midway positioning might have been part of the downfall of the chain, which in the past couple of decades faced bankruptcy threats, substantial store closures, and layoffs of around 30 percent of its staff.

In this sense, ALDI seems like a savior, keeping stores open and operations running while bailing out a struggling food chain. Its low price appeal led many consumers, struggling with an uncertain and challenging economy, to learn about ALDI's offerings, so expanding its footprint and adding even more stores, accessible to even more customers, seemingly represents a way for the chain to maintain its positive momentum.

## Discussion Questions:

1. Is there space in the grocery market for a midrange retailer like Winn-Dixie? Or should all grocery chains pursue either a strong service or low cost positioning?
2. How do you predict the addition of hundreds of ALDI stores will affect competition in the grocery market nationwide?

**Sources:** Melissa Repko, “Aldi Is Getting Bigger. Here’s Why the No-Frills German Grocer Is Looking to the Southern U.S. for Growth,” *CNBC*, August 19, 2023; Ramishah Maruf, “Aldi Is Buying 400 Winn-Dixies and Harveys Supermarkets,” *CNN*, August 17, 2023

# With Anime Advertising, Brands Hope to Draw in Gen Z Consumers

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



istockphoto / author

Storytelling is a universal human experience, though various cultures offer their own approaches and styles. It also can be deeply effective in advertising, because by telling a compelling story, brands can enchant, entice, entertain, and enthrall customers, leaving them with positive impressions and even a desire to join the story.

The Japanese style of anime is renowned for its capacity to draw in readers, for whom the stylized drawings and distinctive stories provide vast appeal. The characters and

plots in anime tend to be unique and uncommon, often weaving in aspects of the mystical or magical. For Western consumers, anime also provides novel stories that might not have been part of their early childhood. Today’s youngest consumers embrace anime as entertainment, accounting for its growing popularity in various film, television, and publishing channels.

Now anime is being used to tell stories about brands as well. By leveraging the style and themes of anime art, different brands seek to appeal to young, Gen Z consumers and meet them where they are in terms of artistic preferences. For example, to convince university-bound students to snap up some organizational furnishings, IKEA released a series of four “Slice of Life” stories, showing how the anime-styled characters rely on IKEA desks, cabinets, and shelving units to make their transition into communal living easier. With simple storylines that emphasize “the beauty and complexity of normalcy,” they give potentially apprehensive students a sense of comfort.

Acura’s anime-linked advertising campaign goes less for comfort and more for speed, harkening back to 1970s-era televised cartoons like *Speed Racer*. With a series of four episodes, Acura tells the exciting story of the aspiring race car driver Chiaki, including her competition with other drivers and her relationship with her mentor. Each of the episodes is scored by a popular Japanese metal band, and in addition, in each episode, Chiaki drives a different model of Acura race car. The thrilling sights, sounds, and stories are designed to get young drivers’ pulses racing, driving them to consider buying their own car to get that same feeling behind the wheel.

These multimodal campaigns also receive support in online manga, which provide more details about the characters and their lives. The IKEA manga thus describes the college students featured in the anime series; the Acura version gives in-depth insights into Chiaki and her life. Consumers can become further engrossed in the storytelling, leaving them more likely to imagine themselves in similar situations—and also more convinced that the same brands might help them tell their own life stories.

## Discussion Questions

1. Why is anime uniquely well suited to appealing to Gen Z consumers?
2. How might brands add to these marketing campaigns, beyond the anime series and manga online content? What other marketing elements would match well?

**Sources:** Sara Karlovitch, “IKEA Gives a Peek into College Life with TikTok Anime Series,” *The Marketing Dive*, July 18, 2023; Peter Adams, “Acura’s Racing Anime Series Aims to Draw Young Premium Drivers,” *Marketing Dive*, January 21, 2022

# Marketing Tidbits

## Are Companies Responsible for the Traffic Burdens They Create?

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

For city planners and urban researchers, streets are critical topics. When a street lacks sidewalks and enables cars to speed through unimpeded, it undermines community structures, because pedestrians and neighbors cannot find spaces in which to interact and engage, nor can small retail shops and service providers count on walk-in traffic. In a sense then, crowded city streets are a positive feature; if parking is at a premium, more people likely walk, and narrow streets force drivers to move more slowly. But in recent years, the prevalence of Amazon (and other) delivery trucks has meant that such streets become, for notable stretches of time, completely impassable. Storefronts are blocked while drivers drop off packages, and such inconvenience could prompt potential customers to skip a visit. Furthermore, in using these roads—which represent extremely valuable resources for companies that rely on delivery offerings—Amazon and other companies essentially get a free pass. Building and maintaining roads generally gets paid for by taxes and fees obtained from parking or moving violation tickets. But corporate taxes usually do not go to local municipalities, so local customers and retailers essentially are subsidizing Amazon’s use of public resources, like roads. In addition, many cities allow big delivery companies, including Amazon but also FedEx and UPS, to pay a discounted rate for any parking tickets they accrue (if they even receive tickets). In New York City for example, these discounts amount to about \$750 million—money that could fill a lot of potholes. So should companies be paying for their use of public resources, as well as for the societal damages they create for neighborhoods and communities? Or is that simply the cost of convenient delivery?

**Sources:** Christopher Caldwell, “Something Has Changed on City Streets, and Amazon Is to Blame,” *The New York Times*, August 17, 2023

## The BRICS Acronym May Soon Be Getting Longer

Use with Chapter 8, “Global Marketing”

The similarities that define the BRICS, including the growing economic strength and populations of the formerly underdeveloped nations of Brazil, Russia, India, China, and South Africa, sometimes appear to disguise the significant differences across these diverse countries. A recent summit of leaders of these countries has brought those differences into relief though, in the form of their diverse positions on the question of whether to expand to include other countries. Some of these possible new members include Argentina, Saudi Arabia, Indonesia, and Egypt, as well as Iran. In addressing these considerations and staking its preferred position, China has expressed a strong desire to invite new members, seemingly due to its preference to build the BRICS group into a counterpoint to the G7 forum of Western, more developed countries. But in contrast with China’s authoritarian government, India, the world’s largest democracy, hopes to maintain close, friendly ties with both its BRICS counterparts and powerful Western nations and markets. Russia is in a precarious position, due to its warmongering, such that its prime minister was invited to the latest meeting only remotely, via video. In its determination to establish neutrality, South Africa recently sought to lead peace talks between Russia and Ukraine; its attitude toward the future of the BRICS similarly takes a neutral stance. Brazil appears focused more on the economic potential of the group, noting its ability to encourage other nations to grow and benefit their populations. It seems less interested in the BRICS as a geopolitical power. Although these questions might start to be addressed in coming months, and the group might expand, the bigger questions, involving how these disparate political, economic, and global markets choose to collaborate, remain pressing challenges for the future.

**Sources:** David Pierson, Lynsey Chutel, Jack Nicas, Alex Travelli, and Paul Sonne, “The BRICS Club of Emerging Nations Debates Letting Others In,” *The New York Times*, August 21, 2023