

# marketing

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### Newsletter for Instructors

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# AI Applications, Across the Customer Purchasing Journey

Use with Chapter 1, “Introduction to Marketing”



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Making a purchase involves a multistage journey.

Consumers think about their needs and desires, consider various options, research and compare them, and then make their selection, after which they might enter into an ongoing relationship with the seller, as well as post a review or share word of mouth about what they bought. Every single stage in this journey is being influenced and altered, in notable ways, by artificial intelligence (AI). By reviewing those impacts, we might gain a clearer sense of marketers' efforts to influence the purchase process, both today and for the future.

Let's start with the concept of brand discovery. Consumers who have determined an unmet need—let's say they have decided they really want or require a new geegaw, for illustrative purposes—have to start their search for the best geegaw somewhere. It is up to brand marketers to make

themselves known to these consumers, so that they can begin to convince them that their geegaw is the best option. To assist them in that effort, a new industry of AI-enabled services promises to show their clients how to define and establish their own brand identity, in a way that is most likely to reach and appeal to intended audiences.

For example, GoDomainers gathers and analyzes as much information about its small business clients as it can, then recommends which domain names and URLs they should invest in to link with their products. It seeks domain names that are closely associated with the product, relatively easy to memorize, but distinctive enough to spark some interest or intrigue in shoppers. For a seller of geegaws, it might recommend “geegaws-r-us.com” or maybe “gawgees.com.”

But just having a compelling website and domain name is unlikely to be sufficient, considering consumers' fragmented paths to purchase, which often encompass social media, dedicated online marketplaces, and resellers, as well as physical retail channels. Therefore, another marketing development centers on how to build conversational AI that can function like friends who offer purchase recommendations. Unlike the sometimes random preferences of friends though, these recommendations are backed by extensive, in-depth, evidentiary data analyses.

In a partnership with NVIDIA, L'Oréal is developing a proprietary, brand-specific, generative AI assistant called Noli that can enter into conversations with consumers. The consumer goods company will provide the technology firm with images and detailed ingredient profiles of its products, along with other relevant details. Then Noli will leverage these details to develop personalized product recommendations. The careful programming being applied to establish Noli ensures that the tool is likeable, polite, and personable. In addition, by feeding the algorithm information about thousands of product ingredients and more than a million facial scans, the partners seek to ensure it is accurate and helpful too.

Going beyond any single brand, the AI-enabled Alta personal shopper promises to receive users' unique product specifications (say, for a particular type of geegaw), search for viable options, and then present the results, displayed on a digital avatar that mimics users' own proportions and appearance. The company recently raised more than \$10 million in seed capital, and it has attracted intense interest from the luxury conglomerate LVMH.

Outlining these sorts of implications of AI adoption for digital marketing might seem predictable. But the effects are not limited to digital channels. When it comes to consumers whose purchase journeys include visits to physical retail locations, AI-supported cameras and sensors can establish advanced analytics and insights. A company called Displayforce.ai promises to keep track of foot traffic in stores at any given time, detailing where in the store shoppers seem to gravitate. Do they spend more time checking out geegaws near the entrance, or does a display closer to the back of the store attract more attention, for example? Combining such information with customer segmentation data, Displayforce.ai can establish sophisticated, detailed predictive forecasts, in real-time, which stores can use to adjust their in-store marketing. In particular, they can adjust their digital displays to display geegaws in the most effective ways, tailored to inform, attract, and entice nearby shoppers.

In parallel with the implications for the customer journey, AI applications in both digital and physical settings also enhance marketers' ability to manage their employees. Algorithms can measure how well customer service employees respond to customers' requests and questions, as well as how effectively sales associates interact with shoppers. Is one particular sales associate really good at engaging shoppers? Does another make sure to restock geegaws at the moment they disappear from the

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shelf or address customer complaints especially efficiently? By offering answers to such questions, AI tools can improve in-store and online staff management too.

Assuming they do so well, and the customer finds just the geegaw they want and completes the purchase, good marketers still cannot consider the journey complete. Rather, they want to find ways to encourage repurchases and loyalty. One popular means to do so relies on reward or loyalty programs, another field in which AI has made some remarkable contributions. At Starbucks, the Deep Brew system records a massive range of specific data points, including purchase histories, seasonal trends, and foot traffic at specific locations, then calculates which incentives, offered to which consumer, on which day and at what time, is most likely to drive further purchases.

Nor are these efforts limited to consumer markets. In agricultural sectors, an AI-enabled loyalty scheme called GROWERS helps farmers record, keep track of, and analyze repeat business transactions. On the basis of the compiled performance statistics, it creates real-time forecasts of purchasing trends and inventory management, then suggests personalized incentives for repeat clients, according to their unique characteristics, needs, and purchase history.

Across all these stages, caution remains necessary. Artificial intelligence is not the only option for effective marketing, nor should it be used without supervision. Algorithms represent remarkable and valuable tools, but they also are fallible. Their functionality and appropriateness depend on their access to extensive, accurate data, as well as the integration of clear, actionable, ethical goals. The potential for unscrupulous brands to target vulnerable consumers, produce misleading and unsupported claims, and exploit biases also increases with powerful AI capabilities.

Such potential threats highlight the need for marketers to act responsibly and ethically when leveraging AI to facilitate their customers' purchase journeys, whether they are seeking geegaws or something much more important to their lives. That responsibility is even more pressing considering evidence of how rapidly people already are adapting to and integrating AI tools into their own purchase considerations. In one recent survey, more than one-third of respondents noted that they regarded AI like a friend sometimes. Another study found that one-third of customers already feel comfortable using AI-enabled products to interact with brands, and nearly three-quarters of them expressed interest in using AI solutions for various elements of their consumption, such as customer service.

### Discussion Questions

1. Do AI tools represent effective supplements to traditional marketing tactics? Or are they likely to replace them?
2. Are certain seller or retailing segments better suited to integrating AI technology?
3. Do you trust artificial intelligence to aid with your shopping decisions?

**Sources:** Jill Standish, "Generative AI Rewriting the Rules of Retail," *Forbes*, June 6, 2025; "GoDomainers Introduces AI-Powered Domain Recommendation Engine for Smarter, Brandable Name Discovery," *Financial Content*, September 9, 2025; Peter Allen Clark, "One-Third of US Adults Use AI Agents for Discovery," *EMARKETER*, September 10, 2025; Jill Standish, "How Retailers Win Hearts, Wallets and the Algorithm," *Forbes*, July 16, 2025; "L'Oréal Teams With NVIDIA to Power the Future of Beauty Through Next-Gen AI," *Global Cosmetics News*, June 12, 2025; Jessica Kwon, "AI Personal Shopping Tool Alta Raises \$11 Million," *The Business of Fashion*, June 16, 2025; Blake Kelley, "Digital Signage Performance Marketing Is Now Easy: Meet Displayforce Box With Video Analytics and Targeted Advertisement," *DPAA Global*, October 5, 2021; Kevin Rozario, "How 'Minority Report' Gave Birth to DISPL, an AI-Led In-Store Retail Media Platform," *Forbes*, June 20, 2025; Michael Brady, "Will AI 'Completely Rewire' Loyalty Programs?," *Marketing Dive*, July 2, 2025; Business Wire, "GROWERS Revolutionizes Agriculture Loyalty Program Through Use of AI," *Yahoo! Finance*, January 30, 2025.

# EEK—Did that Cute Brand Just Slide Into My DMs?

Use with Chapter 3, “Social and Mobile Marketing”



*istockphoto / Kanokwan Plandee*

Sliding into someone’s DMs (direct messaging) tends to have a flirty connotation, suggesting a way to connect with a stranger or acquaintance that the sender finds appealing. Considering the possibilities of brand love, perhaps it comes as no surprise that the idea of sliding into DMs is getting a corporate makeover, leveraged by brands that find certain consumers particularly appealing, and that hope the consumers might feel the same way.

One comparatively traditional use of the DM channel involves brands asking various influencers to go on a “date,” such as at special collection introductions or pop-up events. Such uses have become almost commonplace in the fashion sector. For example, the producer–musician–entrepreneur–fashion designer Pharrell Williams reached out to a

talent scout, promising an inside look into the production of Louis Vuitton’s latest men’s show. (Williams has been the creative director of menswear there since 2023.) Maison Margiela reportedly sent an invitation to a show to a critic, and Dior solicited another critic to get a preview of the inspiration behind upcoming designs. When influencers agree to the “dates” with these brands, they likely report on their experiences, rather like a regular person might detail how their romantic encounter went with their friend group. But influencers are spilling the proverbial tea with their many followers.

Beyond high fashion, reliance on DMs often takes a more comedic, lighthearted, and even slightly risqué tone, as exemplified by IKEA’s campaign to promote its current selection of mattresses. Some Canadian users received a message late one evening that simply read, “u up?” Those night owls who chose to respond received coupons for a new mattress, with deep discounts and even offers for them to receive the furnishings for free.

Because DMs are not one-way channels, it’s also possible for consumers to hit up brands in their corporate accounts. A student at Texas Christian University, reportedly inspired by a project for his communications class, decided to start up a conversation with Pop-Tart’s Instagram page directly. To convince the brand that he was the right partner, he presented an idea for a new campaign. Three ad mockups that he had designed offered clever, creative takes on the snack brand’s “Crazy good” slogan, showing animated Pop-Tarts engaged in adrenaline-inducing activities, like surfing or riding on the back of a shark. We know this because the solicitation worked: Pop-Tarts went Instagram-official with him, by featuring his artwork in its own Instagram stories.

## Discussion Questions

1. What are some other innovative ways companies might use direct messaging to build brand awareness?
2. Can such DM-based interactions and partnerships drive brand awareness in a meaningful way? Why or why not?

**Sources:** A’bidah Zaid Shirbeeni, “IKEA Sends Late-Night Naughty ‘U Up?’ DM to Insomniacs,” *Marketing-Interactive*, February 21, 2025; Madeline Schulz, “Why Luxury Brands Are Sliding Into the DMs,” *Vogue Business*, July 3, 2025; “TCU Student’s Pop-Tarts Ad Goes Viral After Bold Instagram DM Pays Off,” *Fort Worth Inc.*, May 15, 2025



# TikTok Shop Might Be Made for Gen Z, But It Isn't Limited to Gen Z

Use with Chapter 3, “Social and Mobile Marketing” and Chapter 6, “Consumer Behavior”



*istockphoto / Jakob Wackerhausen*

When TikTok introduced its TikTok Shop in 2023, it reflected both an awareness of current consumer trends and a recognition of universal consumer behaviors. That is, Gen Z consumers have demonstrated their strong preference, among major social media platforms, for TikTok. But all consumers seek convenience and easy purchase routes. For brands looking to expand their reach, the TikTok Shop thus represents an effective way to account for all such considerations.

First, establishing brand pages and offerings in the TikTok Shop greatly increases their chances of reaching young consumers. Second, because the platform reduces the number of steps, or clicks, between the

brand's product advertisements and the purchases stage, it encourages greater conversion rates. As an added benefit, brands can pay TikTok Shops to handle all packaging and shipping logistics, making the process easier on their end as well.

These promises have been borne out for the most part. Brands with a presence on TikTok Shop, both well-known names and new entrants, have enjoyed positive results. For example, Nike grew its follower count significantly, and by establishing fun challenges for those followers, it also intensified their brand engagement. Small, independent food purveyors note their vastly expanded reach, such that new customers are finding them and placing orders. Once struggling E.l.f. Cosmetics seemingly has reinvigorated its brand image by embracing TikTok.

Recent surveys suggest that Gen Z shoppers plan to do all their holiday shopping through TikTok Shop this year. More than one-third of the respondents in this demographic also indicated that TikTok provided their primary source of inspiration for which gifts to select. In citing this effect, these consumers also readily acknowledged the relevance of influencers; the platform grants them access to appealing content creators, and it is their endorsements that provide the biggest driver of purchases.

Even if Gen Z represents a compelling target for brands though, they are not the only consumers engaging in social media-driven purchasing. Some reports indicate that Millennials even have surpassed Gen Z in purchases on both TikTok and Instagram, with an even greater disparity observed on Facebook.

## Discussion Questions

1. What are some creative ways a legacy company might appeal to consumers through TikTok? What about a newly launched brand?
2. Why does social commerce appeal so much to younger generations?

**Sources:** Xanayra Marin-Lopez, “How TikTok Shop Is Changing the Way Brands Reach Customers,” *Marketing Dive*, January 15, 2025; Christianna Silva, “Gen Z Is Shopping More on Snapchat than TikTok or Instagram, Study Shows,” *Mashable*, October 2, 2024; “Millennials Overtake Gen Z in Social Shopping on TikTok, Instagram and Facebook,” *Mobile Marketing*, January 8, 2025.

# What's the Status of Meta's Artificial Intelligence?

Use with Chapter 3, "Social and Mobile Marketing" and Chapter 19, "Advertising, Public Relations and Sales Promotions"



*istockphoto / Kira-Yan*

For Meta, being at the forefront of pretty much every technology trend is central to its identity and competitive advantage. So let's take a look at where it stands in relation to AI, arguably the most relevant technology currently in play when it comes to opportunities for firms to grow.

In pursuit of such benefits, Meta has indicated its plans to expand its Advantage+ tools and integrate optimization features into advertising platforms. It hosts a convention for AI enthusiasts, and it highlights the substantial increase in the number of advertising clients using its AI suite.

But Meta, along with several other large tech companies, has expressed frustration with the regulatory constraints imposed by the United Kingdom and European Union, as well as their allegedly inconsistent policies surrounding the use of

AI. As a result, Meta chose to pause its rollout of a virtual assistant and smart glasses in these regions, even as it went forward with the North American and Australian launches.

Beyond confusion and uncertainty, Meta also suffered a blow when the European Commission found the company in violation of the Digital Markets Act. According to the complaint, Meta's service model, which required users to pay for an ad-free experience or opt-in to data collection to receive tailored advertisements, represented an unfair form of consent. Meta argued that regulations along these lines would harm users, by degrading its interface capabilities, because without access to user data, it could not meet the efficiency and personalized standards that users demand from its social media platforms.

Confronted with both a compelling need to increase its reliance on AI and regulatory conditions that make such moves difficult and uncertain, Meta has gone on the offensive, challenging the rulings and noting its plans to appeal. But the ongoing discrepancy highlights the ways that even the most technologically advanced firms have yet to establish a clear AI policy.

## Discussion Questions

1. Perform a SWOT analysis of Meta's uses of AI.
2. What should the requirements for gaining user consent consist of? What makes consent requests fair, or not?

**Sources:** Chris Kelly, "Meta's Ad Biz Stays Strong but Economic, Regulatory Uncertainty Looms," *Marketing Dive*, May 1, 2025; Jamie Young, "Meta Delays AI Launch in UK and EU Amid Regulatory Uncertainty," *Business Magazine*, Sep 26, 2024; "Meta's Statement in Response to the European Commission's Decision on the Digital Markets Act," Meta, April 23, 2025.

# In the Driver's Seat: Walmart Expands Fulfillment Services

Use with Chapter 7, “Business-to-Business Marketing,” and Chapter 16, “Supply Chain Management”



*istockphoto / Sundry Photography*

Retailers might dream of completely loyal shoppers, who visit only its stores for all their purchases. But such dreams are, for the most part, unrealistic in today's retail markets. No one store can meet all of a customer's needs. However, in its attempt to come closer to doing so, Walmart had developed an expanded fulfillment service. Through this service, independent sellers can pay Walmart for the right to use its massive network of distribution centers, advanced logistics, and efficient return systems.

Some of these services include transporting third-party goods from Asian ports to U.S. warehouses. By taking over such complex transport operations, it promises to help smaller businesses navigate the complicated import process. Furthermore, Walmart has entered into an agreement with Symbotic, designed to build automated fulfillment points that will support web

purchases. Currently, Walmart is on track to implement collection and delivery points within 400 stores. On the other side of the deal, Symbotic acquired Walmart's existing robotics properties, which allowed it to improve its own fulfillment services in turn. Together, they have achieved the capacity to offer storage and transportation options to other sellers, which promises to increase overall profits.

In this strategic expansion, Walmart clearly is aiming to compete more effectively with Amazon and its existing, integrated logistics services. The tactic appears popular and promising, according to expert evaluations. For example, the financial services firm UBS praised the new fulfillment services as crucial for both revenue and net profit growth. Notably, even though logistics offerings are not part of Walmart's core retail business model, they enable the company as a whole to flourish. Such service expansions also promise to come to the benefit other parts of the company, considering that reliable delivery and easy returns incentivize customers to shop on Walmart's own web platform too.

## Discussion Questions

1. What are some other ways that Walmart might compete with Amazon's fulfillment and end-to-end logistics services?
2. What kinds of business-to-business connections benefit from Walmart's development of fulfillment services, upstream or downstream or both?

**Sources:** Liz Young, "Walmart to Offer Logistics Outside its Own Marketplace Sales," *The Wall Street Journal*, August 27, 2024; Robb M. Stewart, "Symbotic to Buy Walmart's Advanced Systems and Robotics Unit, Signs Commercial Agreement," *The Wall Street Journal*, January 16, 2025; Sheryar Siddiq, "UBS Maintains Buy Rating on Walmart, Highlights Fulfillment Services," *Yahoo! Finance*, July 3, 2025.

# The AI Threats Altering Advertising Industry Practices

Use with Chapter 7, “Business-to-Business Marketing” and Chapter 19, “Advertising, Public Relations and Sales Promotions”



*istockphoto / Matinee Duangphet*

From technology to customer service, manufacturing to retail, it seems that no industry is immune from the effects of artificial intelligence (AI). Many of those effects are positive, but when it comes to the implications for employees, AI represents an increasing and intense threat, as is becoming particularly clear to advertising creatives.

When Meta announced a new suite of AI tools, planned for release by the end of 2026, it promised that companies could leverage these tools to automate their entire advertising process, from ad creation to placement. Similar tools reportedly are being developed by other tech and retail giants too, including Google and Amazon. Although Meta also claimed that it believed its tools could be integrated into advertising agencies' existing workflows, industry leaders anticipate that such adoption will result in substantial workforce reductions.

Such predictions have a firm basis in reality: Kering (the parent company of Gucci, Saint Laurent, and Bottega Veneta, among other luxury brands) recently released an advertising campaign created completely by AI. Meanwhile, LVMH (which owns Louis Vuitton and Dior) identified generative AI tools as critical to its current and future strategy. L'Oréal also has entered into an agreement with Nvidia, to gain access to its graphics processing capabilities, such that the tech firm will create a dedicated AI system to support the brand's in-house ad creation.

Such efforts appear likely to shift the balance of power in the business-to-business relationships between brands and advertising agencies. Most advertising work currently is conducted by four large firms: WPP, based in the United Kingdom; Publicis Groupe, based in France; and Omnicom and IPG, both based in the United States. Notably, the share prices for all four agencies fell in the aftermath of Meta's announcement.

But these firms are powerful in their own right, unlikely to give up their position without a fight. Seemingly to consolidate its position, Omnicom has entered into an effort to acquire IPG. The merger of the third and fourth largest advertising firms in the world would establish a conglomerate earning total revenues of almost \$25 billion and controlling the operations of a slate of smaller holdings, including Omnicom's BBDO, DDB, and TBWA agencies, together with IPG's FCB, Mediabrand, McCann, and Mullen Lowe. At the same time, the agencies are developing their own AI systems and tools. In particular, Omnicom noted some experimentation with AI-enabled language translations, to help it revise and adapt its advertising campaigns to accommodate global markets.

Thus, even if advertising agencies and their brand clients can find a balanced use of AI that works for and benefits both of them, the implications for individual employees appear pretty dismal. If generative AI can develop campaigns, translate them into any language, assess their performance, and so forth, all the people once employed to perform these tasks become redundant. The huge creative teams that previously dedicated their abilities to coming up with the most clever ways to enhance consumer engagement might transform into just one or two executives, plugging details into an AI system. Everyone else might just be out of luck.

## Discussion Questions

1. Why might luxury brands be particularly prone to experiment with generative AI advertising campaigns?
2. Can AI completely replace the role of creative employees of traditional advertising agencies, in your estimation?
3. Which famous advertising campaigns would have been hard to generate using only AI?

**Sources:** Patrick Coffee, “Tech Giants’ New AI Ad Tools Threaten Big Agencies,” *The Wall Street Journal*, June 12, 2025; “Ad Giants Omnicom and IPG in Advanced Merger Talks: Report,” *Storyboard18*, December 9, 2024; Matty Merritt, “2 of the Biggest Ad Agencies Are Becoming 1, to Compete in the AI Era,” *Morning Brew*, December 10, 2024.



# Running Wild with Puma's Massive Global Campaign

Use with Chapter 10, "Market Research"



*istockphoto / Alexander Shapovalov*

In their interactions with athletic brands, consumers are accustomed to seeing accounts of unbelievable athletic prowess. Sports legends promote the different brands, seemingly telling regular people that they might reach remarkable feats if they wear the same gear that world-record setters, champions, and Olympic athletes do. For example, Puma has run advertising campaigns featuring Usain Bolt and Mondo Duplantis—sports legends who embrace a competitive mindset that says no effort is too much, and no sacrifice too great, to achieve their goals.

But following an extensive marketing research effort, Puma has debuted a very different message in its most recent “Go Wild” campaign. With surveys of approximately 10,000 consumers, Puma learned that nearly half of them participated

regularly in sports. Their reasons for doing so revolved around belonging and connection, as well as a desire to center their unique identity and achieve a means of self-expression.

What they did not mention was a desire to devote all their time and energy, and risking injury, to being the very best.

Such insights helped the brand recognize that centering the best of the best could lead to exclusionary messages. Even if a fast weekend jogger laces up the shoes that Usain Bolt prefers, they will never come close to his lightning-fast speeds.

Furthermore, most people exercise and play sports in their leisure time. They cannot, and do not want to be expected to, suffer injuries while devoting every minute to improving their performance.

Puma's marketing research also reinforced a unique preference among young consumers. For Gen Z, meme culture is a central element of their identity, entertainment choices, and perception of the world. It cited the virality of a clip of the Turkish Olympic sharpshooter Yusuf Dikeç, whose casual pose, non-shooting hand in pocket, and regular outfit of a t-shirt and jeans turned him into a viral, global hero. Here was a top athlete, inspiring in his ability, who also looked like he could be leaving the arena to grab a coffee or run a few errands on the way home.

The “Go Wild” campaign adopts and applies all these insights. Rather than iconic sports figures, it features everyday runners, including dogwalkers, soccer moms, and aspiring (but slow) marathoners. In the background, a cover of Afroman's “Because I Got High” reimagines the condition as the endorphins released through exercise, popularly known as a “runner's high.” It's funny and clever and designed to be shared, because it promotes the idea of running and exercise as a way to become who we are, embrace our own goals, and behave in ways that match our own priorities.

By leveraging its research to appeal to consumers, Puma also aims to distinguish its brand identity from those of other sellers of athletic gear. It's for regular runners, looking for an endorphin boost, even if they're not particularly fast or competitive. The research appears to have been accurate too: Early indications suggest a nearly 10 percent increase in sales in the quarter following the initial release of the campaign.

## Discussion Questions

1. What is it about this new campaign that distinguishes Puma from most other athletic brands?
2. Propose a new concept for a Puma commercial that embodies the same qualities but in a novel format and setting.

**Sources:** Chris Kelly, “Inside Puma's New Brand Positioning and Largest Global Campaign to Date,” Marketing Dive, March 20, 2025; Pat Benson, “PUMA Tells Runners to ‘Go Wild’ in Its Biggest Global Campaign Ever,” Sports Illustrated, March 20, 2025; “PUMA Partners With Adam&eveDBB to Bring New Global Brand Strategy to Life,” Storyboard18, December 9, 2024.

# Flying High: Alaska Airlines Partners With Google's Meridian

Use with Chapter 10, "Marketing Research" and Chapter 19, "Advertising, Public Relations and Sales Promotions"



*istockphoto / BoardingNow*

marketing efforts. For example, the open-source analytics tool called Google Meridian promises Alaska Airlines that it can inform the company of the efficacy of its digital advertising, accurately and in real-time.

Whereas conventional assessment approaches define the value and success of online ads by tracking the clickthrough rate (i.e., what proportion of total views involves consumers who also click on the ad) or sales earned through those clicks, Meridian adopts a more holistic perspective and integrates external factors to predict customers' likely reactions. For example, if snowstorms are predicted, travelers probably react differently, and less positively, to promotions for flights to the affected regions in the next few days.

The tool also leverages its ready access to Google's Query Volume data, which indicate how frequently specific, relevant words or phrases have been entered into the global search engine. Such trends can and should inform assessments of advertising as well; if many people are searching for information about the effects of global climate change on Alaska's ice fields, the airline might anticipate greater effectiveness of marketing efforts to promote a guided tour of the remaining glaciers.

Noting that its expertise is in travel rather than marketing, Alaska Airlines also hired a consultancy group called Adswerve to manage these various inputs and complex plans. During a three-month trial period, the analysts compiled massive data sets and offered more comprehensive explanations of trends and outcomes than the company believed itself able to do on its own. For example, Adswerve promptly suggested different targeting strategies, to ensure that the ideal recipients would encounter the targeted advertising. It predicts that this diversion will increase revenues by 11 percent, equivalent to about \$100 million for Alaska Airlines. Then, by switching the proportion of the company's advertising budget allocated to specific advertising channels, Adswerve argues that its client could earn a 3 percent return on investment for every marketing dollar it spent, without changing its overall budget.

Although these claims remain hypothetical, at least for now, they were convincing enough to push Alaska Airlines to begin implementing the changes. When companies receive in-depth, carefully gathered data, they gain the same sort of nostalgic clarity that might have been enjoyed by marketers of the past. They know where, how, and when to advertise, and they can predict what the outcomes will be—though today, such clarity requires the help of dedicated, expert specialists.

## Discussion Questions

1. Which factors contribute to making estimates of advertising success so complicated today?
2. What are some possible downsides or risks associated with relying so strongly on external service providers to gauge advertising outcomes and plan strategies?

**Sources:** Chris Kelly, "How Alaska Airlines Found a \$100M Revenue Opportunity With Google's Meridian," *Marketing Dive*, July 8, 2025; "Alaska Airlines and Adswerve Discover \$100M Revenue Opportunity with Google's Meridian Marketing Mix Model," *AlInvest*, July 9, 2025; Laurie Sullivan, "Alaska Airlines' MMM Ticket on Google Meridian," *MediaPost*, July 14, 2025.

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# Unsustained Promises as Companies Revise their Sustainability Goals Downward

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



*istockphoto / PeopleImages*

Green is the color of new beginnings and a sign of growth. It’s often used to represent the environment and sustainability too. But it’s also the color of money. And for climate activists who track the environmental impacts of large corporations, skepticism is rising, in reaction to their sense that companies are favoring one type of green over the other.

In particular, some of the largest consumer packaged goods companies in the world, including Coca-Cola and PepsiCo., have walked back some promises they made in the past regarding their environmental commitments.

Coca-Cola once indicated that it would make one-quarter of all its products sustainable by 2030. But at the end of December 2024, it

abandoned this initiative completely. At the same time, it lowered its targets for using recyclable materials, from half of all products to about one-third. When the company’s CEO James Quincey addressed these changes at its 2025 annual shareholders’ meeting, he confirmed the diminished goals, even as he sought to assure investors that creating more sustainable packaging and developing a program for reusing materials remained a priority for Coca-Cola.

Similarly, PepsiCo. amended its environmental pledges—abandoning certain goals and adjusting others. The company no longer maintains its commitment to selling a certain percentage of its products in refillable containers, though it will continue to monitor reusability metrics. Instead of its previous promise to reduce total virgin plastic derivatives by one-fifth by 2030, it now suggests it will work to reduce its reliance on these unprocessed plastics by 2 percent each year, through 2030, but only in key markets. PepsiCo. also amended its goal for using recyclable materials: Rather than half of its packaging to be made from recycled content by 2030, it now hopes to achieve a 40 percent level by 2035. Perhaps most concerning, PepsiCo. reneged on its ambitious, broad commitment to make all packaging from reusable, recyclable, or compostable (RRC) packaging, originally due at the end of 2025. Despite early indications that it was on track to achieve complete RRC, it has moved the target and now commits to manufacture 97 percent of packaging from RRC by 2030.

Perhaps the worst news though, from an environmental protection standpoint, is that the choices of these individual companies are being aggregated across the entire industry. Back in 2020, some of the firms that created the most packaging waste, including Coca-Cola and Heinz, another consumer packaged goods giant, signed on to the U.S. Plastics Pact, which meant they committed to addressing plastic pollutants by 2025. Heinz, for example, committed to the exclusive use of RRC materials by 2025. But the alliance already has implemented delays, meaning that the timing for the joint targets has been extended to 2030.

Observing these trends, which move away from ambitious and critical sustainability commitments, climate activists might look back nostalgically on the past with yet another type of green—envy for a scenario in which they might have counted on multinational corporations to act in the interest of the planet.

## Discussion Questions

1. Should advocacy groups bring public attention to the corporations’ amended promises? If so, how should they do so?
2. Why might the companies have backed off on their goals?

**Sources:** Clara Hudson, “Beverage and Snack Giants Defend Sustainable-Packaging Plans Amid Investor Pressure,” *The Wall Street Journal*, May 9, 2025; Brianna Guntz, “Pepsi Pushes Back Sustainable Packaging Goals,” *Packaging World*, May 27, 2025; Marissa Heffernan, “Kraft Heinz Aims to Eliminate 50,000 Tons of Virgin Plastic,” *Plastic Recycling Update Magazine*, August 1, 2023.



# Going With the Gut: Beverage Companies Introduce Prebiotic Sodas

Use with Chapter 12, “Developing New Products”



*istockphoto / Antonio\_Diaz*

When Olipop and Poppi first introduced their soft drinks, the key feature used to differentiate their offerings from others on the market was their inclusion of prebiotics in the formulation. According to some claims, prebiotics can aid digestive health, because they provide elements and ingredients that healthy bacteria need to proliferate in the gut. In turn, these start-up brands marketed their versions as healthy alternatives to traditional soda.

Their efforts were convincing enough that many consumers made the switch. Combined sales earned by both brands totaled more than \$800 million last year. In that same year, notably, sales of traditional soda products showed a slight but still significant decline. Thus, it should come as no surprise that well-known, legacy beverage companies have responded

competitively. Both Coca-Cola and PepsiCo. have announced that versions of their own gut-health drinks will be available soon.

Coca-Cola’s version is called Simply Pop, and it will be marketed as an extension of the conglomerate’s existing Simply Juice line. Notably, those juices also contain some prebiotic fiber, making the extension appear logical. Early release versions of the Simply Pop packaging reveal bright colors and playful graphics, in line with the feel-good vibe that the existing brands of prebiotic soda have adopted.

In contrast, PepsiCo. is presenting its product innovation as an extension of its traditional soda. The first two flavors to be introduced will be Original Cola and Cherry Vanilla. Thus, they will mimic familiar flavors while still offering prebiotics, along with minimal sugar and no artificial sweeteners. This tactic appears designed to appeal to some skeptical consumers who have reported an aversion to the strong, polarizing flavor profiles of many prebiotic soda offerings, which often taste like apple cider vinegar or other fundamental ingredients needed to cultivate the gut flora.

Even as the range of offerings expands though, the actual benefits of prebiotic sodas remain a point of contention. Health experts seem divided: Skeptics point out that many foods already contain prebiotics naturally, so they are available from a regular diet that includes fruits, vegetables, and grains. Most consumers will receive appropriate amounts of prebiotics for their guts simply by eating a balanced diet. Yet proponents also note that, regardless of the actual need for prebiotics, the alternative drinks are relatively healthier than conventional sodas, insofar as they tend to feature less sugar. Furthermore, consuming more prebiotics than needed usually is no cause for concern.

## Discussion Questions

1. Have you tried prebiotic soda? How did you find the taste?
2. What are the relative benefits and drawbacks of the different product introduction strategies being adopted by Coca-Cola versus PepsiCo.?

**Sources:** Laura Cooper, “‘Gut Pop’ Is Injecting New Fizz Into the Beverage Aisle,” *The Wall Street Journal*, February 18, 2025; Joseph Lamour, “Pepsi Launches New Prebiotic Cola After Poppi Acquisition,” *NBC Chicago*, July 23, 2025; “PepsiCo Unveils Prebiotic Cola,” *NACS Magazine*, July 22, 2025.



# Efforts by the United Kingdom to Regulate Buy Now, Pay Later Schemes

Use with Chapter 15, “Strategic Pricing Concepts”



*istockphoto / allanswart*

Buy now, pay later schemes are a modern take on traditional layaway payment options, with a few critical differences. That is, consumers receive the products immediately, while future payments are pending, and many of these plans do not charge interest. They thus have offered an appealing compromise for buyers and sellers: Customers gained a flexible way to buy on credit, without having to incur interest, and retailers accessed an easy way to increase sales and avoid the frustration (for both sellers and shoppers) of declined credit cards.

Yet the appeal may have been too great. Many enthusiastic buy now, pay later adopters got in over their heads. No longer constrained by credit limits that imposed controls on their spending, some shoppers entered into debt agreements that their income could not support. Even without being charged

interest, the costs rose: If they enrolled in automatic repayment plans, they likely suffered bank overdraft fees. If they tried to control the repayments on their own, but failed, they could be hit by late fees from the lenders. Unfortunately, some consumers were surprised by such fees, because the description of when and how they would be imposed appeared within complex, lengthy loan agreements.

In response, the U.K. government assigned its Financial Conduct Authority to study the situation and offer suggestions. The Authority quickly moved to institute new regulations, which match those imposed on other forms of credit. For example, sellers must conduct mandatory credit checks prior to offering buy now, pay later plans as a purchase option. In addition, they are required to inform consumers of the fees and penalties up front, in clear and simple language. For consumers who believe they have been defrauded or treated unfairly, the Authority has created official channels for complaints as well, promising to subject the buy now, pay later companies to disciplinary action if necessary.

Such regulations arguably need to be part of a wider program of consumer education, seller ethical standards, and government oversight. Education systems might devote more attention to how debt accrues and the risks it creates. Sellers could be held to normative expectations that they present payment options clearly, then implement the plans fairly. And effective regulations should hold all parties accountable, to avoid situations in which consumers who cannot pay now find themselves even less able to pay later.

## Discussion Questions

1. What are other rules might be put in place to curb harmful practices linked to buy now, pay later plans?
2. Should lending policies be regulated by individual customer responsibility, social norms, or government regulations?

**Sources:** Kate Hardcastle, “The Fine Print Era: Rethinking Retail Finance,” *Forbes*, July 18, 2025; Vicky Shaw, “The Big Change Coming to Buy Now, Pay Later Scheme,” *The Independent*, July 18, 2025; Yamini Kalia, “UK’s Financial Watchdog Proposes Protections for Buy Now, Pay Later Borrowers,” *Reuters*, July 18, 2025.

## Tidbits

# Good Neighbors: State Farm Moves Super Bowl Spot

Use with Chapter 5, “Analyzing the Marketing Environment”

When broader national or global events create unexpected, unpredictable shifts, it remains the responsibility of smart marketers to shift quickly and appropriately. Consider State Farm as an example. It planned to debut its funny “Batman vs. Bateman” advertising campaign, featuring Jason Bateman as a poor substitute for the superhero, during the 2025 Super Bowl. The spot highlights the idea that brand names cost more for a reason; in an emergency, consumers need the real deal, whether that’s a superhero or an insurance company. But to make that point, the advertisement showed a city ablaze, with thick plumes of smoke emanating from buildings and emergency vehicles spilling through every street. To broadcast such a scene, less than a month after wildfires had devastated hundreds of acres of land and homes in the Los Angeles area, would have been in poor taste. So, despite the massive investment it already had made to run the campaign during the Super Bowl, State Farm pivoted. It pulled the ad at the last minute and released it instead during the NCAA’s March Madness tournament. Furthermore, it issued an explicit statement, assuring customers that its focus was on assisting the homeowners affected by the fires. By taking this responsible, respectful approach, State Farm demonstrated its priorities and reiterated its essential purpose.

**Sources:** Dianna Dilworth, “State Farm Drops Super Bowl Ad, Cites LA Fires,” *Brand Innovators*, Jan 16, 2025; Peter Adams and Jessica Hammers, “7 Successful Marketing Campaigns that Met 2025’s Chaos With Determination,” *Marketing Dive*, July 8, 2025.

# Lululemon’s Viral Dress Earns Mixed Reactions

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

Have millennials lived long enough to see trends that they grew up with fall out of fashion, and then come back into style again? Lululemon’s latest viral product offers strong evidence in support of this claim: A 2-in-1 maxi dress has been flying off shelves, driven by social media influencers who compliment its comfort and versatility and present styling concepts for the different ways the dress can be worn. Even as we remind Gen Z shoppers that bandeau dresses and convertible styles are nothing new though, it is worth acknowledging how and why the current iteration is a bit different. For example, the lower waistline and sleek silhouette of this dress is explicitly designed to appeal to and complement a broad range of body types. Its color palette, highlighting black, ivory, and a jewel-toned green, is meant to help wearers transition the piece, from day to night. The light, breathable fabric adds comfort, even as temperatures around the world rise. Along with all these appealing novelties though, something else sets the 2-in-1 dress of today apart from its predecessors, and that’s the price at which Lululemon has listed it. The casual dress boasts a retail price of \$148, a level that parallels and resonates with Lululemon’s general range of high-end athleisure clothing. Still, consumers unwilling to pay such prices can find copycats; ASOS and Zara already have released similar designs at about one-third Lululemon’s price.

**Sources:** Laura Tarafa, “Lululemon’s Viral Dress Is Taking Over Summer—Here’s Why Everyone’s Obsessed,” *Elle*, May 28, 2025; Nicole Stock, “This Dress Is Dividing the Internet,” *The New York Times*, May 23, 2025; Sofia Esparza, “12 Dupes of Lululemon’s Viral 2-In-1 Maxi Dress to Add to Cart ASAP,” *Her Campus*, May 16, 2025.