RETAILING MANAGEMENT
11E

Newsletter for Instructors

January 2023

COMMENTS? CONTACT US

This newsletter provides teaching tips and summarizes article abstracts for case discussions for the following topics:

If you are interested in the textbook please click **here**. If you would like to see this newsletter and the previous editions, go to: **http://www.theretailingmanagement.com/newsletters**

Panera Is Serving up Small, Digital Order–Only Restaurants in Urban Markets

Tom Ryan, "Will Two Digital-First Concepts Prove More Successful than One for Panera Bread?" *RetailWire*, November 15, 2022; Elizabeth Segran, "Panera's Big Bet on Urban Diners? Smaller Restaurants," *Fast Company*, November 8, 2022; Joanna Fantozzi, "Panera Bread Is Opening Its First Digital and To-Go Stores in New York," *Nation's Restaurant News*, November 8, 2022; "Panera Targets Expansion in Urban Markets Driven by Portfolio of Digitally-Led New Bakery-Cafe Formats," *businesswire.com*, November 8, 2022

Use with Chapter 3, "Digital Retailing," and Chapter 9, "Retail Site Location"

Can suburban favorite Panera make it in the big city? We're about to find out! The fast-casual restaurant chain, known for its large, comfortable stores in locations with lots of parking, recently announced two new concepts for the urban crowd.

Panera To Go is a 1,000-square-foot, pickup-only store that will have no seating. The first Panera To Go opened in Chicago this summer. Two more Paneras To Go are coming to New York City, with the first store scheduled to open before the end of the year. The plan is to open more Paneras To Go over the next year, in other cities but also in crowded settings like universities and hospitals.

The second new format, which does not appear to have an official name—*RetailWire* calls it the Urban Core, but this name does not appear anywhere else, including in Panera marketing materials—is 40 percent smaller than the traditional Panera store, with "updated ordering kiosks, a fully digitized menu and a new tracking screen providing more detailed order status," according to a press release. The stores will have limited counter seating, focusing more on preserving space for shelves where customers and delivery drivers can pick up orders.

Digital sales now make up about 50 percent of Panera's sales, and the company touts both of its new store formats as "digital driven." Panera To Go will only offer digital ordering. The second concept will have ordering kiosks, a fully digitized menu, and a tracking screen so hungry customers can obtain real-time status updates about their meal.

Still, Panera's chief brand & concept officer Eduardo Luz was quick to reassure consumers that Panera is not planning to replace existing stores with these new concepts: "For us, it's 'and', not 'or'," he said. "We're just expanding our customer base."

Discussion Questions:

1. Do you think that Panera's new restaurant concepts will do well in urban markets?
2. How could other fast-food or fast-casual restaurants adapt their business models to work in new geographies?
3. What are the advantages of a digital-driven restaurant concept? Can you think of any potential downsides?

Back to Top

Blame the Government for You Not Getting Your Taylor Swift Tickets

Binyamin Appelbaum, "Overconfident Regulators Caused the Ticketmaster Mess," *The New York Times*, November 23, 2022; "Justice Department Requires Ticketmaster Entertainment Inc. to Make Significant Changes to Its Merger with Live Nation Inc.," *justice.gov*, January 25, 2010; Alex Abad-Santos, "How Disappointed Taylor Swift Fans Explain Ticketmaster's Monopoly," *Vox*, November 21, 2022; David McCabe and Ben Sisario, "Justice Dept. Is Said to Investigate Ticketmaster's Parent Company," *The New York Times*, November 18, 2022; Winston Cho, "Fear for Your Megamergers: The Justice Dept. Is (Finally) Taking Action," *The Hollywood Reporter*, November 19, 2022

Use with Chapter 3, "Digital Retailing," and Chapter 14, "Retail Pricing"

When companies merge, leaving a mega-corporation with no competitors, consumers suffer. The most recent example of this general capitalist truism comes in the form of fallout from the federal government allowing Live Nation and Ticketmaster to merge in 2010. What fallout, you ask? Ask anyone who recently tried to get a ticket to see Taylor Swift live. Not only were there not enough tickets to go around, but the Ticketmaster website was, to put it kindly, a freaking mess, with glitches, bugs, error messages, and hours-long wait times for ticket purchases to go through.

Columnist Binyamin Appelbaum traces the Taylor Swift debacle to the government's tendency to be too credulous when companies promise that their merger will not be detrimental for customers. In 2010, for example, the Justice Department released a press release in which it confidently asserted that Ticketmaster and Live Nation's merger would "protect competition for primary ticketing" and "maintain incentives for innovation and discounting"—none of which has come to pass. Instead, a nearly universal view reflects widespread agreement that Ticketmaster's virtual monopoly in the concert ticket arena led to Swift-gate.

It is not the only example though. Various Department of Justice–approved mergers have allowed for and led to monopolies, which in turn produced negative outcomes such as stifled innovation, laziness on the part of the now-insulated companies, and consumers who are worse off. When the DOJ allowed T-Mobile to acquire Sprint in 2019, it produced less competition when it comes to the price of mobile services. When Dollar Tree acquired rival Family Dollar in 2015, the DOJ required the two companies to divest themselves of more than 300 stores and create another, competing company—Dollar Express—which then went bankrupt within two years, having allegedly been pushed out of business by market-dominant Dollar Tree's predatory practices.

Applebaum asks why the government "didn't just prevent Dollar Tree from buying Family Dollar" in the first place. Of course, even with an answer to that question, it would be too late to go back in time and fix the mistake. But in the last couple of years, perhaps learning from its experience, the federal government seemingly has been exercising deeper scrutiny of proposed mergers. For example, the DOJ recently successfully blocked book publisher Penguin Random House from buying its rival publisher Simon & Schuster.

Back to Top

In light of the Taylor Swift ticket disaster, the Department of Justice also has opened an antitrust investigation into Ticketmaster's parent company, Live Nation. It may be too late to see Taylor Swift live this time, but thinking ahead to the next tour, you just might be able to score some tickets.

Discussion Questions:

1. How can consumers be harmed when companies merge?
2. In what circumstances should the government prevent companies from merging on antitrust grounds?
3. Do you think it would have been easier and less glitchy to buy Taylor Swift tickets, had the government not allowed Live Nation to buy Ticketmaster in 2010?

Back to Top

Upscale Consumers Are Shopping at Walmart

George Anderson, "Can Walmart Hold onto the New, Wealthier Customers It Is Picking Up?" *RetailWire*, November 16, 2022; Ines Ferré, "Walmart: $100K+ Income Households 'Shopping with Us More Often'," *Yahoo*, November 15, 2022; "Walmart Inc. (WMT) Q3 2023 Earnings Call Transcript," *fool.com*, November 15, 2022; Avery Hartmans, "People Who Make More than $100,000 a Year Are Grocery Shopping at Walmart, and It's Giving the Chain a Major Edge over Its Rivals," *Insider*, November 20, 2022; Lauren Debter, "Walmart Attracting Wealthier Customers Looking for Cheaper Groceries as Inflation Rages," *Forbes*, November 15, 2022

Use with Chapter 5, "Customer Buying Behavior"

It's been a rough economic year for many consumers, which has translated into a notably profitable economic year for the discount giant Walmart. The mega-retailer reported an 8.2 percent gain over last year's sales for the third quarter, with shoppers both spending more overall and buying more stuff.

It may not be a surprise that a company known for great prices and deep discounts would do well in a time of record inflation. What's notable is who is buying from Walmart now. About 75 percent of the retailer's increase in sales is from shoppers making $100,000 or more per year.

With food inflation up 12.4 percent over a year ago, these well-off shoppers largely spend their dollars on groceries. Walmart's grocery sales saw "mid-teens growth," Walmart said in an earnings call, continuing a trend that began earlier in the year. "During a period of time when people are more sensitive to price, it makes sense that they would increase the amount of their wallet that would be coming to Walmart because of value," said Walmart CEO Doug McMillon. “Regardless of income levels, families are more price-conscious now."

Shoppers are "trading down" to save money, according to Walmart—increasing their spending on the store's private-label items, which cost less than brand name alternatives. Consumers also bought less expensive proteins, like beans, peanut butter, and hot dogs, over more expensive options, along with cheaper versions of baking goods, baby food, and dog food.

The trick now is holding onto these new customers, something Walmart thinks it can do. "If we can stand tall during this period of time, we think they'll keep coming back to us because we do have quality, we do have value, and we've created a lot more ways for them to save time in the store and with pickup and delivery," McMillon said. "So, that's what we're out to do."

Discussion Questions:

1. Why are high-income shoppers buying groceries at Walmart?
2. What can Walmart do to hold onto these shoppers once financial strains lessen?
3. How could Walmart translate increased grocery sales among high-income shoppers to more interest in other items, like apparel and electronics?

Back to Top

Customers Say They Want Durability More Than Sustainability

Tom Ryan, "Is Durability a More Sustainable Selling Point Than Sustainability?" *RetailWire*, November 16, 2022; "The Missing Billions: The Real Cost of Supply Chain Waste," *rfid.averydennison.com*, November 10, 2022

Use with Chapter 5, "Customer Buying Behavior"

For years, we've been hearing about how consumers are prioritizing sustainability in the products they spend their hard-earned money on—and companies are adapting to meet that demand.

But should we halt that production line, maybe? A new report finds that consumers care more about durability than they do sustainability. According to surveys of 7,500 consumers around the world, only 16 percent of shoppers said sustainability was one of their top three deciding factors. Even fewer, 12 percent, listed ethical sourcing of their products in the top three.

What did the consumers say they care about? Quality and price were the top factors, with 22 percent of respondents saying those were their primary concerns. (If you like country-by-country breakdowns: U.K. consumers were the most cost-conscious, with 28 percent saying it was the number one factor, while Chinese shoppers cared the least about price—just 6 percent said it was their top consideration.)

Here's where things get even more interesting: Almost half of respondents said that durability is one of their top five shopping considerations. Forty-three percent of the shoppers said that when buying clothing, transparency is important to their purchasing decisions.

After quality, cost, and durability—the top three concerns—shoppers ranked availability, design, convenience, "makes me feel good," brand reputation, and then sustainability, as the factors they cared about the most. Then came brand reputation, "makes me look good" (coming in surprisingly low in the rankings), ethical origins/sourcing, ethical worker conditions, and, finally, opinions of friends/others.

The report describes the shoppers' responses as sending "mixed signals"—a fair observation—but also presenting an opportunity "for businesses to shape the future of sustainability by putting a greater focus on product durability."

Discussion Questions:

1. Why might consumers prioritize durability over sustainability?
2. What is the best way to market a product's durability?
3. How should this report guide companies' decisions about which products to make, and how to market them?

Back to Top

A Home Away from Home Depot or HomeGoods

Matthew Stern, “Should Home Depot Go on Vacation with Its Customers?” *Retail Wire*, November 3, 2022; Dobrina Zhekova, “RH Just Opened a Stunning Hotel in NYC—and We Got a First Look,” *Travel + Leisure*, September 8, 2022; Ingrid Vasquez, “The Home Depot Has Built the Ultimate Fall Vacation Rental,” *People*, October 31, 2022

Use with Chapter 5, “Customer Buying Behavior”

While on vacation, people often imagine what it would be like to live in their getaway location. Could they be happy living at the beach full time? What would it be like to experience living in another country for years, instead of a week or two? In an attempt to extend this natural thought experiment, some home furnishing retailers and brands have established vacation rentals equipped exclusively with their products, encouraging visitors to find ways to integrate the vacation décor back into their surroundings when they get home.

In a partnership with the popular VRBO platform, Home Depot has transformed a massive, seven-bedroom house in the Berkshire Mountains into a lakeside entertaining space. Interested guests will learn all about the paint palettes throughout the house, lighting options, and bedding collections—all of which are available for sale at Home Depot of course. But it isn’t as if the orange color scheme and industrial design that the retailer applies in its stores appears in the house. Rather, it has tapped of-the-moment designers and influencers to select the items that have been installed in the house, including Fariha Nasir (Pennies for a Fortune) and Holly and Brad Lauritzen (Our Faux Farmhouse).

Speaking of influencers and decorators, Chip and Joanna Gaines, famous for their Magnolia Homes renovation business and their *Fixer Upper* series on HGTV, maintain rental properties near Waco, Texas. In so doing, they can expand their reach and brand, by ensuring that the rentals reflect the homespun style and muted colors that the Gaineses have made famous and deeply popular through their show—and that are available for sale in their Magnolia retail stores and websites.

Rather than forcing visitors to make a separate visit to stores to purchase the items in their rental properties, HomeGoods repeatedly redecorates its two-bedroom house in the Hudson Valley. Thus, guests who stay can simply purchase the items installed in the space and take them home at the moment.

Whereas HomeGoods’ house functions mainly as a promotion, available for less than $30 per night, suites at the RH Guesthouse in Manhattan can run visitors $7500 for a one-night stay. The retailer (previously known as Restoration Hardware) spared no expense in designing an exclusive, luxury experience, with charcuterie boards instead of mini bars and sofas upholstered in Loro Piana cashmere. The Guesthouse is completely aligned with RH’s aesthetic, because “The entire concept was developed internally. We did the architecture, designed the space, developed the restaurants, created the menus, and conceptualized the guest experience.”

People love to bring home souvenirs from their vacations. For home furnishing retailers and brands, this desire represents a compelling reason to let people take home the very pillows, blankets, or design inspiration on which they slept.

Back to Top

Discussion Questions

1. Would you want to stay in a house maintained by Home Depot? HomeGoods? Magnolia Homes? RH? Do your answers differ for the different brands?
2. What channels could these retailers leverage to make it easier for consumers to purchase the items that furnish rental properties?

Back to Top

Fashion Brands' Environmentalism Sometimes Butts Up Against Regulations

Elizabeth Paton, Ephrat Livni, and Jenny Gross, "When Does Collaboration Become Collusion?" *The New York Times*, November 7, 2022; "Antitrust: Commission Carries out Unannounced Inspections in the Fashion Sector," *ec.europa.eu*, May 17, 2022; Foo Yun Chee, "EU Cartel Raids Target Fashion Designers Proposing Sales Periods, Discount Changes–Sources," *Reuters*, June 14, 2022; "Open Letter to the Fashion Industry;" *forumletter.org*, May 12, 2020; "#rewiringfashion," *rewiringfashion.org*, May 14, 2020

Use with Chapter 6, "Retail Market Strategy"

More and more brands are incorporating environmental concerns into their business models, in response to consumer demand and also because they have reached the obvious conclusion that there is only one Earth. But a group of companies trying to coordinate sustainability efforts finds themselves in trouble with European regulators over possible antitrust concerns—and they're not alone.

Some clothing executives and designers began talking in the spring of 2020 about ways to reshape some of fashion's most common practices, to make the fashion business itself more sustainable, eliminate unprofitable waste, and exhibit greater environmental consciousness. This consortium—which began with about 40 members but has now grown to hundreds of fashion representatives from around the world, involving major brands and retailers like Gucci, Chloé, Rodarte, Nordstrom, and Bergdorf Goodman—published a sort of manifesto in May 2020, laying out their "shared vision" to achieve "more environmentally and socially sustainable and ultimately align them more closely with customers' needs."

Their proposals included shifting the fashion seasons to better align with actual seasons to create more demand and less garments ending up on sales racks and in landfills. They also proposed using more digital showrooms and making additional changes that would enable them "to become more responsible for our impact on our customers, on the planet and on the fashion community, and bring back the magic and creativity that has made fashion such an important part of our world." This manifesto was followed by *another* letter published two days later, laying out more specifics.

It all sounded pretty good, until May 2022, when European Union antitrust regulators conducted a series of raids against signatories to the letters. The EU—which did not name the subjects of the raids; the Reuters news service found and published these names—said their targets had violated rules against restrictive business practices, including price fixing, and that the companies may have formed an illegal cartel.

"The inquiry is raising questions about how a notoriously cutthroat industry can make itself more efficient and sustainable without violating antitrust regulations aimed at preventing collusion," wrote *The New York Times*—which also went on to note that U.S. law makes it tricky, and perhaps even dangerous, for companies to coordinate their environmental (and other) practices. In the United States, Republican officials at the state and federal level have raised concerns about, and levied threats toward, companies cooperating on environmental issues.

As good intentions push up against the law, a group of climate finance researchers from Oxford University, Harvard University, and IMD Business School in Switzerland, recently published on this issue in the *Harvard Business*

Back to Top

Review, offering one black-and-white piece of advice for companies wanting to collaborate, in a world of murky gray: “Discuss with your lawyers.”

Discussion Questions:

1. Do you think it is good for companies to collaborate on environmental issues?
2. How might consumers be affected, if companies work together to create less waste?
3. Should the law should allow these collaborations, or should they be banned—or treated skeptically—under the law?

Back to Top

Supply Chain Woes Lead to Companies Bringing Production Back Home

Amy Haimerl, "Weary of Snarls, Small Businesses Build Their Own Supply Chains," *The New York Times*, October 19, 2022; Lucas Mearian, "As Reshoring Brings Chipmakers Back to the US, Apple Looks to Jump on Board," *Computerworld*, December 6, 2022

Use with Chapter 10, "Information Systems and Supply Chain Management"

Recent years' supply chain woes, especially in international production models, have been annoying to consumers, but they have been devastating to the companies whose business models rely on being able to get actual products to shoppers in a reasonably timely manner. Instead of raising the white flag, some U.S. businesses have decided to tackle the problem head-on, and bring their production back to the United States—a decision that has become common enough that it has a name: reshoring.

Consider the story of Ken Rosenblood, whose company obVus Solutions, which produces ergonomic furniture, was "destroyed" when products got stuck in transit from China to the United States. “If you run out of product, you are persona non grata,” Rosenblood said. "We had to completely start over.”

Starting over entailed turning an old, 18,000-square-foot former furniture store into a brand new factory. The conversion cost $4 million, and the factory began making its products in October. It also took Rosenblood figuring out how to adapt his needs to realities, and opportunities, on the ground—for example, switching to recycled aluminum because not enough non-recycled aluminum was available, and producing his own nuts and bolts for a fraction of what suppliers would charge.

Many other companies are reshoring production as well, partly due to their desire to avoid the risk of international supply chain nightmares again, and partly in response to incentives provided for in the recently passed Inflation Reduction Act. Just days after President Biden signed the IRA into law in August, Honda and LG Energy announced their plans for jointly building a $4.4 billion battery plant. Chip manufacturers are coming back to America, sparked by the CHIPS and Science Act of 2022, also signed in August, which provides $52.7 billion in incentives to bring production back onshore.

Reshoring offers a host of advantages, including greater flexibility and faster production. Of course, it creates challenges too, such as finding workers in a tight labor market, needing lots of capital to get started, and having to learn how to organize work and product flows in this brand new setting. But then again, entrepreneurs are nothing if not risk takers who regard tackling problems as they encounter them to be a standard operating procedure. They see opportunity in a challenge. As Rosenblood noted, when all is said and done, he wagers that he will be able to produce his goods for the same cost, if not less, than he paid to have them made in China, and “I hate to lose a bet.”

Discussion Questions:

1. What are some reasons a company would reshore the manufacture of its goods?
2. What are some challenges to reshoring?
3. Do you think there are some types of companies better suited to reshoring than others?

Back to Top

Sweet! You Can Now Buy Krispy Kreme Donuts at McDonald's (in Louisville)

Tom Ryan, "Does Krispy Kreme Fill a Hole in McDonald's Menu?" *Retail Wire*, October 24, 2022; Liz Calvario, "McDonald's Teams up with Krispy Kreme for Test Doughnut Run," *Today*, October 30, 2022; Alicia Kelso, "Here's Why the McDonald's and Krispy Kreme Collaboration Makes Sense," *Nation's Restaurant News*, October 18, 2022; "Krispy Kreme and McDonald's Partner on Operational Test," *investors.krispykreme.com*, October 18, 2022

Use with Chapter 10, "Information Systems and Supply Chain Management"

It's easy to dunk on some brand collaborations. Why in the heck is KFC collaborating with a bunch of hip streetwear brands? Or more to the point, why are a bunch of hip streetwear brands collaborating with KFC?.

But a new collaboration requires no head scratching at all: McDonald's and Krispy Kreme. Late in 2022, Krispy Kreme doughnuts became available at nine McDonald's restaurants in the Louisville, Kentucky, market. Three types of doughnuts are on offer: Original Glazed, chocolate iced with sprinkles, and raspberry-filled. These treats are available all day, as long as supplies last, sold individually or in packs of six.

The doughnuts will be delivered to the stores fresh every day, according to a joint press release put out by both companies. Notably, this pilot test follows a supply chain restructuring by Krispy Kreme, which moved in 2021 to a "hub-and-spoke" distribution system. As a result of this shift, the company can deliver fresh doughnuts daily to grocery and convenience stores, where they sell sold for the same prices as in the doughnut chain's stores. Previously, external retailers, like grocery stores, received older products and at a discount.

So far, the experiment appears highly successful strategy. In particular, the dessert retailer could count 25 percent more points of access in 2021 compared with the previous year (i.e., there were a whole lot more places to buy Krispy Kreme doughnuts!). In addition, in cities in which it added this distribution channel, it enjoyed a 300- to 400-basis point margin increase. The McDonald's partnership then represents a next step in Krispy Kreme's ongoing expansion plans.

For McDonald's, the advantages include adding a new category to its menu without creating more operational complexity or requiring new and expensive machinery. The doughnuts will be made and delivered by a well-established company with vast expertise in this market. Furthermore, adding these menu items arguably could literally drive more traffic to McDonald's and help cement the fast-food giant's stronghold in the breakfast market, which now accounts for about 25 percent of its business.

How long will this partnership last, and what will happen next? Good questions! In a joint press, the companies note that McDonald's is testing out the opportunity to "help us understand how offering new bakery items like Krispy Kreme could impact operations in our restaurants." In other words, what happens in Kentucky could spread, if we all get lucky.

Discussion Questions:

Back to Top

1. Is McDonald's selling fresh Krispy Kreme doughnuts likely to prove to be a successful partnership? That is, do you expect to see this concept spread to other markets, after the test in Louisville?
2. What other collaborations in the fast-food environment might be effective?
3. How and why did Krispy Kreme’s shift to a hub-and-spoke distribution system make its different expansion efforts viable?
4. What is the advantage of a collaboration like this one, compared with McDonald's simply making and selling its own doughnuts?

Back to Top

It’s a Big One: Electric Vehicle Startup Rivian Recalls Nearly Every Vehicle It Has Ever Made

Peter Valdes-Dapena, "Rivian Recalling 12,000 Vehicles for Loose Bolt," *CNN*, October 8, 2022; Tom Moloughney, "Our Rivian R1T Had Its Recall Service; What's It All About?" *InsideEVs*, October 17, 2022; "Rivian Shares Skid after EV Maker Recalls Nearly All Vehicles," *Reuters*, October 10, 2022; David Shepardson, "GM Startup Cruise Recalls and Revises Self-Driving Software after Crash," *US News*, September 1, 2022; Patrick Lucas Austin, "Everything to Know about Rivian, the Next Electric Vehicle Darling," *Time*, November 9, 2021; Noor Zainab Hussain and Ben Klayman, "Rivian Valued at over $100 bln in Debut, after World's Biggest IPO of 2021," *Reuters*, November 10, 2021; "Rivian Recalls Nearly Every Vehicle Sold," *Automotive Fleet*, October 10, 2022; Rob Lenihan, "Tesla Rival Rivian Delivers Bad News," *TheStreet*, June 14, 2022; Neha Chamaria, "Why Rivian Stock Plunged 75% in the First Half of 2022," *The Motley Fool*, July 12, 2022; Jack Ewing and Karen Weise, "Amazon Wants 100,000 Electric Vans. Can Rivian Deliver?" *The New York Times*, July 21, 2022; Rich Smith, "Why Ford, Rivian, and Lucid Stocks Raced Ahead Today," *The Motley Fool*, October 18, 2022

Use with Chapter 11, "Customer Relationship Management"

A year ago, the electric vehicle startup Rivian was celebrated as an industry "darling" and the next big competitor to Tesla. The Amazon-backed company enjoyed the world's biggest initial public offering of 2021, with a valuation of over $100 billion when it made its NASDAQ debut in November of that year.

All that glowing press and acclaim is looking pretty far in the rearview mirror these days. In October 2022, Rivian recalled nearly every one of its vehicles, noting that a loose bolt in the front suspension could cause drivers to lose control of their vehicles. The problem affects a reported 12,212 electric pickups, vans, and SUVs, according to filings with the National Highway Traffic Safety Administration. The company had only produced 14,317 such vehicles over the course of the year.

In messages proactively sent to customers, Rivian noted that it was not aware of any injuries associated with the loose bolts. Anyone noticing "unusual noises or vibration" coming from the front of their vehicle was urged to contact Rivian immediately. In addition, the company announced plans to open pop-up service centers in areas populated with a high density of Rivian owners. Customers also learned of an option to schedule mobile service appointment. Any repairs associated with the recall would be completely free to the consumers.

But even with all these assurances and efforts to accommodate customers, Rivian's stock fell by 7.3 percent immediately after the recall announcement. Or rather, it fell by *another* 7.3 percent, after dropping by 75 percent in the first half of 2022 in response to several other factors.

A big factor is, of course, Amazon. About three years ago, it announced its plans to buy 100,000 custom-made delivery vans from Rivian, but midway through 2022, only a few hundred of the vehicles have been delivered, and "questions remain" about how quickly the others will appear on roads. Amazon, in turn, has diversified its EV investment, putting money into other manufacturers, which calls Rivian's business prospects further into question.

Rivian's production problems are one problem. Another is increasing competition from other electric vehicle manufacturers, including established car companies that keep expanding their already vast product platforms to

Back to Top

include EVs. Ford, for example, began selling an electric version of its immensely popular F-150 pickup this past spring, to great success and long waiting lists of willing buyers. General Motors is planning to sell an EV pickup truck beginning in 2023.

It also probably doesn't help that in May 2022, Rivian recalled 500 of its EV pickup trucks due to faulty airbags, or that the company attempted to raise prices, then quickly rolled back the markups after a nasty backlash.

So where do all these developments leave Rivian? Well, the road is long, with many turns. And just over a week after issuing its recall announcement, Rivian's stock, along with other automotive companies, had ticked back up a hair. Maybe it can come roaring back, with all its bolts tightened and its prospects renewed.

Discussion Questions:

1. What can Rivian do to recover its business?
2. How can EV startups compete with established brands?
3. Did Rivian handle the recall well?

Back to Top

Customers Are Lovin' McDonald's' New Adult Happy Meals

Peter Adams, "Deja Vu? McDonald’s Adult Happy Meals Raise Specter of Past Promos Run Awry," *Marketing Dive*, October 10, 2022; Autumn Swiers, "The Striking Impact Adult Happy Meals Had on McDonald's Foot Traffic," *Tasting Table*, October 22, 2022; Nicolas Vega, "McDonald’s Limited-Edition Adult Happy Meal Toys Are Listed for as Much as $300,000 on eBay," *CNBC*, October 19, 2022; Nicolas Vega, "I Tried McDonald’s New Adult Happy Meal—Here’s Why I Won’t Be Getting It Again," *CNBC*, October 5, 2022; "McDonald's USA X Cactus Plant Flea Market," *PR Newswire*, September 27, 2022; "Cactus Plant Flea Market: Demystifying the Secretive Streetwear Brand," Sneaker Freaker, June 10, 2022; Ross Dwyer, "Cactus Plant Flea Market and Nike Ready Boisterous, Bootleg-Inspired Apparel Collection," *Hypebeast*, October 21, 2022; Alicia Kelso, "New Traffic Data Suggests McDonald’s Cactus Plant Flea Market Collaboration Is the Chain’s Most Successful to Date," *Nation's Restaurant News*, October 13, 2022; YeEun Kim, "McDonald's Adult Happy Meal Toys Resell for $300K USD," *hypebae.com*, October 20, 2022; "New Adult Happy-Meals Are Killing Me," *reddit.com*, October 3, 2022; Shawn Cooke, "Despite Sellouts, There’s Still Mass Interest in McDonald’s Adult Happy Meals," *Civic Science*, October 19, 2022

Use with Chapter 11, "Customer Relationship Management"

When McDonald's announced the launch of its brand new, limited edition, adult-themed Happy Meals, customers quickly expressed how much they lovin' it. Maybe a little too much.

The Adult Happy Meals come in newly redesigned boxes, but they feature the food that customers are likely to expect—Big Macs, Chicken McNuggets, fries, and a drink—plus, as most Americans remember from their childhoods, a precious plastic toy. The toys offer a clear nod to nostalgia, featuring updated takes on old favorite characters like Grimace, Birdie, and the Hamburglar. But they also introduce a new character, Cactus Buddy, a wobbly-smiled, yellow humanoid wearing a McDonald's-branded t-shirt and cap (but, alas, no pants).

The whole package was created in collaboration with Cactus Plant Flea Market, a streetwear and sneaker brand known for having partnered in the past Nike on apparel and shoes. It also has created merchandise for many popular musicians, including Lil Wayne, Kid Cudi, and N.E.R.D.

The CPFM × Mickey D's collaboration has been a massive hit. Foot traffic to McDonald's restaurants increased by 37 percent on the week of the launch, compared with the same period in the previous year. The Adult Happy Meal is reportedly McDonald's most successful collaboration in history—bigger, even, than its 2020 promotion of the Travis Scott Meal that led to a nationwide Quarter Pounder shortage.

In this case though, it's not the Quarter Pounders that are in short supply and great demand. It’s the toys, which are appear on secondary markets like eBay for some astonishing prices—as much as $30,000 apiece after Happy Meals sold old, in rapid fashion, in some locations. One eBay user listed a package of unopened toys for $300,0000 (it sold for a best offer, so we do not know the final sale price). Some McDonald's employees in turn have taken to Reddit, scribing long threads of complaints about how busy their stores are, and how hard their jobs have become, since the introduction of the Adult Happy Meals. It just goes to show that one person's Happy Meal can be another's unhappiness.

Back to Top

Discussion Questions:

1. What makes the Adult Happy Meal so appealing? How does collaborating with Cactus Plant Flea Market contribute to this success?
2. What should McDonald's try for its next collaboration?
3. Could other fast food chains launch similar nostalgia-rooted collaborations?

Back to Top

Organized Retail Crime Has Reportedly Become a $100 Billion Problem for Stores

Brian Sozzi, "Target: 'Organized Retail Crime' Has Driven $400 Million in Extra Profit Loss This Year," *Yahoo*, November 16, 2022; "Target CFO Talks Earnings, Inflation, and Consumer Trends," *Yahoo*, March 1, 2022; Avery Hartmans and Ben Tobin, "Organized Retail Crime Has Ballooned into a $100 Billion Problem—and Store Employees Are Dying over It," *Insider*, December 18, 2022; "The State of National Retail Security and Organized Retail Crime," *cdn.nrf.com*, September 14, 2022; "HSI, ACAMS Take Aim at Organized Retail Crime," *ice.gov*, June 1, 2022; Gabrielle Bienasz, "Organized Retail Theft Could Lead to Stores Closing," *LA Times*, December 7, 2022

Use with Chapter 12, "Managing the Merchandise Planning Process"

By the end of 2022, Target expects to have lost some $600 million in profits, due to sticky-fingered thieves stealing goods from its retail stores. Walgreens has seen a more than 50 percent rise in retail theft since 2019. The National Retail Federation's 2022 Retail Security Survey finds this "retail shrink" is now a nearly $100 billion problem.

You might imagine that much of this shoplifting comes from pinched consumers who, struggling in inflationary times, are literally taking things into their own hands. But no—these thefts are actually part of a large-scale criminal enterprise, according to retailers and experts, with crime rings that lift lots of merchandise, then sell the pilfered goods online. The proceeds are laundered by professional fencers.

Organized retail crime, as this shady business is known, is not just a threat to the businesses being stolen from—though Walmart's CEO Doug McMillon, for one, says the company may close some retail stores as a result of it (and/or raise prices). Aggressive thieves have hurt, and even killed, store employees while committing their crimes.

There are other victims, too. Some organized retail crime gangs may engage in human trafficking, "where in many instances they'll work with individuals bringing immigrants over the border, and in order to pay their fees to get across the border, they'll utilize them as boosters to steal merchandise," National Retail Federation vice president of asset protection and retail operations David Johnston explained. A New York City police captain raised the prospect that the criminal proceeds are being used to buy guns and fund further crime.

In response to this growing criminal industry, retailers are investing heavily in more anti-theft measures. These include tech solutions like AI-based video surveillance at checkout, putting attractive goods behind glass, and deploying security robots. One-third of the retailers surveyed by the NRF noted that they would be adding organized retail crime teams in place in their stores.

Companies are getting some help from the U.S. government too. Homeland Security Investigations (HSI) and the Association of Certified Anti-Money Laundering Specialists (ACAMS) put out a joint report to help retailers combat organized retail crime. The U.S. House of Representatives passed a bill, the INFORM Consumers Act, that would require online retailers to verify the identities of third-party sellers moving a lot of goods, and it introduced another

Back to Top

bill to set up an organized retail crime center in the Department of Homeland Security. Neither bill has become law, but there's always next session.

"This is not petty theft. It's not somebody who can't afford to eat tomorrow. These are gangs that actually go in and empty our stores of beauty products," James Kehoe, the chief financial officer of Walgreens, explained during an earnings call. "As with all of our peers, it's a real issue."

Discussion Questions:

1. What can stores do to combat organized retail crime?
2. What should the government do to help protect stores and employees against organized retail crime?
3. Is there anything consumers could, or should, do to help fix this problem?

Back to Top

Fashion Brands Increasingly Ask: Why Work Alone, When Collaboration Is So Much More Exciting (and Lucrative!)

Gabrielle Becerra Mellet, "The Most Iconic Luxury Collaborations to Indulge in 2022 (so Far)," *The Market Herald*, April 11, 2022; "Let's Make Better Denim: H&M Drops a Circulatory-Driven Capsule Collection." *about.hm.com*, August 18, 2022; Zoe Snell, "Manolo Blahnik Meet Birkenstock," *The Market Herald*, March 18, 2022; "The Many Advantages of Capsule Collection for Brands," *ateliers-ame.com*, June 7, 2022; Layla Ilchi, "The Biggest Fashion Collaborations of 2021," *WWD*, December 20, 2021; Layla Ilchi, "The Biggest Fashion Collaborations of 2022—So Far," *WWD*, June 30, 2022; Anna Solomon, "Fashion Collaborations Have Reached Fever Pitch. How Did We Get Here?" *Luxury London*, January 14, 2022; "Vetements x DHL: A Lesson In Brand Partnerships," *dhl.com*, March 4, 2022

Use with Chapter 12, "Managing the Merchandise Planning Process"

Manolo Blahnik and Birkenstock may seem, at first glance, like they serve opposite segments of the broader high-end shoe market. But the two brands—one known for ultra-expensive sexy stilettos, the other for costly cork-soled comfort shoes—joined forces this year for a very successful capsule collection. In addition to merging their distinctive styles, the collaboration allowed both companies to find purchase in each other's markets, as well as attract a whole lot of media attention.

If collaborations between clothing brands—or between fashion brands and celebrities—once seemed unusual, today they are everywhere. The publication *Luxury London* traces the explosion to early in the 2000s, when a wildly successful collaboration took place between the Swedish fast fashion brand H&M and the super high-end fashion designer Karl Lagerfeld. The 2004 collaboration "was an eye-opener for the fashion world," because it showed that "Collaboration, once shunned as a form of brand dilution, was now a leading and lucrative strategy."

As that description implies, collaborations offer varied and multiple advantages to both customers and brands. Many of these joint efforts involve high-end brands and mass market labels, so for shoppers, they provide great novelty and access to aspirational brands—plus the obvious appeal of feeling like a savvy shopper who knows how to buy couture looks on an off-the-rack budget.

In turn, the companies engaged in such collaborations gain the ability to tap into each other's unique expertise, budgets, target markets, and reputations, to both of their mutual benefit. For example, when the luxury streetwear brand Supreme decided to take a foray into footwear, instead of designing and creating sneakers from scratch, it agreed to collaborate with the existing brand DC Shoes. By leveraging the experience of DC Shoes and the ultra-hip brand image of Supreme, the outcome was a $500 million shoe business.

With such seemingly universal benefits in mind, what would stop other brands from expanding the capsule collection idea beyond the seemingly obvious products markets of clothes or shoes? Nothing, it seems. Some brands

Back to Top

even are building links across categories. When the luxury streetwear brand Vetements launched in 2014, it caused a stir (and got its name mentioned frequently in news reports) by collaborating with the shipping company DHL. Other well-promoted cross-industry collaborations include Balmain and Barbie, Frame Denim and The Ritz Paris, and the Japanese designer brand NIGO and KFC, which produced a fried chicken–themed sportswear collection.

In this age of no-holds-barred collaboration, brands may have to find new ways to go even further to surprise tired, worldly shoppers with novel offerings. And that's another way of saying to companies: Better use your creativity to meet the challenge!

Discussion Questions:

2. What are some of the reasons brands seek to collaborate with one another? Does your answer differ for luxury versus mass market brands?
3. Name some creative collaborations that you think might be successful, whether among fashion brands or between fashion brands and other types of companies.
4. Can you imagine some ways or reasons that such collaborations might fail?

Back to Top

Paying More or Less for Pizza, Depending on the Time of Day: Can Dynamic Pricing Work for Restaurants?

Sherri Kimes, “Is It Time for Dynamic Pricing in the Restaurant Industry?” *QSR Magazine*, October 25, 2022; Tom Ryan, “Will Dynamic Pricing Work for Restaurants?” *Retail Wire*, November 4, 2022; Tom Kaiser, “Juicer Says Dynamic Pricing Aids Labor, Delivery Cost Pressures,” *Food on Demand*, August 18, 2022

Use with Chapter 14, “Retail Pricing”

Late at night, after a concert or party or other social event, have you ever thought to yourself, “I would give anything for a piece of pizza/burger/pint of orange chicken right now!”? That’s the kind of attitude that makes sellers of such food options salivate, because it means that as a consumer, your price sensitivity has been overwhelmed by your need, or at least your powerful desire, for a tasty snack.

If you, like most consumers, express varying willingness to pay for the same foods, then naturally, the providers should be charging different prices. But how can they know precisely when you will be most willing to pay more, or alternatively, when you can be attracted by lower prices? Emerging trends in the restaurant industry, supported by advanced technologies and big data gathered through digital ordering channels, suggest some promising options for implementing dynamic pricing strategies effectively, in ways that benefit both restaurant operators and their customers.

Consumers’ increasing reliance on digital ordering and delivery options has led to a vast increase in the amount of information available, about who wants to eat what and when, as well as how much they are willing to pay for it. If data indicate, for example, that stay-at-home parents are clicking through quickly and repeatedly to order coffee that will be ready as they make their run to drop off the kids at school, coffee shops likely can raise prices a bit and still keep them happy. By tracking entertainment options and scheduled end times, pizza shops right next to a concert venue could add $1 per slice at the moment the show lets out, probably without disturbing hungry music fans in the least.

But dynamic pricing is not just about raising prices. Restaurants can track when their capacities are being underused, such that they are not making as much profit as they could from their ovens, staffers, and inventory, such as during mid-afternoon hours. At those times, they can and perhaps should offer deep discounts on particularly popular menu items to encourage consumers to consider eating their lunch a little later. In so doing, they can optimize their labor strategy (e.g., ensure servers have enough tables to make a living wage), spread their delivery services out to reduce long waits during busy times, avoid unused equipment capacity, and appeal to consumers who might have been dying for a steak but felt unable to pay full price. This general idea underlies the concept of happy hours, but with advanced data analysis capabilities, restaurants can shift their pricing more precisely to draw in more consumers.

The software applied to design dynamic pricing strategies continues to improve in its predictive ability and accuracy, based of course on ever-growing amounts of data. The software designers also rely on insights gained in other markets that are successfully using dynamic pricing, such as ride-sharing services. In turn, one provider suggested to a sports arena client that it should tout a discounted price for food and drinks ordered while the game was playing, rather than between periods. With such an approach, the service provider allows consumers to select the price they prefer: Are they willing to miss a few plays to save a few cents, or are they willing to pay more for the ability to watch every pass, block, and shot attempt?

Back to Top

But companies also need to take care with frequency and visibility of constant price changes, due to the often communal consumption setting that takes place in restaurants. If a consumer pays a certain price for a Chipotle bowl, then hears the person behind them in line order the same thing but get charged a higher price, Chipotle is likely to find itself subject to some anger and frustration. If a consumer visits the same storefront nearly every day to grab dinner but must pay different prices every time they visit, they might not return. Thus, restaurants need to make the rationale for distinct prices clear. People will pay more if they're hungry for the offering, as long as they know what they need to pay and why.

Discussion Questions:

1. In addition to previous purchases, what kinds of data might restaurants gather and use to define their dynamic pricing strategies?
2. How can restaurants learn which consumer segments they should target with dynamic prices?
3. Ride-sharing services already use dynamic pricing, and restaurants are starting to adopt it. Can you name any other industries that might leverage this pricing tactic effectively?

Back to Top

Marketing Content to Content Marketers: The Growing Market for AI-Produced Material

Christopher Mims, “Can You Tell Whether this Headline Was Written by a Robot?” *The Wall Street Journal*, November 12, 2022; Mikael Thalen, “Don’t Fall for this Keanu Reeves Deepfake on TikTok Like Millions of Others Already Have,” *Daily Dot*, September 23, 2022

Use with Chapter 15, “Retail Communication Mix”

There is a growing market for content, and accordingly, a growing range of sources for such valuable offerings. Although the implications of such growth are interesting and meaningful for consumers, it also is changing the game for a lot of small, medium, and even large firms in their own efforts to engage in effective marketing.

In particular, as nearly every firm seeks to develop personalized, targeted messages and information to share with potential buyers, a new service industry is providing them with relevant content, by leveraging advance technologies and AI-derived insights. Automated text generators have become quite sophisticated, such that for most readers, it is difficult to distinguish human- from machine-written articles, blog posts, and reviews—and even romance novels. Companies thus can use these automated tools to produce content, quickly, inexpensively, and effectively.

For example, companies seeking to enhance their search engine optimization, such that online searchers are more likely to come across links to their sites, might pay to have a robot generate an article about a relevant topic, with embedded links to their sales site. Imagine that you want to figure out how to take a tax deduction for some of your education expenses, so you do a quick search with some relevant keywords. An accountancy that has hired a bot to write up an informative article about that very topic is likely to attract your attention. If the article is really good, it might even be enough to get you to click on an embedded link that takes you to the accountancy’s site for a quote to do your taxes for you.

The tech capabilities are not limited to text; other AI-enabled service providers generate videos and audio content for companies hoping to reach consumers through such channels. Thus a video that pops up in social media feeds might have been generated in conjunction with an algorithm that already knows what each user seeks out when browsing. One company competing in this domain specializes in cloning efforts, such that it creates convincing video versions of people reciting lines that they never said in reality. Similar to deepfake applications, such developments raise some questionable ethical conundrums—just ask Keanu Reeves, who is the subject of an entire, dedicated TikTok page that only posts deepfake videos of him engaging in random and strange behaviors.

But overall, automating content creation, supported by vast data analysis capabilities for targeting and personalization (better than any human author could manage), implies that the volume of content available will continue to grow in leaps and bounds. One estimate predicts that by about 2025, 90 percent of all digital content will be generated automatically—maybe even these abstracts someday.

Discussion Questions

1. How can companies best leverage auto-generated text provided by service firms to reach their own customers?
2. Can you tell the difference between auto-generated and human-written text? Are you sure?

Back to Top

An Innovative Car-Buying Platform with Some Major Service Gaps

Chris Teague, "Michigan Suspends Carvana's Dealer's License for Repeat Violations [UPDATE]," *Yahoo*, October 10, 2022; Derick Hutchinson, "Novi Car Dealership Suspended for 112 Title Delays, 127 Probation Violations, Destroying Documents," *clickondetroit.com*, October 10, 2022; Jacob Oliva, "Carvana in Hot Water Again, This Time for Alleged Violations in Michigan," *motor1.com*, October 13, 2022; Lisa Parker and Tom Jones, "Judge Gives Carvana Green Light to Sell Cars in Illinois Ahead of Late-August Hearing," *NBC Chicago*, August 8, 2022; C.J. Moore, "Carvana Averts Suspension of Its Dealer License in Florida," *Automotive News*, February 2, 2022; Brad Anderson, "Carvana Set to Keep Dealer License in Florida Despite Not Transferring Titles," *Carscoops*, February 3, 2022

Use with Chapter 18, "Customer Service"

Carvana’s website offers a very simple, cool platform that allows shoppers to search for and buy used cars. Even cooler, the cars are stored in vehicle "vending machines," a novel storage solution that the company promotes widely in its advertising and marketing materials, seeking to establish and emphasize the innovativeness it brings to all its practices.

But after the cars roll out of the vending machines and into purchasers' lives, being cool and innovative might not be enough to keep them satisfied. For that, they need the company to be sort of boring, such that it lives up to their basic service expectations. Instead, Carvana keeps getting people excited, but not in a good way. It stands accused of habitually failing to provide titles to the cars it sells, and otherwise not fulfilling its legal obligations to purchasers, which seems like a bare minimum for keeping customers happy—and keeping regulators from taking action.

Instead, the Michigan Department of State already suspended a Carvana dealership's license after investigators discovered hundreds of title delays and probation violations. It also identified problematic evidence that dealership employees had destroyed documents and failed to maintain accurate odometer records. The investigation was prompted by complaints from customers about not receiving their car titles.

This Carvana dealership had previously been placed on probation—twice—but, according to ClickOnDetroit, customer complaints kept rolling in. ClickOnDetroit also reports that the Michigan Department of State is moving toward revoking the dealer's license completely. Now, honk if you think this is the only instance of a Carvana dealership running into some legal trouble.

The Illinois Secretary of State's office suspended Carvana's license twice in 2022 over consumer complaints about missing titles and registrations. (A state court reinstated the license pending the resolution of a lawsuit.) Carvana avoided having its license suspended in Florida, after (and this might sound familiar) failing to transfer car titles to purchasers. The Florida Department of Highway Safety and Motor Vehicles let Carvana keep operating after it had made some “significant progress” in filing title applications within the required 30-day time period.

Sometimes innovative offerings produce service gaps because customers lack the skills or ability to use the offering correctly, or because their expectations don’t take into account what the service actually promises to do. But

Back to Top

sometimes, service gaps open up because an innovative car vending machine operator just does not like to do paperwork. Vroom vroom.

Discussion Questions:

1. Are Carvana's problems inherent to the platform, or can they be fixed?
2. What are some other examples of service gaps?
3. How should Carvana assure nervous customers, who are wary of using the platform because of these legal problems?

Back to Top

Marketing Tidbits

Do Fine Jewelry Customers Care About Sustainability? Prada Thinks So

Laura Rysman, "Prada Focuses on Sustainability in 'Disruptive' Fine Jewelry Debut," The New York Times, November 21, 2022

Use with Chapter 5, "Customer Buying Behavior," and Chapter 10, "Information Systems and Supply Chain Management"

Sustainable fashion is all the rage, and now fine jewelry may be getting in on the trend. Prada—the ultra-fancy, trend-setting Italian luxury clothing brand—has just launched a brand new jewelry line, featuring 48 pieces made entirely of recycled gold and ethically sourced pavé diamonds. Prada spent three years sourcing materials to meet its environmental and ethical standards before the launch. Some of the gold comes from discarded electronics, some from old jewelry. The diamonds are mined, which doesn't sound very green, but Prada says they meet the Responsible Jewelry Council's Chain of Custody environmental and humanitarian Code of Practices. Prada also says that its suppliers have been subjected to audits by the company itself, as well as by third-party inspectors from the Responsible Jewelry Council. What's behind Prada's venture into jewelry that doesn't just look pretty, but is also better for the Earth? This choice to go green appears spurred in part by consumer demand—and in part by a mission to lead the way in the jewelry industry. Whether others will follow suit is an open question. The success of this collection is not. According to Timothy Iwata, Prada's jewelry director, portions of the collection have sold out, and "we can't keep up with the demand for the moment."

Target and Marks & Spencer are Making Luxury Goods Affordable

George Anderson, "Can Marks & Spencer Help Target Recreate its Designer Collab Magic in Grocery?" Retail Wire, November 1, 2022; https://www.target.com/c/project-wildcat/-/N-s80gx

Use with Chapter 6, "Retail Market Strategy," and Chapter 13, "Buying Merchandise"

As we have recounted previously in these abstracts, Target was something of a game-changer when it came to introducing luxury, exclusive labels and brands to regular shoppers. In infamous, innovative experiments, the mass market retailer made Lilly Pulitzer dresses, Marimekko rugs, and Michael Graves housewares available to regular customers—at least until the popular items sold out. The successes these partnerships bring for all parties have led to their persistence for more than 20 years, as well as Target's continued efforts to find new collaborations, with an extended view of what makes for a good partner. As a grocery retailer, Marks & Spencer might not seem relevant; it is not a luxury brand in the conventional sense of the word. But the U.K. retailer has a strong, high-end reputation, due to its ability to make grocery shopping seem like an entertaining diversion. Known for turning stores into holiday wonderlands, Marks & Spencer evokes pleasure and attainable luxury. In collaborating with it, for a limited holiday product line, Target is giving customers a means to decorate their holiday dinner tables with fancy salted caramels shaped like pinecones or glittering chocolates. Or they might purchase an array of British delicacies, like shortbread in decorative lanterns, to share as gifts that signal their good taste (literally and figuratively). In line with the overall motivation for Target's collaborative strategy, the offerings are fancy but affordable; shoppers get to signal that they are classy enough to indulge in British treats, while still keeping their holiday budgets intact.

Nike's "Footballverse" is Finding the World's Best Soccer Player… without Messi?

Natalie Venegas, "Nike's Wildly Fun World Cup Ad Digitally Unites Soccer Legends to Determine Who's Best," *Adweek*, November 16, 2022; Sam Jarden, "Nike World Cup Commercial 2022: Inside 'Footballverse' Ad Starring Ronaldinho, Cristiano Ronaldo, Alex Morgan and More," *The Sporting News*, November 24, 2022; Diksha Madhok, "Lionel Messi's World Cup Photos Are Most-Liked Instagram Post Ever," *CNN*, December 21, 2022

Back to Top

Use with Chapter 15, “Retail Communication Mix”

Before the actual soccer matches of this year's World Cup, Nike released a super fun and inventive—and long, at almost 4.5 minutes—commercial, celebrating the sport, the athletes, and the fans. “Footballverse” imagines a group of scientists who, wanting to find out who is the best soccer player, press some buttons and magically transport a dozen soccer stars to their secret Swiss lab, which has been hastily transformed into a makeshift soccer field. The greats from past and present include Alex Morgan, Carli Lloyd, Cristiano Ronaldo Jr., Edgar Davids, Kevin De Bruyne, Kylian Mbappé, Leah Williamson, Phil Foden, Ronaldinho, Ronaldo Nazário, Sam Kerr, Shane Kluivert, and Virgil van Dijk, as well as some cartoons (who are kicked off the field by the referee). In the ad, they compete against one another, showing off moves—and, in the case of Ronaldo Nazario, his famously strange haircut—in a joyful display that can bring even the sports-allergic into wanting to be part of this game. The ad ends on an inspiring note (or depressing, maybe, if you're one of today's players)—the camera landing on the silhouettes of not yet identified athletes, over which is written the words "You're Up." Of course, watching “Footballverse” after the conclusion of this year's games makes it impossible not to notice one athlete who is missing from the commercial: Lionel Messi, the legendary Argentinian soccer player who finally won his first World Cup in 2022—his World Cup photos are the most liked posts on Instagram *ever*—and who said that this would be his last time competing. Messi is represented by adidas.

Back to Top