RETAILING
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Newsletter for Instructors

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

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- Independent Bookstores Find Renewed Success After the Pandemic **(Chapters 2 & 17)**
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Here's Why Hotels Want to Spy on You

Use with Chapter 2, "Types of Retailing" and Chapter 6, "Retail Market Strategy"

Hotels want to learn *all* about their guests—who you are, what you're interested in, where you shop, what you like and hate. It's not because they're nosy, but because by collecting this first-party data (i.e., data they collect themselves, based on consumer interactions, instead of relying on third-party cookies, which are problematic and limited, for a variety of reasons), they believe they can sell visitors, travelers, and consumers more stuff while also making them want to buy even more.

The travel marketing platform Sojern recently released some interesting survey results along these lines, noting that 81 percent of hoteliers say they have seen an increase in revenue due to implementing their first-party data strategies. In an apparent win–win scenario, 57 percent of hotel executives who run what Sojern calls the largest global brands indicated that guests also appeared more satisfied with their services and properties too, after those companies had implemented their first-person data strategy. That is, first-party data collection seems to be good for business, while also providing a tool for making customers happier.

Beyond that immediate dyadic interaction, first-party data can serve additional purposes. Namely, hotels potentially can take the first-party data they collect and sell it to third parties, which then use it to market to consumers. But the sustainability of such options may be limited. In today's technology contexts, expanding privacy laws make it far easier for consumers to avoid sellers' uses of cookies. If a lot of consumers start to opt out of being tracked by most websites, then first-party data constitute the primary or even only source of information that marketers can use.

At Marriott, an innovative and novel media network offers an interesting case for how to apply first-party data systems in practice. On the Marriott Media Network, which launched in May 2022, outside companies may advertise directly to hotels' customers, through an "omnichannel cross-platform advertising solution for brand advertisers, enabling curated content experiences and offerings to guests throughout their travel journey," according to a press release.

Created in collaboration with Yahoo, the network displays advertisements on the hotel chain's websites, through its app, and, eventually, on in-room televisions. The promoted offerings include products, entertainment, travel-affiliated services like ground transportation, and other goods and services that could be of use to a weary, or energetic, traveler. According to a Marriott International executive, the goal is "really about connecting advertisers that will be able to fill some of those needs in our ecosystem and bring it together in one spot."

But Marriott's first-mover advantage might not last long, if the Sojern survey is accurate, because nearly every hotelier now wants to create its own, proprietary, first-party data strategy. Such moves suggest the possibility of a vast, industry-wide disruption, with diverse implications for both providers and consumers in the hospitality industry.

Discussion Questions:

1. What can hoteliers do with first-party data to improve their business?
2. Are other hotel chains likely to develop news networks similar to Marriott's?

Sources: Megan Graham, "Marriott Rolls out Media Network that Lets Brands Reach Travelers on Its Apps and TV Screens," *The Wall Street Journal*, May 16, 2022; "Marriott International Introduces Travel Media Network, Powered by Yahoo," *PR Newswire,* May 16, 2022; Aaron Baar, "Hotel Brands Boost Revenue after Harnessing First-Party Data, Report Finds," *Marketing Dive,* December 5, 2022; "81 Percent of Hoteliers See a Lift in Revenue Once a First-Party Data Strategy Is Implemented," *sojern.com,* November 30, 2022

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Independent Bookstores Find Renewed Success After the Pandemic

Use with Chapter 2, "Types of Retailers" and Chapter 17, “Store Layout, Design, and Visual Merchandising”

In March 2020, many booksellers feared that the advent of the COVID-19 pandemic would ring a death-knell for independent bookstores. With lockdowns preventing customers from visiting bookstores in person, there was nothing to stop consumers from purchasing books at lower prices from large online retailers like Amazon, which sells books at a loss to attract customers.

However, contrary to all expectations, the bookstore business is flourishing. Independent bookstores have seen renewed popularity since the pandemic: More than 300 new independent bookstores have opened in the United States since June 2020. There are also more than 200 new stores preparing to open in the next couple of years, according to the American Booksellers Association.

Bookstore owners explain that this surprising development may be because bookstores are more accessible and easier to open, due to reduced upfront costs. Store closings associated with the pandemic drove down rent prices, allowing some bookstores to open physical locations at lower costs than they would have faced before the pandemic. Other bookstores found their footing in lower-cost, alternative storefronts, like mobile, pop-up, or online locations.

These new, independent bookstores are achieving great success. Bookstore sales have grown 31.6 percent, to $633 million between 2020 and 2021, which is only $6 million lower than the total reported in 2019. Furthermore, bookstore sales appear likely to continue to grow beyond pre-pandemic levels. Bookstore sales were 19.4 percent higher between January and April 2022 than over the same period in 2021. Demand for print books is also growing. Even when consumers were not able to visit stores physically, print book sales increased by 10 percent over 2020 and then 9 percent in 2021.

But why are readers choosing to purchase books from brick-and-mortar stores rather than cheaper retailing giants like Amazon? The answer may lie in shifting customer priorities, as customers search for the community spaces that independent bookstores provide, rather than just looking to purchase books at a low price.

This wave of new independent bookstores also reflects a shift toward a greater community focus and more diverse ownership. The number of Black-owned bookstores, for example, has increased, from 54 in 2014 to 111 today. Many of these new independent bookstores also offer community services. Yu and Me Books in Manhattan distributed safety alarms and pepper spray canisters to mitigate anti-Asian hate crimes. The Black Worldschoolers Mobile Bookstore in Indianapolis makes an explicit commitment to share more stories written by Black authors. The success of independent bookstores thus might lie in the fact that they are no longer just places to sell books. They are also cultural, social, and community centers.

Discussion Questions:

1. Why are customers buying books from independent bookstores?
2. Could independently owned businesses in other sectors see similar success? Why/why not?

Sources: Jim Milliot, “Bookstore Sales Rose 31% in April,” *Publishers Weekly*, June 16, 2022; Alexandra Alter and Elizabeth A. Harris, “Some Surprising Good News: Bookstores Are Booming and Becoming More Diverse,” *The New York Times*, July 10, 2022; Hillel Italie, “Indie Booksellers Grew in Number, Diversity in 2021,” *The Associated Press*, June 15, 2022; Hillel Italie, “2021 in Books: ‘Everything Feels Magnified,’” *The Associated Press*, December 10, 2021; Elizabeth Gabriel, “New Mobile Bookstore Drives Interest in Black Stories,” *WFYI*, July 12, 2022; Andrew R. Chow and Annabel Gutterman, “Indie Bookstores are Fighting to Survive the Pandemic. A New Movement May Have the Answer,” *Time*, April 22, 2020; Judith Rosen, “Another Pandemic Surprise: A Mini Indie Bookstore Boom,” *Publishers Weekly*, October 15, 2021; Jim Milliot, “Print Books Had a Huge Sales Year in 2021,” *Publishers Weekly*, January 6, 2022.

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Uber Eats Put out a Halloween Film that's Scarily Good

Use with Chapter 3, "Digital Retailing" and Chapter 5 "Customer Buying Behavior"

For the annual scare- and candy-fest, U.S. consumers now spend more than $10 billion each Halloween. It thus is no wonder that companies are upping their efforts to get their bite of that candied apple of revenue.

Papa John's, for example, partnered with the jeweler Black Feather Design to develop a Stranger Bling pendant necklace. The pendant's appearance is evocative of a container of the company's garlic sauce, and it is the perfect size to hold a real garlic clove—because garlic, of course, repels vampires. The necklaces, which retail for $123, also claim to have anti-werewolf properties, because they are made of sterling silver. (We note that it remains unclear if the pizza makers really have the data to support such claims.) To launch and promote the Stranger Bling necklace, Papa John's released a 30-second film. The necklace certainly is front and center, but there is not much in the way of narrative or character development.

Papa John's distinctive and unique foray into spooky baubles thus looks like child's play in comparison with Uber Eats's Halloween marketing campaign. It hired an actual film director—Dan Trachtenberg, responsible for the recent big hit *Prey*, as well as *10 Cloverfield Lane* and various other film, television, and podcast projects—to make *Don't Run Out*, a short horror film starring Keke Palmer. The film puts Palmer and two friends in a creaky house, where they realize they are running out of candy. Palmer tells her friends how a family disappeared under similar circumstances on a previous Halloween, citing the urgent need to get more of the sweet stuff. As Palmer goes to place an order on Uber Eats, the electricity goes out, and—well, no spoilers. Just watch the film; it's only 3 minutes long.

But the film is more than a prestige project, such that it offers relevant marketing promotions throughout. Uber Eats hid $1 million worth of discount codes inside the film. Of course, it feels confident it can cover those costs; the food delivery service raked in $2.77 billion in revenues in just the third quarter of 2022, up from $2.24 billion the year before.

Are such advertisements effective? Uber Eats has not released any metrics, but the *Don't Run Out* video quickly logged nearly 100,000 views on YouTube. It also earned praise from industry observers, including Aptos Retail's director of retail industry insights, who waxed rhapsodic in a blog post, praising the branding, the customer value, and more: "I love the 'don't run out' hook; I love the brand building; I love the offer; I love the production; and yes, I suppose I do love the star," writes David Bruno. "And I am guessing Uber Eats' target customers will too."

Discussion Questions:

1. Why would a company launch an expensive Halloween campaign like *Don't Run Out*?
2. How would you measure the success of this campaign?
3. Can you think of some attention-getting Halloween campaigns other companies might want to try in 2023?

Sources: "Don't Run Out," *adsoftheworld.com*; Mikala Lugen, "Uber Eats Short Film Hides $1 Million in Candy so You Don't Run out This Halloween," *Mashed*, October 19, 2022; David Bruno, "Are Halloween Campaigns that Try to Scare up Engagement Missing the Mark?" *Aptos*, October 31, 2022; Lenore Fedow, "This Halloween, Papa John's Garlic Necklace Will Shield You from Vampires," *National Jeweler*, October 20, 2022; Amy Phillips, Duncan MacLean, "Halloween Spending Expected to Exceed $10 Billion," *WWLP*, October 25, 2022; "Papa John's Launches Garlic Dipping Sauce Necklace for Halloween," *QSR*, October 19, 2022; Gennaro Cuofano, "Uber Eats Revenue Q3 2022," *fourweekmba.com*, November 1, 2022

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TikTok Social Listening: Chasing Virality

Use with Chapter 4, "Multichannel and Omnichannel Retailing" and Chapter 15, "Retail Communication Mix"

TikTok is renowned for its data collection strategies. As it entered the mainstream in 2020, information about its data collection practices flooded the news. Some authors called those practices "invasive;" others went so far as to claim a "national security risk." Former President Donald Trump announced that he intended to ban TikTok, citing its data collection practices and ties with the Chinese government. India banned TikTok altogether.

But the data TikTok directly collects from its users represent only the tip of the iceberg of information available on the app. Users' interactions with the app, from video uploads to likes, also generate data about their interests and preferences. In response, in their efforts to understand how Gen Z consumers perceive and interact with their products, many companies seek to exploit the artificial intelligence and software available through the streaming site to collect and analyze user-generated content, as part of their social listening strategies.

To assist them, data analytics companies collect customer experience insights from videos uploaded to TikTok and analyze each component of every video in detail. To select relevant videos, an application programming interface (API) collects all videos uploaded with a particular hashtag. Then the API uses a text-to-speech neural network to turn the video's audio into text; it conducts a sentiment analysis on that text. Furthermore, it detects and analyzes any text captions overlaid onto the video. The API can recognize all branded content in the video, including images, logos, or audio. TikTok's social listening APIs also collect sentiment information from text comments and hashtags.

With these analyses, companies gain substantially improved capacities to understand how TikTok's audiences interact with their products. Analyses of hashtags unrelated to their products also can give companies insights into potential and currently unmet consumer interests and values.

Consider how the international nongovernmental organization (NGO) Greenpeace uses a social listening software, called the All Ears API, to understand how users interact with its brand. The API automatically monitors TikTok and alerts Greenpeace when it is mentioned on the platform, then adds general insights about when users tend to mention Greenpeace, whether they express positive or negative attitudes toward the NGO's publicity efforts, and which users are most likely to discuss Greenpeace.

Many for-profit companies such as Walmart, Volkswagen, and Canon also use All Ears. These uses make obvious sense: The TikTok-oriented social listening APIs are particularly effective for for-profit companies, because of TikTok's shopping- and brand-centric culture. Many users share information about products or brands they particularly love or hate. The hashtag #TikTokMadeMeBuyIt, which users attach to their posts to share products they were pushed to purchase on TikTok, has more than 28.6 million views. Viral TikTok videos have the power to drive trends and make or break businesses. The Pink Stuff, a cleaning paste for hard surfaces, remained relatively unknown for 15 years, with sales at about $2.6 million, until videos of people using the pink paste to clean went viral on TikTok, some with more than 250 million views. Sales of the Pink Stuff then increased by more than $30 million. By being able to detect TikTok users' sentiments about their brands early on and tailor their content accordingly, companies using social listening APIs can set themselves up to go viral.

Discussion Questions:

1. How can social listening help boost a brand's success on social media?
2. What metrics should companies analyze to best understand how TikTok users view their products?
3. Could other brands benefit from using social listening strategies on TikTok? Which ones?

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Sources: “TikTok for Social Listening: Analytics with Insights,” Repustate, January 19, 2022; “How Brands Monitor What People Say about Them on TikTok,” All Ears, April 20, 2022; Liz Gross, “How to Use TikTok for Social Listening,” The Social Intelligence Lab, https://thesilab.com/how-to-use-tiktok-for-social-listening/; “This Is the PR Value for Greenpeace Nordic Right Now,” All Ears, January 24, 2022; Vanhishkha Bhargava, “Complete Guide to Social Listening on TikTok,” radarr, October 25, 2021; John Herman, “Will TikTok Make You Buy It?” The New York Times, October 2, 2021; Kailey Huang, Isabella Simonetti, and Tiffany Hsu, “TikTok Builds Itself Into an Ads Juggernaut,” The New York Times, November 14, 2022; Rafqa Touma, “TikTok Has Been Accused of ‘Aggressive’ Data Harvesting. Is Your Information at Risk?” The Guardian, July 19, 2022.

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Trusting Environmentally Safe Marketing Claims Remains Unsafe for Consumers

Use with Chapter 6, "Retail Market Strategy"

Costco advertises its Kirkland Albacore Tuna as “dolphin safe,” seeking to appeal to environmentally conscious and animal-loving consumers. Only this marketing claim is not exactly true, according to a class-action lawsuit filed in California federal court that alleges, among other things, that Costco's claim that its tuna products are “100% traceable from sea to shelf,” also is misleading and deceptive.

In more detail, the lawsuit alleges that the company contracted the supply and manufacturing of its private-label tuna to Bumble Bee Foods, which acknowledges on its own websites that it uses longlines to harvest tuna and albacore. Longlines, which can reach as much as 60 miles in length, are covered in baited hooks—as many as 10,000 of them—and dragged behind fishing vessels. This method of fishing is notorious for its environmental harms, including its terrible propensity for "bycatch." That is, with longlines, animals not intended as part of the haul are frequently caught and killed, including dolphins and whales.

"Greenwashing" refers to practices in which a company markets itself and its products as being sustainable and environmentally friendly, whereas in truth, its offerings are just as rotten for the environment and irresponsibly produced as anything marketed by “non-green” competitors. Companies from all over the economy stand accused of such practices, with examples ranging from Thinx period underwear, which allegedly uses harmful chemicals even as it makes strong environmental claims; Burt’s Bees Cosmetics for, again, containing chemicals that are harmful to the environment, despite claiming its products are made of responsibly sourced materials that are derived from plants; and Mercedes-Benz, for advertising its electric vehicles using nature imagery, while also having to pay several billion dollars in fines after it was found to have cheated in reports of its diesel vehicle emissions levels.

The broader, “Chicken Little” problem here is that advertising that makes sustainable claims becomes irrelevant if customers learn they cannot trust or base their purchasing decisions on such claims. Even legitimately sustainable companies thus would find themselves unable to communicate the value associated with their offerings. Furthermore, misleading advertising skirts the rules, if not outright breaking the law. To rebuild consumer confidence, while also ensuring they are on the right side of the law, some industries have begun to impose self-set standards and demand accountability from their members.

For example, the fashion industry has long been criticized for being among the worst greenwashing offenders. Such allegations have prompted European Union and Australian regulators to crack down on misleading environmental claims. In response, various fashion consortiums and brands have expressed their willingness to acknowledge the pervasive issues, even if they continue to struggle to find ways to fix them. Such struggles are admittedly challenging to overcome. For example, how can a company realistically, confidently, and ultimately verify all its products’ green credibility if it does not have complete control over its supply chain—a scenario that is nearly impossible in globalized markets?

Discussion Questions:

1. Why is greenwashing a problem?
2. Why do companies issue misleading or untrue claims about sustainability?

Sources: Lucianne Tonti, "Fashion Brands Grapple with Greenwashing: ‘It’s Not a Human Right to Say Something Is Sustainable,’" *The Guardian*, November 18, 2022; "Companies Accused of Greenwashing," *Truth in Advertising*, April 22, 2022; Aaron Baar, "GroupM Founds Decarbonization Coalition in Latest Sustainability Play," *Marketing Dive*, November 14, 2022; Corrado Rizzi, "Costco’s Kirkland Signature White Albacore Tuna Not as ‘Dolphin Safe’ as Advertised, Class Action Alleges," *classaction.org*, August 2, 2022

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IKEA is Becoming Circular: How Companies Are Extending Product Lifespans

Use with Chapter 6, "Retail Market Strategy"

“Reduce, Reuse, Recycle.” It’s a commonly repeated tagline, encouraging individual consumers to take action to reduce the waste they create and thus the emissions linked to a disposable culture. It represents a cornerstone of environmental movements and a rallying cry of activists, who point out, for example, that the average U.S. consumer produces 110 pounds of single-use plastic waste in a year, or nearly 8,000 pounds in their lifetime. If every person managed to reduce, reuse, or recycle some portion of this massive amount, it would mean far less waste in the landfill (or the ocean). In this view, it is an inherent consumer responsibility to minimize consumption of plastics and then take care with the disposal of any plastics being used.

Assigning such responsibility certainly seems reasonable. But is it? In reality, even if every consumer did their absolute best to reduce, reuse, and recycle their consumer plastics use, it would be just a drop in the proverbial bucket of plastic waste. The top 100 plastic waste–making companies are responsible for more than 90 percent of the world’s single-use plastic waste, in amounts that reached 130 million metric tons in 2019 alone. Furthermore, 98 percent of corporate-originating plastic waste was not recycled once before being sent to landfills.

Such a scenario requires a reconsideration, and many companies accordingly have begun to acknowledge their own responsibilities, as they relate to their material use and disposal. A prominent approach to reducing plastic waste production involves creating what is known as a circular (as opposed to linear) business model. In a linear model, products have a singular life: They are manufactured, used, and then disposed of. A circular model instead explicitly seeks ways to keep products in use and extend their lifespans by finding ways to reuse or recycle them. Used and surplus products get reintroduced into the material economy rather than being thrown away. Yet the intense challenges and expensive (in terms of resources and time) commitments required for companies to develop a different infrastructure and design products suited to more sustainable material management often limits such efforts.

The challenges are not enough to stop IKEA though. It has committed to becoming entirely circular by 2030. That means that all of its nearly 10,000 products will be made of only responsibly sourced renewable or recycled materials. Furthermore, all of them will be capable of being reused, repaired, refurbished, or recycled after their initial lives.

These are lofty goals, and not ones that other companies have achieved yet. In this sense, IKEA is creating its own plan for circularity from scratch. Thus far, its efforts have involved incorporating circularity into every aspect of its product production. In the design phase, IKEA considers eight circular design principles to ensure the ultimate products will be easy to repurpose at the end of their lives. For example, by designing products that are simple to repair, it prevents them from being thrown away simply due to superficial or minor breaks.

As part of this initiative, the company also has designed and produced more than 7,200 different types of spare parts to make it easier for customers to repair their furniture and extend the lifespans of their products. Then regarding material sourcing, IKEA also seeks raw materials that are responsibly sourced or recycled. Thus for example, it progressively has been replacing metal with engineered wood to reduce the materials’ climate impact and waste.

Furthermore, IKEA prepares for end-of-life considerations, after materials have left its control. In some retail locations, IKEA offers buy-back services, taking back used furniture from consumers who no longer want it and then reselling the secondhand item to other customers as-is. For the long term, IKEA is developing a comprehensive

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infrastructure that will enable it to assess used products' condition; determine whether they should be reused, refurbished, remanufactured, or recycled; take the appropriate action; and then put the product back to market.

While IKEA thus appears to be paving the way for the circular economy in the affordable furniture market, it is not the only company developing circular practices. Adidas, for example, has introduced the UltraBoost DNA Loop shoes, with the intention that customers would return them once they no longer needed them. Each pair of shoes is made with a single material that can be recycled. Thus, each returned pair becomes the source material for another pair—as signified by the shoes' "Loop" branding.

Discussion Questions:

1. Why is a circular business model beneficial?
2. What other sectors could benefit from circular business models?
3. What challenges do companies face when shifting to circular business models? How can they address them?

Sources: Michael Corkery and Somini Sengupta, "Here Is Who's Behind the Global Surge in Single-Use Plastic," The New York Times, May 18, 2021; Jason Breslow, "20 Companies Are Behind Half of the World's Single-Use Plastic Waste, Study Finds," NPR, May 18, 2021; Atalay Atsu, Céline Dumas, and Luk N. Van Wassenhove, "The Circular Business Model," Harvard Business Review, August 2021, https://hbr.org/2021/07/the-circular-business-model; IKEA, "Transforming Into a Circular Business," https://about.ikea.com/en/sustainability/a-world-without-waste; Judith Magyar, "IKEA on Circular Economy: Consumer Behavior Must Change," Forbes, October 25, 2022; Adele Peters, "IKEA's 8 Principles for Circular Design Show How to Build a Business Based on Reuse," Fast Company, September 10, 2021; IKEA, "Becoming Climate Positive," https://about.ikea.com/en/sustainability/becoming-climate-positive; IKEA, "Fix, Upgrade, Pass On – How We Enable Circular Services," https://about.ikea.com/en/sustainability/a-world-without-waste/circular-services; World Economic Forum, "These Four Companies are Embracing the Circular Economy," EcoWatch, December 29, 2020.

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For Better or For Worse, Robots Are Taking Over

Use with Chapter 10, "Information Systems and Supply Chain Management" and Chapter 16, "Human Resources and Managing the Store"

Are robots everywhere? At times, it certainly seems so, and the contemporary marketing environment is no exception. From the front lines of service providers to the last stages in the supply chain, advanced technologies support the expanded presence of robots and their intricate interactions with consumers, which in turn affect the way people obtain and cocreate value.

At the frontline, we find robotic technologies in a wide range of service interactions. Leveraging their substantial precision and accuracy, based on three-dimensional modeling technology, robot manicurists are now available in several Target stores. Looking somewhat like a large, table-top soft drink dispenser, the machine scans the user's hands, then applies the lacquer, one nail at a time. Each nail takes about 30 seconds; the whole process takes around 10 minutes—about one-tenth of the time needed to get nails done in a salon. The machines don't remove polish, file or buff nails, or push down cuticles. They don't even apply a top coat. All they promise is a simple, robot-applied paint job.

According to the CEO and co-founder of the company that developed the robot manicures, she came up with the idea because she felt like she was wasting so much time sitting in salon chairs and wanted an alternative. "I felt like a fresh coat of paint should be as easy as getting a coffee," she explained. Happily, reflecting consumers' desire for convenience and speed, she likely can: As we discuss subsequently in this chapter, robotic technology appears increasingly in restaurant settings too. For example, in Panera restaurants, a CookRight Coffee robot relies on AI to keep the coffee consistently the same temperature, predict busy rush times, and anticipate how many pots it will need to make fresh, so that busy customers never have to wait for a fresh cup. McDonald's is using more predictive analyses, along with robotic technology, to anticipate how many fries to drop in oil at what time of day, and then leverage voice recognition capabilities to take orders at the drive-through.

Consumers also encounter the growing trend of robotic-enabled interactions in their daily grocery shopping tasks, in more and less direct ways. Robots and the AI-supported inventory management systems improve replenishment efforts so that consumers are less likely to encounter stockouts. Other supply chain–focused robots also are in high demand. For example, Agility Robotics received $150 million in investments into its robot Digit, which has achieved remarkable advances in being able to grab packages in warehouses, navigate and avoid obstacles in the space, and work closely in conjunction with human coworkers. As a result, consumers can anticipate receiving the items they order from warehouse-based suppliers more promptly and accurately.

Consumers also might anticipate receiving deliveries from drones or driverless delivery vehicles. The latest generation of the has substantial, temperature-controlled storage space, a drive train that can handle potholes and slick roads, and a series of redundant safety sensors to prevent any collisions. In response, various retailers, including Walmart, Kroger, CVS, and 7-Eleven, along with Domino's Pizza and FedEx, have entered into pilot agreements with the manufacturer to test the bots' capacity to get groceries and sundries to consumers' doors. Such continued developments imply that someday quite soon, consumers might open their door to a delivery vehicle, rather than a driver. Nuro's own research into the marketing environment also indicates that once consumers have received one driverless delivery, they are more likely to repurchase through the same channel.

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As robotic technologies spread and take on more tasks, the conveniences for customers increase, and competitive drives to obtain the most cutting-edge versions are likely to prompt greater innovation. But at the same time, these environmental trends imply radical shifts in employment trends. According to one study, there is virtually no chance that retail sales jobs for example will continue to be staffed primarily by human workers. Robots can recognize voices, take orders, clean floors, cook food, track and manage inventory levels, unload trucks, deliver items to customers, and so on. Virtually nothing in the marketing environment thus remains unaffected, suggesting the need to consider the implications carefully and in depth.

Discussion Questions:

1. What other businesses could benefit from using robots?
2. Are there any jobs you believe robots will not be able to complete? If so, what are they?

Sources: Matthew Stern, "Will Robots Nail in-Store Manicures at Target?" RetailWire, September 8, 2022; "Yahoo Finance Video Clockwork Partners with Target to Install Automated Manicure Machines in Stores," Yahoo Finance, September 2, 2022; Alex Barreira, "Nail-Painting Robots? Startup Is Testing the Market," bizjournals.com, June 14, 2021; David Yaffe-Bellany, "Would You Like Fries with That? McDonald's Already Knows the Answer," The New York Times, October 22, 2019; Mike Rogoway, "Corvallis Robotics Startup Raises $150 Million from Amazon and Others," The Oregonian, April 22, 2022; Kirsten Korosec, "Nuro's Newest Autonomous Delivery Bot Is Designed for the Masses," TechCrunch, January 12, 2022; Lorraine Longhi and Ryan Randazzo, "Self-Driving Robots Can Deliver Your Groceries from Fry's in Scottsdale," The (AZ) Republic, January 24, 2019; Sarah Nassauer and Chip Cutter, "Walmart Is Rolling Out the Robots," The Wall Street Journal, April 9, 2019; Caroline Jansen, "Walmart Adds Nearly 4K Robots to Stores," Retail Dive, April 10, 2019

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Anti-Social Media: Lush and Some Other Companies Quit Facebook—Maybe for Good?

Use with Chapter 11, "Customer Relationship Management," and Chapter 15, "Retail Communication Mix"

In late 2021, acting on troubling information raised by a Facebook whistleblower, the British handmade cosmetics retailer Lush decided to turn its virtual back on its 12 million followers and get off social media. Notably, the whistleblower's revelations described in detail the harms caused by social media platforms, particularly for teenaged consumers, and also documented evidence that the social media companies know about but have done nothing to address the pervasive problem.

This decision actually represented the second time that Lush tried to get off the socials. The first time was in 2019, and it didn't stick.

Well, this time, Lush has stuck the landing (at least so far). Furthermore, its more recent assessments reiterate its commitment. In light of even more recent social media shenanigans—Twitter's public corporate meltdown and the massive exodus of users, Facebook parent company Meta's stock collapse, TikTok's increased regulatory scrutiny—Lush is feeling pretty vindicated these days. "People can see why we came off now," Annabelle Baker, brand and marketing director, noted.

But without inexpensive, easy social media connections to its shoppers, Lush has had to amp up some of its other marketing strategies. In particular, a live chat tool is available on its website, and its Bathe app offers self-care ideas and content. It has announced plans to launch an SMS function. In addition, Lush greatly expanded its PR efforts, then invested in notable partnerships with Netflix's hit show *Stranger Things* and the streetwear brand Lazy Oaf. The transition appears sufficient and effective, such that Lush's annual pre-tax profit reached $35 million in 2022, a radical difference from its $54.5 million loss the year before.

Other brands are ditching the socials too, including the luxury fashion brands Bottega Veneta and Balenciaga (though no one is holding up the latter brand as an enviable or model business at the moment, given its deeply disturbing and very poorly received advertising campaign featuring children in sexualized situations, as well as its noticeably slow decoupling from its longtime celebrity collaborator Kanye West, following his series of antisemitic remarks). Balenciaga's renowned and specific problems aside, more companies appear to be getting ready to travel down this social media-free path soon, unless and until the platforms do some serious work to address their "toxic" aspects. Otherwise though, "more and more brands might soon hop on the 'no social media' bandwagon to preserve their identity and originality as well as the well-being of their consumers. Now, it is up to brands to make a choice that addresses the concerns and aligns with their brand values."

Discussion Questions:

1. Is Lush likely to stay off social media forever?
2. How can companies make up for the engagement and marketing they lose by quitting social media?
3. What types of brands might, or should, follow Lush's lead and stop using social media?

Sources: Jennifer Faull, "'People See Why We Came Off Now': Lush Has No Regrets about Quitting Instagram and Facebook," *The Drum*, November 28, 2022; Bella Webb, "Lush Is Quitting Social Media. The Start of a Trend?" *Vogue Business*, November 22, 2021; Nidhi Singh, "Why Are Brands Breaking up with Social Media?" *Jumpstart*, January 1, 2022; Isobel Asher Hamilton, "Cosmetics Company Lush Says It's Shutting down Its Facebook, Instagram, TikTok, and Snapchat Accounts Because of the Facebook Whistleblower," *Insider*, November 23, 2021; Niamh Carroll, "'The Right Decision': Lush on the Impact of Its Social Media Ban One Year On," *Marketing Week*, November 28, 2022; Chloe Burney, "Lush Reveals Impact of Deleting Social Media One Year Ago," *theindustry.beauty*, November 29, 2022; Miles Socha, "Balenciaga Scandal Seen Contributing to 'Bad as It Gets' Q4 for Kering," *Yahoo*, January 5, 2023

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Why Are There So Relatively Few Vegan Options in U.S. Fast Food Restaurants?

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

In Europe, consumers who prefer to eat plant-based meals have abundant choices when they visit their local fast-food eateries. Whether on the go or seeking cheaper options, fast-food restaurants have these consumers covered, with a variety of vegan options: McDonald's offers animal-free French fries and a meatless Big Vegan TS Burger; Pizza Hut and Dominos deliver pizzas covered in vegan cheese; continental Starbucks locations offer an option for non-dairy whipped cream; Belgian Dunkin' stores offer 41 vegan flavors on their menus; Burger King even goes so far as to provide a vegan version of every item on its menu, along with an exclusively vegan outpost in Cologne, Germany.

But in the United States, where the majority of these companies are headquartered, customers looking for plant-based options at fast-food restaurants are mostly starved for choice. Some quick-service chains are beginning to offer plant-based options, such as Panda Express selling a vegan orange chicken dish, but the majority of U.S. fast-food restaurants still offer drastically fewer choices for plant-based food than their European counterparts. The vegan offerings they do sell tend to be advertised as limited-time offerings: When McDonald's tried selling a vegan "McPlant" burger at 600 locations, for example, it led to poor sales, especially in low-income and rural areas. Dunkin' added a breakfast sandwich with plant-based sausage in 2019, then retired it from the menu within two years.

Despite this seeming evidence that U.S. consumers do not want vegan options, European consumers are not any more likely to be vegan than Americans. Instead, the average European is more open to eating plant-based options compared with U.S. peers, reflecting a more widespread recognition of the benefits of eating plant-based foods, including the reduced emissions it promises. In the United Kingdom, for example, about 41 percent of people are actively reducing their meat consumption. For these diners, who are more likely to seek out and buy vegan options, U.S.-based companies are happily willing to sell plant-based options to them.

In contrast, U.S. conventional meat eaters appear hesitant to try plant-based options. Some of the reason might be that plant-based options tend to be more expensive than their conventional counterparts: An Impossible breakfast sandwich at one Starbucks location was $1.50 more expensive than a conventional sausage equivalent, and adding milk alternatives (e.g., soy, oat) to a beverage incurs an extra $.60 charge, while dairy milk is included in the advertised cost of the drink. For many U.S. consumers, who already are less likely to prioritize climate concerns or recognize the health benefits of eating plant-based, paying extra for vegan options is simply not worth it.

Discussion Questions

1. Do you think vegan options could find success in the U.S.? Why or why not?
2. How could U.S. fast food chains make plant-based options more appealing to the average consumer?
3. What are other examples of products that could be more or less marketable in specific locations?

Sources: Grace Dean, "Why Europe Is Leading the Way in Plant-Based Food Innovation," Insider, March 3, 2021; Mary Meisenzahl, "The Dream of Plant-Based Meat in Fast Food May Already Be Dead," Insider, November 23, 2022; Rachel Glassberg, "Germany's Plant-Based Fast Food is Years Ahead of the US," The Takeout, August 12, 2022; Anna Starostinetskaya, "Dunkin' Just Launched 41 Vegan Doughnuts in Belgium," VegNews, April 6, 2021.

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Red Bull Goes Global… Literally

Use with Chapter 12, “Managing the Merchandise Planning Process”

In one of Red Bull’s most famous marketing stunts, the company went literally global: Felix Baumgartner (purposefully) fell to Earth from 127,852 feet up, the highest height ever achieved by a human. The Red Bull Stratos project achieved a variety of scientific breakthroughs, and it also produced a remarkable video, taken from the camera mounted on Baumgartner’s helmet, that features vast, picturesque views of Earth—a view that likely appeals to every consumer living on the planet.

This global view matches both the history and the future goals of the firm. Although its founder Dietrich Mateschitz hails from Austria, the initial idea for Red Bull’s signature energy drink is a Thai beverage that helped truckers and construction workers stay awake during long shifts. The version that Mateschitz tried, in an effort to combat his jet lag, featured taurine and caffeine, with an extremely sweet palette. In transforming the recipe for a global audience, especially consumers in industrialized and Western settings, the company cut back on some of the sweetness and added in various B vitamins.

Early marketing efforts also sought to position Red Bull as an accessible performance enhancer for everyone, from truckers to stock traders, that would enable them to perform at their peak. Furthermore, Red Bull maintained consistent imagery. For example, the logo and color scheme for all packaging, along with its taglines and motto (i.e., “Red Bull gives you wings”) remains the same everywhere in the world.

Its global designs also are evident in its sponsorships. Its competitive racing teams appeared on tracks in Abu Dhabi, Sao Paulo, Singapore, Monaco, and Mexico City (among others) during a recent racing season. Its name headlines diverse music festivals throughout the United States, Spain, the Netherlands, and so on. And among the individual athletes it sponsors, virtually every geographic region in the world is sponsored, across a range of sports and hobbies too vast that it would be impossible to list them all here.

Following these marketing communications efforts to reach consumers throughout the world, Red Bull strategically designs distribution plans to ensure those consumers can obtain its products. For example, to expand its reach in Mexico, Red Bull established a distribution partnership with Keurig Dr Pepper, which already had established a vast network that facilitates deliveries of packaged beverages throughout the nation. From stratospheric events to local deliveries, Red Bull thus takes a truly global approach, enabling it to achieve its status as the top selling energy drink in the world.

Discussion Questions

1. How do diverse international sponsorships support Red Bull’s global sales?
2. Why did Red Bull change its beverage formulation for a more global audience? Can you think of other products that may benefit from a similar strategy?

Sources: Red Bull Stratos, “Scientific Data Review,” http://www.redbullstratos.com; SocialBakers, “Red Bull Stratos on Social Media,” http://www.socialbakers.com; Business Strategy Hub, “Red Bull Mission Statement,” https://bstrategyhub.com/red-bull-mission-statement-vision-core-values-analysis/; Bernadine Racoma, “How Red Bull Adapts to Different Markets,” Day Translations, February 14, 2019. Red Bull, “Events,” https://www.redbull.com/us-en/events

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Retailing Tidbits

Black Friday Is Making a Comeback

Use with Chapter 1, "Introduction to Retailing" and Chapter 5, "Customer Buying Behavior"

Retailers headed into last year's Black Friday with gritted teeth. Profit margins were down, due to inflation, excess inventory, and customers having grown accustomed to steep discounts. *The Wall Street Journal* collected the pre–Black Friday thoughts of a handful of executives, who sounded very much like they were steadying themselves to really just get through it. "We are definitely focused on prioritizing clean inventories. We know that if we end the season clean, it will enable us to start 2023 on a very solid footing," said Bath & Body Works CFO Wendy Arlin, for one example. Well, color everyone happily surprised—Black Friday 2022 was a major hit! Steep discounts and buy-now-pay-later plans seemingly got consumers spending, and spending some more, such that online sales were up 2.3 percent compared with 2021. Online shoppers thus spent a record $9.12 billion. Some 196.7 million consumers shopped online and in stores between Thanksgiving and Cyber Monday, according to the National Retail Federation and Prosper Insights & Analytics, making this a very happy holiday for retailers, after all.

Sources: Q.ai, "Black Friday Sales Numbers Hit Record Highs Despite Fears of Recession," *Forbes*, December 4, 2022; Jordan Valinsky, "Online Black Friday Sales Set a New Record," *CNN*, November 28, 2022; Kristin Broughton, "Retailers' Holiday Discounts Are Steeper this Year, CFOs Say," *The Wall Street Journal*, November 23, 2022

The Rolling Stones Care Where Their Merchandise Is Made… But Do Their Fans?

Use with Chapter 2, "Types of Retailing," Chapter 3, "Digital Retailing," and Chapter 5, "Customer Buying Behavior"

The legendary rock band the Rolling Stones expressed shock when discovering that the workers making their 60th anniversary merchandise, in partnership with the fast-fashion brand Shein, had been paid only a few cents per item, worked 18-hour days, and received only one day off per month. In response, within a day of learning of these labor abuse claims, the band demanded their representatives call off the deal. Shein immediately rebuffed and denied the accusations, asserting that the company "takes the welfare of workers at its suppliers extremely seriously and does not tolerate forced labour." The rapid response satisfied many loyal consumers, who appreciate the brand's up-to-date styles. But this incident is hardly the first time that Shein has been accused of sourcing its incredibly cheap clothes from incredibly troubling sources. Nor have accusations of labor violations been kept a secret. But the company still sold some $16 billion worth of merchandise in the first half of 2022, and it expected that figure to reach $30 billion for the entire year. For consumers who want cheap clothes, made in ways that do not raise serious ethical concerns, well, as the Stones can tell them: You can't always get what you want. But if you're willing to relax those standards, you might just find, you'll get a whole closet full of new clothes to wear.

Sources: Alice Hearing, "Rolling Stones Want to Cancel Their Deal with Fast-Fashion Brand Shein after Just 1 Week over Labor Abuse Claims," *Fortune*, November 29, 2022

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