Marketing 5e

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November 2015

Dear Professor,

We are delighted to inform you that the 5th edition is now in print. The new edition provides the power of the new **SmartBook** adaptive reading experience, which allows you to engage your students so that they are better prepared when they come to class. With the introduction of the 5th, edition there will be **new Video Cases** and new [iSeeIt! Videos] coming in connect. At the end of this newsletter, we have included a preview of the new material in 5e. If you haven't yet seen the 5e, request a sample from your McGraw-Hill rep or [request it online here]!

We are thrilled to provide the Grewal/Levy newsletter to empower you to provide current, cutting-edge examples of marketing in the classroom.

The newsletter includes abstracts of current articles, notes on the applicable chapters in the textbook, and discussion questions, together with their answers. The newsletter also features current videos. We hope you will find the visual and comprehensive topic coverage useful. The newsletter is also accessible at **grewallevymarketing.com**. We encourage you to tell us how you use the newsletter. Please send your feedback to **mlevy@babson.edu**.

Sincerely,

Dhruv Grewal and Michael Levy

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This newsletter summarizes article abstracts for the following topics:

- ***Videos***
- **Grown-Up Millennials and their Growing Preferences for Grown-Up Brands (Chapter 9)**
- **The Expanding Uses of Surge Pricing (Chapter 15)**
- **Consumers Love Breakfast. McDonald's Corporate Loves New Revenue. So what's the Franchisees' Problem? (Chapter 16)**
- **Is Black Friday Good for Business or Bad for Employees—Or Both? (Chapter 4, 17)**
- **America's Dream Team, Brought to You by Kia (Chapter 18)**
- **Corn, Sugar, and Consumers: Which Claims Are True? And Ultimately, How Much Do Consumers Care? (Chapter 6)**
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- **Disney is Gearing Up to Appeal to the Latest Generational Cohort (Chapter 9)**
- **The Pricing and Appeal of Truly Exclusive Restaurants (Chapter 14)**
- ***Article/Chapter Index***
- ***Preview of the New Features of 5e***

Videos

"Walmart Is Making 2 Major Changes to its Stores"

- What's different at the world's largest retailer? Walmart is moving toward smaller assortments and lower heights for the shelves near the checkout counter. Can such seemingly minor shifts make a big difference?
- Use with Chapter 10, "Marketing Research," and Chapter 16, "Supply Chain and Channel Management"
- 1:56 minutes
- **https://finance.yahoo.com/news/walmart-making-2-major-changes-171642170.html**

"'Star Wars: The Force Awakens' Tickets Go On Sale"

- How many marketing efforts can one movie spark? Enough to fill a galaxy that isn't so very far away, and enough to lead to predictions that ticket sales are set to far surpass those of any other film in history.
- Use with Chapter 19, " Advertising, Public Relations, and Sales Promotion"
- 2:39 minutes
- **http://www.wsj.com/video/tar-wars-the-force-awakens-tickets-go-on-sale/63BF3CBA-22EA-403F-9E18-76E0514C9377.html**

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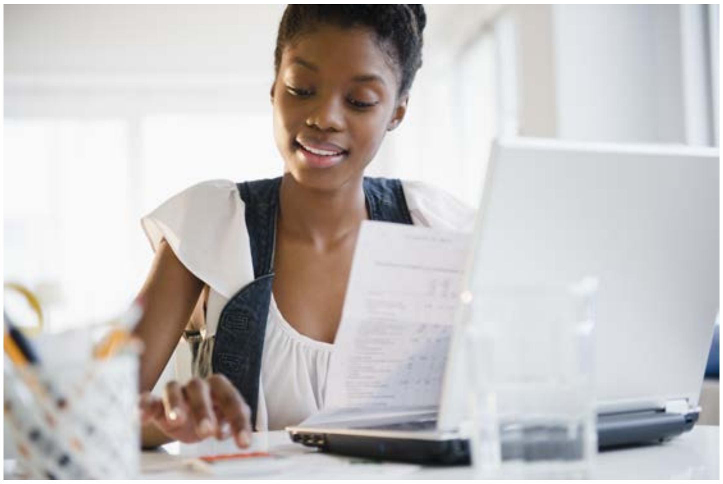
Grown-Up Millennials and their Growing Preferences for Grown-Up Brands

Kristina Monllos, "Millennials Are Flocking to Online Brands for Wardrobe Basics," *Advertising Age*, September 7, 2015

Use with Chapter 9, "Segmentation, Targeting, and Positioning"



The powerful influence of the Millennial generation on shopping patterns, brand popularity, and retail channels has been covered widely. But the thing about generational cohorts is that they invariably age, and as they do so, their habits change. One of those changes, currently taking place among the Millennial cohort, is creating a powerful challenge for some well-known brands.

Young consumers are entering the workforce and growing a bit more serious about their fashion choices. Rather than just fast fashion options, they seek some grown-up variety, especially when it comes to the basics of a wardrobe. However, these are the Millennials, so they are not visiting the same stores their parents did when they needed a pair of black pants or a new t-shirt. Previously, the main sources of such wardrobe staples were common mall residents like The Gap, American Apparel, or J. Crew. But as we have noted previously in these abstracts, Millennials rarely visit malls to shop for clothing. Instead, they prefer online retailers that offer them a range of benefits, compared with traditional retailers.

First, as we all know, Millennials like to be on their mobile devices, and they feel very comfortable ordering another pair of jeans or a button-down shirt that they know they like. They might look elsewhere for special occasion wear, but for the everyday basics, they are happy to place an order online or through a mobile channel and have it shipped to them.

Second, the latest online and mobile retailers offer consumers a new type of personalized experience, offering both claims of authenticity and a sense of intimacy. For example, Everlane.com details the sourcing and origins of all the pants, shirts, dresses, and outerwear posted on its website. Therefore, socially conscious shoppers can feel reassured that the items are not coming from sweatshops. Popbasic encourages consumers to offer design ideas and feedback, such that they feel as if they have participated in the development of products for sale.

Third, because these new retail versions do not have a legacy of hundreds of stores, their operating costs are lower from the start. Accordingly, they can provide many of the basics at a lower price, which appeals to Millennials just starting out in their careers. They might be moving past cheap fashion, but they still need to watch their costs.

As Millennials grow up, some of the brands they or their parents have known and loved for years "haven't grown up with us." There's a lesson for every brand here: As times change, so must they, if they hope to remain relevant and interesting to new and emerging generations of shoppers.

Discussion Question:

1. **Why do online stores appeal to Millennials?**

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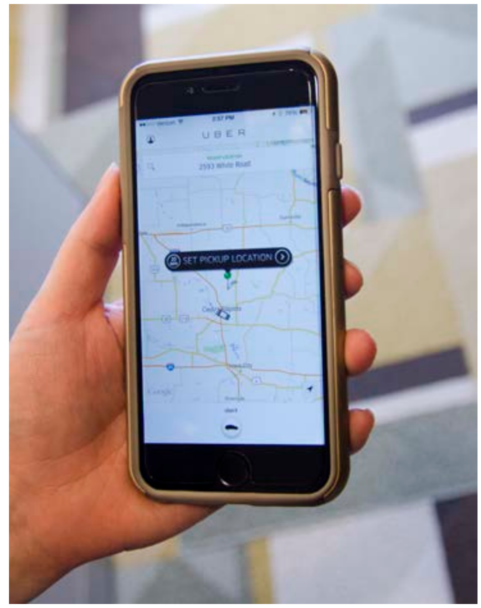
What Would You Pay to Be Able to Buy? The Expanding Uses of Surge Pricing

George Anderson, “Will Surge Pricing Become the New Normal?” *RetailWire*, October 1, 2015

Use with Chapter 15, “Strategic Pricing Methods”



When demand increases, sellers need to increase either the supply they put on the market or their prices, to balance out demand and, in the process, earn more revenue. That’s a pretty basic equation from Economics 101. But the latest version of this interaction is drawing some challenges and questions, as well as leading to some allegations of price gouging and customer frustration. So what’s a service provider in the modern, on-demand economy to do?

A couple of examples of surge pricing come from Uber and OpenTable. When demand for rides increases, Uber ups the price for a ride. It justifies the move by asserting that the price increase also leads to an increase of supply. If drivers know they can earn more, they are more likely to start driving. But at the same time, a higher price might limit demand, because riders may choose to walk or catch a bus instead of pay more to get to their destination. At some point, riders could become so disenchanted that they change their patterns altogether and catch the bus, which promises standard pricing, no matter the time of day.

OpenTable is just beginning to experiment with the surge pricing method, which it might offer in the form of a Premium Reservation service. For an extra $50, for a table for two, it allows people making a reservation for that night to eat at a prime time, rather than having to show up at 5:00 p.m. to get in to the hottest restaurant. The number of reservations will be limited, and the price will double for a table for four people. The pilot test is taking place in a New York City restaurant; if it succeeds, OpenTable will make it available everywhere.

Although some customers grumble about the added costs, both Uber and OpenTable believe that they have enough information about customers and their wants that they can safely apply the surge pricing charges, in ways that consumers will be happy to pay. OpenTable notes that its big data show it exactly who would be pleased to have the option to pay more to get a good table. Furthermore, commentators argue that these two examples are just the beginning for the expansion of surge pricing tactics. Soon, it may be that the best options for on-demand purchases all invoke additional charges. For the customers who really want or need those services, price might be less of an issue.

Discussion Questions:

1. **What is surge pricing?**
2. **In what circumstances, if any, would you partake in surge pricing?**

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Consumers Love Breakfast. McDonald’s Corporate Loves New Revenue. So What’s the Franchisees’ Problem?

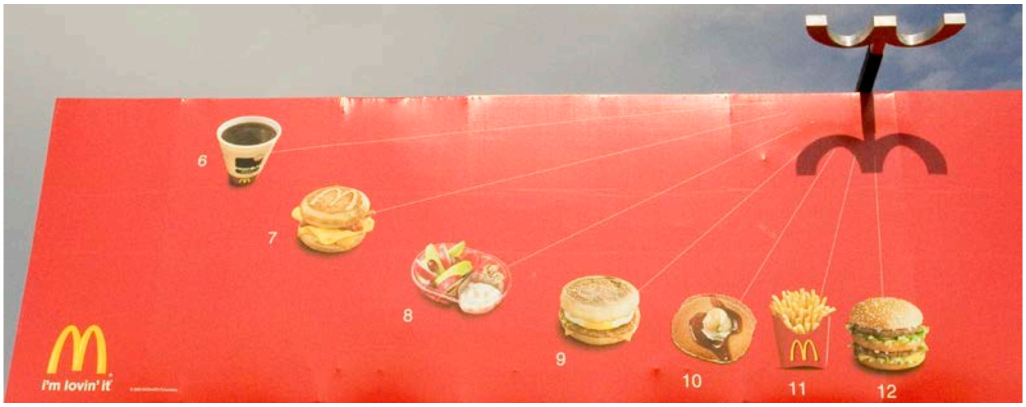
Hayely Peterson, “McDonald’s Franchisees Say All-Day Breakfast Is a Nightmare,” *Business Insider*, August 16, 2015

Use with Chapter 16, “Supply Chain and Channel Management”

The arrival of all-day breakfast at McDonald’s seemed a little like a no-brainer. For literally decades, consumers had complained about their inability to order breakfast menu items into the afternoon. Faced with declining sales, as we have discussed in recent abstracts, McDonald’s needed to find a way to attract people back to its stores and get them to buy more. So what could go wrong?

According to the franchisees that are now required to sell breakfast all day, nearly everything has gone wrong. A survey of 29 U.S. franchisee owners, who represent 226 of the company’s more than 14,000 U.S. restaurants, reveals their deep irritation and concern. The respondents to this survey complained of slower service, clogged operations, and lower order totals per customer.

In particular, because the menu is bigger, each store needs additional equipment. Especially for smaller stores, jamming that equipment into already crowded kitchens creates logistical nightmares. To be able to make all the items, the stores also need additional staffers, who take up even more of the limited space. Adding the equipment and staff is designed to improve the service, but instead, the franchisees explain that the overcrowding and the learning curve associated with making more items has meant service times are slower. Furthermore, some franchisees note that their financial position does not allow them to hire more people, and others highlight the challenges of finding enough qualified workers to fill their regular labor needs, much less expanded demand.



As another downside, the breakfast items often are less expensive than their lunch or dinner parallels. Thus, a customer who would have purchased a Big Mac might select a less expensive Egg McMuffin instead, which lowers the revenue that each store earns per customer.

But McDonald’s corporate office insists that the move is a smart one, reflecting the company’s responsiveness to customer demands. The press releases surrounding the launch signal its expectation that breakfast will be the key to new growth and increased revenues. Ultimately, the debate about whether all-day breakfast is a brilliant move or an expensive logistical nightmare can only be resolved by one party: customers, who either start visiting McDonald’s more often or else find a less expensive option for their fast food fix throughout the day.

Discussion Questions:

1. **Is the all-day breakfast launch at McDonald’s a good idea? Answer this question three times, taking the perspective of the corporation, the franchisees, or consumers.**

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Is Black Friday Good for Business or Bad for Employees—Or Both?

Aaron Katersky and Susannah Kim, "Slew of Retailers Say No to Black Friday," *ABC News*, October 27, 2015

Use with Chapter 4, "Marketing Ethics," and Chapter 17, "Retailing and Omnichannel Marketing"

The day after Thanksgiving has long been a retailing dream, known widely as Black Friday (to signal the day that many retailers get out of the red and into the black, terminology that means their revenues exceed their costs). Consumers throng to stores, looking to start their holiday shopping, find great deals, and work off some of their Thanksgiving meal. The incredible revenues earned on this one day each year are so appealing that some retailers have sought to extend the moment by opening on Thanksgiving Day as well. Those that do so assert that they are giving customers what they want, and the sales data suggest they are right.

However, this expansion of Black Friday also has prompted backlash from various groups. Some of the most vocal are retail employee groups, who complain that rather than enjoying their holiday, the retailers' moves force them to work long and difficult hours, with no additional recompense. In most industries, working on a holiday would involve overtime or special requests, but some retailers demand that their workers treat it as just another day.

The negative response to such attitudes is powerful enough that some retailers are swinging the pendulum to the other extreme. A few have committed not to open on the holiday itself, including GameStop, Staples, and IKEA. But two outdoor sporting goods brands, Patagonia and REI, are going even further. They have announced that all their stores will be closed on both Thanksgiving and Black Friday. Furthermore, REI will be paying its employees their wages for Black Friday, without requiring them to show up for work at all.

The decision to do so was not made easily. The CEO of REI admitted freely that the retailer would "miss the sales" it has enjoyed in previous years on Black Friday. But he also argued that the meaning of the REI brand was to encourage people to get outdoors and enjoy nature. By giving employees a paid day off, he hoped to grant them time to do just that with their families.

For those families who instead enjoy time spent indoors, grabbing great deals, there are plenty of options remaining. Target, Macy's, Kohl's, Walmart, and JCPenney all note that their stores will be open throughout the holiday weekend, including on Thanksgiving Day.

Discussion Questions:

1. **Should retailers open on Black Friday? On Thanksgiving Day? In answering, consider the distinct perspectives of the retailer, customers, and employees.**
2. **Discuss how the different retailers' brand reputations or brand images might inform their choices about whether to open on Black Friday or not.**

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America’s Dream Team, Brought to You by Kia: Logos, the NBA, and Media

Sarah Germano, “NBA to Put Kia Logo on Front of All-Star Jerseys,” *The Wall Street Journal*, October 28, 2015. See also E.J. Schultz, “Nissan Goes Big with College Sports in New Sponsorship Deal,” *Advertising Age*, November 6, 2015

Use with Chapter 18, “Integrated Marketing Communications”

In North America, spectator sports represent a nearly $64 billion market. Some of that revenue comes from ticket sales to fans who cannot get close enough to the action. But the right to broadcast those sports accounts for an ever increasing portion of the market’s revenue, and as those interests grow, some key priorities are changing too. In particular, the National Basketball Association (NBA) is breaking away from some of its traditional peers, and taking a page from soccer and racing leagues, to consider new sponsorship agreements that place company logos right on the players’ uniforms.

Thus far, the new agreement applies only to the uniforms for the 2016 and 2017 All-Star Games, for which the NBA players’ uniforms will feature a small, 3.25” × 1.6” patch with the name and logo of the automotive brand Kia. Individual teams do not have the league’s permission to alter their jerseys similarly, and as of now, there are no plans to add advertising patches to regular season uniforms.

But even in this limited form, the move is still a dramatic change, considering that the NBA—along with its peers, the National Football League, Major League Baseball, and the National Hockey League—has never used them in the past. The uniforms in all these leagues feature logos for the clothing manufacturer, and they often sport commemorative patches to honor important people and personalities who have recently died.

But advertising for other brands has not existed, for several reasons. The uniform manufacturers have resisted it in particular, worried that other ads on the jerseys would compete for consumers’ attention. Another of the primary reasons is the difficulty of finding a external sponsor that is acceptable to all the teams in the league. In addition, leagues have struggled to define a profit sharing plan that would be fair. That is, how much of the revenue created by such advertising would go to the league, to the team, or to the players themselves?

For the NBA, Kia’s All-Star jersey sponsorship actually was the result of negotiations between the league and Turner Sports, which is the network that owns the broadcast rights for games. When the two parties entered into their most recent contract, Turner asked for the right to negotiate with sponsors and sell advertising space on the players’ uniforms. In turn, it entered into the two-year marketing agreement with Kia.

Although the NBA and other major sports leagues have little experience with this form of marketing communication, others are far more familiar with it. Both drivers and their cars are festooned with sponsorship logos in most car racing leagues. European soccer players also often display logos on their jerseys. One professional, and entrepreneurial, marathon runner sells space on his race kits and bibs to advertisers when he enters big races like the New York Marathon.

Moreover, it isn’t as if sponsorships are anything new in sports, on virtually all levels. Another car company, Nissan, recently announced that it had entered into “the widest-reaching sponsorship in the history of collegiate sports.” This agreement gives Nissan the rights to place its name and logos in the stadiums of 100 different universities throughout the United States, as well as to use those school’s names in its own advertising.

Discussion Questions:

1. **What influences are marketing communications on players’ uniforms likely to have on consumers?**
2. **What kinds of brands would create the best fit with advertising on the uniforms of players from different sports leagues? Why?**

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Corn, Sugar, and Consumers: Which Claims Are True? And Ultimately, How Much Do Consumers Care?

E.J. Schultz, “Corn and Sugar Industries Battle in Court over Ad Claims,” *Advertising Age*, November 3, 2015

Use with Chapter 6, “Consumer Behavior”

Which is worse for you, sugar or high fructose corn syrup? In decades past, consumers sought to reduce the amount of sugar in their diets, prompting the development of substitutes, artificial sweeteners, and the expanding uses of corn syrup as a way to add sweetness to a product without including the word “sugar.”

But as scientists and consumer health advocates got the word out about the concerns surrounding the consumption of high fructose corn syrup, consumers’ preferences changed. They sought to avoid foods that listed such sweeteners among their ingredients, and they embraced anew the idea that sugar—especially cane sugar—was a more natural form that ultimately would be better for them.

In response to this shift, several years ago the corn industry initiated an advertising campaign that featured healthy-looking people strolling through corn fields and asserting that human bodies processed sugars produced by cane and sugars produced by corn in exactly the same way. Along with the tagline, “Your body can’t tell the difference,” the advertising campaign attempted to rebrand high fructose corn syrup as “corn sugar.”

According to the sugar industry, these advertisements were misleading, designed to undercut the reputation of cane sugar and disrupt the “goodwill” it enjoyed in customer markets. The corn industry fired back, alleging that sugar producers were misleading consumers into thinking that cane sugar was somehow healthier than sugars made from other products.

Although the court cases are ongoing, the court of public opinion appears to have made its decision. As consumers more actively read labels, consumption of high fructose corn syrup has decreased to 5.2 billion metric tons—which seems like a large number, until we realize that consumption levels were at 6.7 billion metric tons just a couple of years ago. At the same time, many consumer goods companies have removed corn syrup from their production processes and advertise that their products are “natural” because they do not contain it. For example, Heinz promises that its ketchup avoids high fructose corn syrup, and both Coca-Cola and Pepsi have introduced line extensions based on the promise of being made with “real sugar.”

Even as these consumer trends have invoked changes in the market, predictions suggest that both the corn and the sugar industries might have bigger problems to address. A recent survey revealed that consumers considered excessive sugar in their diets a primary concern, more pressing than the consumption of too much fat. If they simply go to sugarless diets, it might not matter what farmers call the sweetener.

Discussion Question:

1. **What kind of factors have influenced consumers’ decisions about whether to purchase food products that contain sugar, high fructose corn syrup, or other forms of sweeteners?**

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Can a Humanitarian Crisis Lead to a Macroenvironmental Boon? How Refugees Might Change the Market in the EU

James Kanter, "European Union Predicts Economic Gains from Influx of Migrants," *The New York Times*, November 5, 2015
Use with Chapter 5, "Analyzing the Marketing Environment"

In most Western, industrialized nations, the population is aging. That trend is clear, evident, and longstanding. These countries also are attractive destinations for immigrants, especially those seeking to flee a violent, unstable situation in their native countries. In the current state of the European Union, these two factors are combining to create a unique situation that might be either a threat or an opportunity for the economies on that continent.

Vast numbers of refugees are fleeing Syria in particular, attempting to reach their European neighbors to start new lives in which the threat of war is not constant. The various European nations targeted by these immigrants have responded in various ways to the waves of new populations. Some actively discourage refugees from coming and offer little support to those who reach their borders. Others have set up extensive humanitarian aid networks and social services to help the refugees integrate into their new nations of residence.

The national-level responses reflect the vast complexity of this difficult international crisis. But at least one of the reasons cited by countries that reject the refugees is the concern that their economies will not be able to integrate and support thousands or millions of new citizens. However, a recent report by the European Commission suggests that the immigration flows actually could benefit these countries, by lowering their average population age and giving them a rush of new talent and human resources ready to fill jobs.

As a result of greater public spending to support the immigrants, the national economies reportedly should grow. In addition, the addition of younger populations might help support social systems that depend on people of working age paying taxes. Those taxes then go to ensure sufficient funding for pensions and retirement benefits for older citizens. However, some analysts suggest these benefits might be outweighed by lower wages across the board, because recent immigrants tend to be willing to accept lower wages than more established workers.

Assuming these trends and predictions are accurate, the increased spending, due to both public support and a new market of immigrants, seemingly could benefit product and service providers in European nations. For companies looking to hire more people, the effects on wages also could be positive, such that they might be able to hire more people. But European citizens remain wary that the overall effects might be detrimental.

Discussion Question:

1. **If you were to conduct an analysis of these demographic changes, what sort of information would you need to take into consideration, so that you could issue a prediction of their effects?**

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Feeding Watson: In IBM's Constant Pursuit for More Data, the Weather Company Is the Latest Contributor

Robert McMillan, "IBM Buys Weather Company' Digital Assets, Expanding Move into Data Crunching," *The Wall Street Journal*, October 28, 2015
Use with Chapter 10, "Marketing Research"

Watson, IBM's super computer (and *Jeopardy* champion), is a remarkable achievement, but it also is only as good as the data that feeds it. Therefore, IBM has followed an acquisitive path, purchasing and obtaining rights to ever increasing amounts of data in its effort to ensure that Watson continues to amaze and astound, as well as inform, everyone who uses it.

A recent acquisition involves the vast digital assets—in the form of approximately 4 gigabytes of data every second—that the Weather Company generates from approximately 40 million smartphones, nearly 150,000 weather stations, and 50,000 daily airline flights. The Weather Company currently collects all these data to offer up-to-the-minute weather information to consumers who subscribe to its services. In return, those consumers actually provide much of the data, through their linked smartphones. The Weather Company even is developing smart windshield wipers that would gauge temperatures, humidity, and rainfall while clearing the windshields of technology-enabled cars.

These weather-related offerings certainly remain valuable, but IBM plans to take the big data even further, by combining them with other reams of information. For example, IBM already has partnerships in place that allow it to receive data from diverse firms such as Johnson & Johnson, Apple, and Twitter. A relationship with a medical imaging company even grants it access to millions of X-rays and magnetic resonance imaging results.

With these massive data, one of the primary goals for IBM and Watson is better targeted, more informative, and more helpful advertising. In one example suggested by the Weather Company CEO, by combining health information, sentiment analysis from Twitter, weather data, and details of a user's buying habits, Watson could identify and recommend preventative practices or medications to help a consumer avoid catching the flu or limit seasonal allergies.

The deal is not totally comprehensive, in that the Weather Company maintains sole rights to its television channel. But IBM receives not just its data but also access to its digital and website operations, along with intellectual property that might keep Watson better informed and updated.

Discussion Questions:

1. **What kinds of data is IBM gathering in this new partnership?**

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Who Are the “Becomers”? Disney Knows, and It Is Gearing Up to Appeal to this Latest Generational Cohort

Brooks Barnes, “Disney’s Family Channel Aims Younger than Millennials with New Name,” *The New York Times,* October 6, 2015

Use with Chapter 9, “Segementation, Targeting, and Positioning”

The president of the ABC Family television network summed up a recent epiphany about the Millennial generation, that popular target of vast marketing efforts, with a clear and funny comment: “We looked up from our research,” he explained, “and said, ‘Oh golly, they’re turning 40’.” That is, the Millennials keep getting older, which means that another generational cohort must be coming up behind them, ready to check out the shows and advertising on channels that their parents let them watch.

ABC Family is one of those channels, but its name also signals its appeal to parents, and that’s never a recipe for appealing successfully to kids. Therefore, the network is undergoing a rebranding effort, in which it will become a network called Freeform. The new network will still air many of the shows that have supported the success of ABC Family, such as *Pretty Little Liars* and *The Fosters*, and the network plans to persist in successful marketing tactics like its “25 Days of Christmas” programming. However, the name and renewed vision for Freeform will reflect the more “fluid” approach that young viewers bring to their television watching habits.

In particular, studies suggest that young viewers, usually defined as those born since 1995, are unlikely to accept vast cable packages, filled with lots of channels they do not find interesting, but just a few channels that they really like. Instead, they seek “skinny” packages that contain only those offerings they actually want.

While researching who these consumers are and what they want, ABC Family executives also derived a view of the cohort that highlighted the developments they would undergo. Rather than strictly defining the target market by their age, Freeform hopes to define it according to the experiences they will be undergoing, now and in the future. With that view, it adopted the term “becomers” to refer to them—that is, young people who are undertaking experiences and making choices that will enable them to become who they want to be.

In turn, though much of the programming will remain acceptable to families, the family-oriented targeting will be less explicit and obvious. In turn, it hopes to maintain its ability to attract young viewers—the same ones that advertisers will pay the network to be able to reach.

Discussion Question

1. **If you were to evaluate the attractiveness of the “becomers” segment, what sorts of criteria would you use, and what information would you need?**

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If We Go Grab a Bite, Can We Still Pay the Rent? The Pricing and Appeal of Truly Exclusive Restaurants

Jackie Strause, “Would You Pay $1900 for Dinner? World’s Most Expensive Restaurants,” *Yahoo Travel*, November 6, 2015

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

The restaurant industry offers a wide range of pricing options. Diners can grab a meal for $5 or so at a fast food joint, or if they prefer to sit down and be served, they might spend around $20 in a fast casual restaurant or twice that in a fancier establishment. Or, they could spend literally hundreds or thousands of dollars on a single meal that promises to do far more than fill their stomachs.

At the Ithaa Underseas Restaurant in the Maldives for example, consumers pay an average of $500 per meal to take one of the 18 seats available each night and eat in an underwater tunnel, with tropical fish and sharks swimming all around them. At Kitcho in Kyoto, Japan, the formal tea ceremony surrounding the meal will set diners back about $600 per person. The Hard Rock Café in Ibiza, Spain, hosts the restaurant Sublimotion, which features virtual reality, high-tech projections, and some great food while charging about $1900 per diner.

As these examples indicate, the key to the high prices is the experience, not just the food. The restaurants understand that diners are coming for an incomparable and exclusive experience, so most of them schedule their reservations with great care. Diners rarely see one another, or if they do, they can clearly sense that they are part of an elite, small group. For example, Alinea in Chicago is relatively large, with 64 seats in the restaurant, but it staggers reservations every 15 minutes and only allows parties of two, four, or six, so that the dining room never feels crowded.

But that’s not to say that the food isn’t remarkable. These restaurants pride themselves on their creative, innovative, and distinctive menus. Le Meurice in Paris and The Restaurant at Meadowood in California both rely on seasonal options to design their constantly changing menus. Doing so means that they remain constantly at the cutting edge of cooking and ensure that the food they serve is fresh.

The exclusivity and high-end promises of these restaurants clearly support their high prices, and no one seems to be complaining too much. Even for diners willing to spend thousands on a meal, the first hurdle is even getting a reservation. Nearly all of these restaurants recommend seeking reservations literally months in advance. There’s nothing fast about this kind of food.

Discussion Questions:

1. **What kind of pricing tactic do these high-end restaurants apply?**
2. **Why does this pricing tactic work in these cases?**

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What's new in 5e

Chapter 1: Overview of Marketing, starts with a discussion of Starbucks' success and the role of marketing in it. There is a new Superior Service box on how the Sol Wave House is incorporating twitter to enhance customers' experience there. A new Social and Mobile Marketing box that discusses how companies are partnering with social media sites such as Twitter and Facebook appears in this chapter. There is a new Adding Value on new innovations in the "smart" market. Also, a new Ethical and Societal Dilemma box on how firms are using the location technology in smartphones has been added. Finally, we conclude with a new case study highlighting Starbucks' growth strategy, a nice tie-back to the opener and the cover concept.

Chapter 2: Developing Marketing Strategies and a Marketing Plan, begins with a comparison between Nike vs. adidas that weaves throughout the chapter. We introduce a new Adding Value box highlighting how online retail meets brick and mortar: Tesco's HomePlus virtual stores. There is a new Ethical and Societal Dilemma addressing the safety concerns for factory workers in the garment industry. Finally, a new case study highlighting the yogurt wars—Pinkberry versus Red Mango—closes this chapter.

Chapter 3: Social and Mobile Marketing, starts by highlighting the success Gatorade has experienced with its innovative Social Media Mission Control Center. We introduce a new 4E framework visual in Exhibit 3.1. There is a new Social and Mobile Marketing box on how Lexus and Jimmy Fallon launched an original campaign that engaged viewers via social media. Exhibit 3.2 uses new examples to illustrate different social media campaigns. We introduced a description of Instagram in the Media-Sharing Sites section. The Going Mobile and Social section was redesigned to describe the seven primary motivations for mobile app usage (Exhibit 3.4) and the different App pricing models. A new Exhibit 3.5 illustrates Apple App Store revenue by app category pricing models. We conclude this chapter with a new case study: Images, Sales, and Brands: How Red Bull Uses Various Social Media Techniques to Achieve All Its Objectives.

We start **Chapter 4:** Marketing Ethics, by highlighting ethical concerns with computer cookies used by marketers to track customers' web activity. Exhibit 4.5 highlights the CRS programs for 10 major companies. We end the chapter with a new case study examining the ethical concerns related to new technologies designed for young children.

Chapter 5: Analyzing the Marketing Environment, begins with a discussion of a how hotels are responding to new customer needs—for example, by offering increasingly extensive accommodations for pets. A new Social and Mobile Marketing box discusses the discrepancies between where marketers are devoting their media budget and what types of media Millennials actually interact with. A new Adding Value box pertaining to how marketers successfully and unsuccessfully use gender-based marketing strategies has been added. There is also a new Adding Value box discussing a recent trend in grocery stores to have in-house dietitians highlight healthy food options. A new Ethical and Social Dilemma box pertaining to the use of palm oil in General Mills' products has been added. A new Social & Mobile Marketing box on the 2014 Consumer Electronics Show (CES) is also presented.

Chapter 6: Consumer Behavior, begins with discussing Google Glasses and other wearable technologies. The following new boxes are added: Ethical and Societal Dilemma on how Google is punishing companies that use questionable techniques to improve their search engine optimization; Social and Mobile Marketing on the new health-related apps; Superior Service on the success of H-E-B supermarkets; and another new Social and Mobile Marketing box on how Sephora implements cross-channel marketing.

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Chapter 7: Business-to-Business Marketing, starts with an interesting discussion on how 3D printing could potentially change B2B marketing. A new Superior Service on applications of IBM's Watson computer was added. The chapter ends with a new case study on how Levi Strauss & Co. buys materials to manufacture jeans.

Chapter 8: Global Marketing, has a new opener highlighting Coca-Cola's efforts to expand its market share in India. The Choosing a Global Marketing Strategy section has been restructured around the three primary strategies companies employ. New boxes include an Ethical and Societal Dilemma about how Chinese regulations have changed car-buying trends; a Social and Mobile Marketing box that compares and contrasts Facebook's strategies for entering Brazil and China; an Adding Value box examining Starbucks' entrance into the Indian market; another Adding Value box contrasting Ford's and Chevy's strategies to bring their American muscle cars into the global market; and a Superior Service describing the success of Alibaba. Finally, there is a new case study at the conclusion of this chapter that highlights the globalization of McDonald's.

Chapter 9, Segmentation, Marketing, and Positioning, opens with how Netflix targeted different segments in regards to its new original shows. New boxes include a Social and Mobile Marketing box highlighting Facebook's struggle to remain relevant while gaining popularity among an older audience; a Superior Service on how airline companies are using the data they collect to improve customer experiences; an Ethical and Societal Dilemma box discussing the ethical issues regarding loyalty programs; an Adding Value examining the cancellation of the show Longmire; and another new Adding Value box discussing Self magazine's repositioning strategy.

Chapter 10: Marketing Research, begins with a discussion about the marketing research Disney undertakes to better serve its customers. The Internal Secondary Data section now includes information regarding big data. There are several new boxes including a Superior Service examining the pros and cons of McDonald's extending its breakfast hours; a Social and Mobile Marketing highlighting the diffi culties Nielsen is facing because of new trends in television watching behavior; another Superior Service illustrating the accuracy of Google Analytics in regard to the success of movies; and a new Ethical and Societal Dilemma discussing the ethical concerns surrounding the use of mannequins equipped with recording tools.

Chapter 11: Product, Branding, and Packaging Decisions, begins with a new opener on Red Bull's branding strategy. A new Ethical and Societal Dilemma box about Coca-Cola's promise to stop advertising to children has been added. This chapter also includes a new Adding Value box regarding American Airlines' rebranding strategy.

Chapter 12: Developing New Products, begins with another discussion of the applications of 3D printing, this time in regard to the development of innovative new products across various industries. The chapter concludes with a new case study analyzing the launch of Google Glass.

Chapter 13: Services: The Intangible Products, includes an opening vignette that describes how companies like Samsung and Seamless food delivery service are using Twitter to provide excellent customer service. A new Social and Mobile Marketing box discusses how American Express connects its customers with deals via its Twitter account and TripAdvisor.

Chapter 14: Pricing Concepts for Establishing Value, describes pricing concepts using new examples from Procter & Gamble (opening vignette) and Disney and Universal theme parks (Superior Service box). The influence of the Internet and economic factors on pricing are now integrated throughout the chapter and book. The chapter ends with a new case study on Planet Fitness.

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Chapter 15: Strategic Pricing Methods, opens with an examination of McDonald's unsuccessful launch of its Mighty Wing product line and the general effect that McDonald's has on market prices. New examples in this chapter include an Adding Value box describing how various companies are changing the meaning of value options to refer to the benefits they offer; another Adding Value box discussing Walmart's expansion into the organic food market; and a new Ethical and Societal Dilemma box highlighting instances of price fixing in the candy industry.

Chapter 16: Supply Chain and Channel Management, opens with a new vignette highlighting how exceptional channel and supply chain management has contributed to Amazon's success. The different bases of channel power are illustrated in a new exhibit. There is a new Superior Service box about the different strategies Amazon and Walmart are using to win the same-day grocery delivery market.

Chapter 17: Retailing and Omnichannel Marketing, begins with a discussion of how the implementation of omnichannel marketing has aided the success of H&M's flagship Times Square location. Other new examples include a Superior Service box about Trader Joe's; an Adding Value box highlighting the myWeeklyAd service offered to CVS ExtraCare members; and a Social and Mobile Marketing box detailing how Home Depot is improving customer experiences with modern technology.

Chapter 18: Integrated Marketing Communications, discusses the concepts that are important to consider regarding integrated marketing communications (IMC). A new Adding Value box appears highlighting the unique aspects of Jeep's celebrity endorsement strategy. There is a new Social and Mobile Marketing box examining how Google is using a combination of nostalgia and modern technology to promote various companies including Coca-Cola. Finally, there is a new case study accentuating Volvo's IMC strategy.

Chapter 19: Advertising, Public Relations, and Sales Promotions, starts with examinations of Chipotle's "Food with Integrity" and "Cultivating Thought" campaigns. There is a new Social and Mobile Marketing box on Twitter's advertising formats and future plans.

Chapter 20: Personal Selling and Sales Management, begins with a description of how the Boeing Companies' personal selling approach has engaged clients and made Boeing the top-ranking airline manufacturer. The chapter includes two new boxes, a Superior Service box on the cloud-based CRM system provided by Salseforce.com, and an Ethical & Societal Dilemma box analyzing the implications of realtors becoming reality TV stars.

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