

Applications

Marketing Debate

Is Target Marketing Ever Bad?

As marketers increasingly tailor marketing programs to target market segments, some critics have denounced these efforts as exploitive. They see the preponderance of billboards advertising cigarettes and alcohol in low-income urban areas as taking advantage of a vulnerable market segment. Critics can be especially harsh in evaluating marketing programs that target African Americans and other minority groups, claiming they often employ stereotypes and inappropriate depictions. Others counter that targeting and positioning is critical to marketing, and that these marketing programs are an attempt to be relevant to a certain consumer group.

Take a position: Targeting minorities is exploitive *versus* Targeting minorities is a sound business practice.

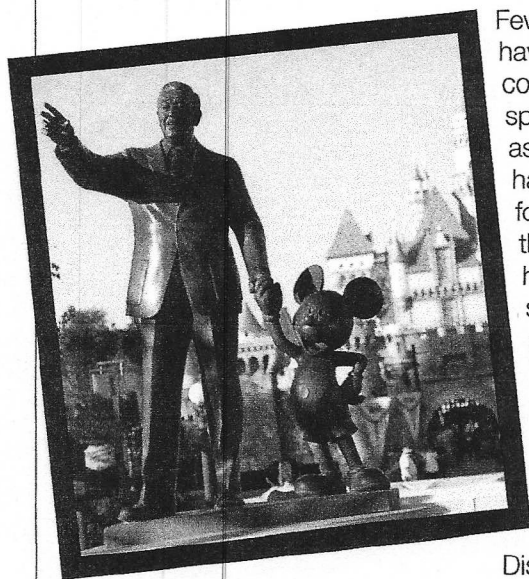
Marketing Discussion

Mental Accounts

What mental accounts do you have in your mind about purchasing products or services? Do you have any rules you employ in spending money? Are they different from what other people do? Do you follow Thaler's four principles in reacting to gains and losses?

Marketing Excellence

>>Disney



Few companies have been able to connect with a specific audience as well as Disney has. From its founding in 1923, the Disney brand has always been synonymous with quality entertainment for the entire family. The company, originally founded by brothers Walt Disney and Roy

Disney, stretched

the boundaries of entertainment during the 20th century to bring classic and memorable family entertainment around the world. Beginning with simple black-and-white animated cartoons, the company grew into the worldwide phenomenon that today includes theme parks, feature films, television networks, theatre productions, consumer products, and a growing online presence.

In its first two decades, Walt Disney Productions was a struggling cartoon studio that introduced the world to its most famous character ever, Mickey Mouse. Few believed in Disney's vision at the time, but the smashing success of

cartoons with sound and the first-ever full-length animated film, *Snow White and the Seven Dwarfs*, in 1937 led, over the next three decades, to other animated classics including *Pinocchio*, *Bambi*, *Cinderella*, and *Peter Pan*, live action films such as *Mary Poppins* and *The Love Bug*, and television series like *Davy Crockett*.

When Walt Disney died in 1966, he was considered the best-known person in the world. By then the company had expanded the Disney brand into film, television, consumer products, and Disneyland in southern California, its first theme park, where families could experience the magic of Disney in real life. After Walt's death, Roy Disney took over as CEO and realized Walt's dream of opening the 24,000 acre Walt Disney World theme park in Florida. By the time of Roy's death in 1971, the two brothers had created a brand that stood for trust, fun, and entertainment that resonated with children, families, and adults through some of the most moving and iconic characters, stories, and memories of all time.

The company stumbled for a few years without the leadership of its two founding brothers. However, by the 1980s, The Walt Disney Company was back on its feet and thinking of new ways to target its core family-oriented consumers as well as expand into new areas that would reach an older audience. It launched the Disney Channel, Touchstone Pictures, and Touchstone Television. In addition, Disney featured classic films during *The Disney Sunday Night Movie* and sold classic Disney films on video at extremely low prices in order to reach a whole new generation of children. The brand continued to expand in the 1990s as Disney tapped into publishing, international theme parks, and theatrical productions that reached a variety of audiences around the world.

Today, Disney is comprised of five business segments: The Walt Disney Studios, which creates films, recording labels, and theatrical performances; Parks and Resorts, which focuses on Disney's 11 theme parks, cruise lines, and other travel-related assets; Disney Consumer Products, which sells all Disney-branded products; Media Networks, which includes Disney's television networks such as ESPN, ABC, and the Disney Channel; and Interactive Media.

Disney's greatest challenge today is to keep a 90-year-old brand relevant and current to its core audience while staying true to its heritage and core brand values. Disney's CEO Bob Iger explained, "As a brand that people seek out and trust, it opens doors to new platforms and markets, and hence to new consumers. When you deal with a company that has a great legacy, you deal with decisions and conflicts that arise from the clash of heritage versus innovation versus relevance. I'm a big believer in respect for heritage, but I'm also a big believer in the need to innovate and the need to balance that respect for heritage with a need to be relevant."

Internally, Disney has focused on the *Disney Difference*—"a value-creation dynamic based on high standards of quality and recognition that set Disney apart from its competitors." Disney leverages all aspects of its businesses and abilities to touch its audience in multiple ways, efficiently and economically. Disney's *Hannah Montana* provides an excellent example of how the company took a tween-targeted television show and moved it across its various creative divisions to become a significant franchise for the company, including millions of CD sales, video games, popular consumer products, box

office movies, concerts around the world, and ongoing live performances at international Disneyland resorts like Hong Kong, India, and Russia.

Disney also uses emerging technologies to connect with its consumers in innovative ways. It was one of the first companies to begin regular podcasts of its television shows as well as release ongoing news about its products and interviews with Disney's employees, staff, and park officials. Disney's Web site provides insight into movie trailers, television clips, Broadway shows, virtual theme park experiences, and much more. And the company continues to explore ways to make Mickey Mouse and his peers more text-friendly and virtually exciting.

According to internal studies, Disney estimates that consumers spend 13 billion hours "immersed" with the Disney brand each year. Consumers around the world spend 10 billion hours watching programs on the Disney Channel, 800 million hours at Disney's resorts and theme parks, and 1.2 billion hours watching a Disney movie—at home, in the theatre, or on their computer. Today, Disney is the 63rd largest company in the world with revenues reaching nearly \$38 billion in 2008.

Questions

1. What does Disney do best to connect with its core consumers?
2. What are the risks and benefits of expanding the Disney brand in new ways?

Sources: "Company History," Disney.com; "Annual Reports," Disney.com; Richard Siklos, "The Iger Difference," *Fortune*, April 11, 2008; Brooks Barnes, "After Mickey's Makeover; Less Mr. Nice Guy," *New York Times*, November 4, 2009.

Marketing Excellence

>>IKEA

IKEA was founded in 1943 by a 17-year-old Swede named Ingvar Kamprad. The company, which initially sold pens, Christmas cards, and seeds from a shed on Kamprad's family farm, eventually grew into a retail titan in home furnishings and a global cultural phenomenon, what *BusinessWeek* called a "one-stop sanctuary for coolness" and "the quintessential cult brand."

IKEA inspires remarkable levels of interest and devotion from its customers. In 2008, 500 million visitors walked through IKEA stores, which are located all over the world. When a new location debuted in London in 2005, about 6,000 people arrived before the doors opened. A contest in Atlanta crowned five winners "Ambassador of Kul" (Swedish for "fun") who, in order to collect their

prizes, had to live in the IKEA store for three full days before it opened, which they gladly did.

IKEA achieved this level of success by offering a unique value proposition to consumers: leading-edge Scandinavian design at extremely low prices. The company's fashionable bargains include products with unusual Swedish names such as Klippan loveseats for \$279, BILLY bookcases for \$60, and LACK side tables for \$8. IKEA founder Kamprad, who was dyslexic, believed it was easier to remember product *names* rather than codes or numbers. The company is able to offer such low prices in part because most items come boxed and require the customer to completely assemble them at home. This strategy results in cheaper and easier transportation as well as more efficient use of store shelf space.

IKEA's vision is "to create a better everyday life for the many people." Its mission of providing value is predicated on founder Kamprad's statement that "People have very