For Advanced Students

Spice-up

Business Case Study

Teacher's Guide

Hi English

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Preface

This Guidebook is intended for the HiEnglish teachers who want to use <Spice-up series: Case Study> in a class. The goal of this book is to give useful information related to each article in <Spice-up series: Business Case Study>, thus helping teachers in preparing for class.

The articles in the <Spice-up series: Business Case Study> were written in 2013 and often omit background information around the case. As a result, students may misunderstand the case or question what has happened since the end of the article; this book will help teachers in those situations. This book also gives a lesson plan example in case teachers are unfamiliar with case study method.

Lesson Plan Example

<table>
<tr><td>Unit</td><td colspan="3">Unit 01. Coca-Cola's Recall of Dasani in the UK</td></tr>
<tr><td>Page</td><td>Business Skill Case Study pp. 5~10</td><td>Time</td><td>60min</td></tr>
<tr><td>Objectives</td><td colspan="3">After the lesson, students will be able to:
- understand new words and expressions on the article
- summarize the article and share the analysis
- discuss with other students about the article</td></tr>
<tr><td>Stage & Time</td><td colspan="3">Description</td></tr>
<tr><td>Warm up (5')</td><td colspan="3">Greet students and review the last lesson.</td></tr>
<tr><td>Motivate (5')</td><td colspan="3">1) Briefly introduce the topic of the article.
2) Let the students guess the conclusion of the article.</td></tr>
<tr><td>Reading (10')</td><td colspan="3">1) Let the students open the textbook and read the article.
2) Students should mark the words/phrases they don't know yet.
3) Students can consult a dictionary or ask for teacher's help.</td></tr>
<tr><td>Analyzing (10'~15')</td><td colspan="3">Analyze the article with students. (Writing on the blackboard will be helpful)
- What are the key problems?
- Why do they exist?
- How do they impact the organizations?
- Who/What is responsible for the problems?
Let the students answer each question based on their understanding. You can advise students to use more appropriate expressions while they speak the answer.</td></tr>
<tr><td>Discussion (20'~25')</td><td colspan="3">Actuate the students to discuss about the article. Teacher can give topics such as:
- What would be the best solution for the problem?
- What would have happened if the case had been in different country/time?
- What should we learn from this case?
- What would have prevented such problem?
- ...and so on
Students should give their opinions with reasons, like:
- "I think they should have ~ , because ~"
After a student tells his or her opinion, summarize that idea and write it on the blackboard if possible. It would help the other students to follow the discussion and developing their own opinions.</td></tr>
<tr><td>Wrap up (5')</td><td colspan="3">1) Summarize what the class has learned today.
- The topic and the key problems of the article
- Discussion topics and students' opinions
2) Give students writing assignment with the topic which students didn't discuss in Discussion Session.</td></tr>
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UNIT 01

Coca-Cola's Recall of Dasani in the UK

In the early 2000's, The Coca-Cola Company launched its bottled water brand Dasani. It sold well in both North and South America, but when Dasani was brought to the UK market in 2004, it ended in complete disaster.

It started out as a PR catastrophe from the very beginning. (1)Early advertisements turned off consumers with unfortunate mix-ups between American and British English about an embarrassing sexual innuendo. Then, the story quickly broke in the media that (2) Dasani was actually just plain old purified tap water. Coca-Cola had been advertising their Dasani plant as using a highly sophisticated purification process based on NASA spacecraft technology, but this was quickly proven to be just plain old reverse osmosis, a simple technique used in domestic water purification units worldwide.

To top it off, only a month after Dasani's UK launch, the entire product line was pulled off store shelves (3)due to the discovery of bromate - a dangerous carcinogen - in the water. Coca-Cola handled the Dasani recall very quickly and professionally, but was unable to repair the damage done. Coca-Cola has not sold Dasani in the UK, or anywhere else in Europe, since that then.

(1) Above is the online ad campaign Coca-Cola used in US. The slogan 'full of spunk', 'bottled spunk', and 'Can't live without spunk' was successful in the US as spunk means 'courage' and 'bravery'; but in British slang, spunk means 'semen'. Dasani ad in UK was mocked by public as a result, and Coca-Cola immediately withdrew the online marketing campaign as the issue occurred.

(2) Dasani was simply a filtered tap water from the beginning, and it was not even a secret in the US. UK market, however, preferred so called 'high-end' water (91% of all bottled water was naturally sourced one). For this reason, Coca-Cola advertised Dasani as especially "pure" water, while intentionally hiding how they purify the water.
After UK presses had reported the source of Dasani – tap water from Sidcup, near the London – in 2 March, Coca-Cola tried to emphasize the purity of Dasani by describing purification process with words like "multi-barrier filteration", "reverse osmosis", and "a technique perfected by NASA to purify fluids on spacecraft". But their filtration process was same system many home water filters use.

(3) On 18 March, levels of 'bromate' were found in Dasani to exceed legal levels (ozone treatment process actually made 'bromate' in the water). It led to immediate recall of half a million bottles and withdrawal of Dasani brand from UK.

*Ozone treatment is used to sterilize water, but also can make bromate in process. In Korea, mineral waters treated with ozone cannot advertise as 'natural' mineral water.

UNIT 02

Google's Standoff with China

Media censorship is rampant in China, especially when it comes to foreign influence. And in our modern age, the greatest influence in the world is the World Wide Web. In Google's early years, their famous search engine was available in China, but most of the content was inaccessible due to heavy government censorship. (1)In 2005, Google China was launched, which brought these missing services to nearly 50 million Chinese Internet users. (2)The price Google had to pay: self-censorship of their search results. The company came under fire from the international community for agreeing to such terms, even though rivals Yahoo and Microsoft censor their own search engines in China.

Fast forward five years. Google's relationship with the Chinese government had been a rocky one from the start. When a (3)very serious hack on Google's US computer systems just before Christmas in 2009 was found to have originated in China – with strong implications that the Chinese government itself was the instigator of the attack – Sergey Brin, co-founder of Google, took it personally. Google immediately ceased self-censorship in China, threatening to pull out of China completely if necessary, even if it meant forgoing the entire 340 million potential Chinese customers now online.

A link to the censorship-free Google Hong Kong was put on the front page of Google China, and (4)the company began a standoff with the Chinese government that has never really ended. To this day, although Google China is still available, it is heavily censored by the government and many services are often unavailable, and there remains a permanent homepage link to Hong Kong's freer version of the website.

(1) In that time, Google was sharing more than 50% of global search market, and Chinese internet industry was only taking first steps. Not only Google wanted Chinese market, but also China wanted Google because there were no other substitutes.

(2) Although Google broke their own motto "Don't be evil" and censored search result, Google let Chinese users see the warning sign – "some results had been removed" – whenever they searched for censored content on Google China. Other search engines in China had been never noticed they are censoring so Chinese government, of course, was angry about Google's acknowledgement. Nonetheless, Google's market share in Chinese search engine had risen to 35% in 2009.

(3) The Chinese hack, dubbed "Operation Aurora", was an extremely large-scale cyber attack during the second half of 2009, targeting US companies. According to Google, the hack tried to access the Gmail accounts of Chinese human rights activists. Soon Google abandoned google.cn and retreated to Google Hong Kong. Some say Google could give up Chinese market because China had small portion in Google's total sales (200M from China, 24B in total).

(4) But the standoff ended as the winning of China. China's internet industry enormously flourished since 2010. Chinese engineers once worked in Silicon Valley came back to China, and government funded local venture capitals such as Xiaomi, Meituan Didi, and Tencent. It is well-known fact that Google was developing Dragonfly, the censored search engine prototype for Chinese market, in 2018.

UNIT 03

Dow Chemical: Application Outsourcing

(1)The Dow Chemical Company is ranked as one of the top three chemical companies in the world. They manufacture chemicals, plastics and agricultural products in over 160 countries around the world and a wide range of markets, including health and medicine, personal and home care, building and construction, food and transportation. In 2012, Dow's sales totaled approximately $57 billion.
Despite being a strong market leader, (2)in the mid-90's Dow was faced with significant problems keeping up with modern trends. Skill gaps among their employee base, rising IT costs and decreasing user satisfaction all posed a challenge to Dow's efficiency. To address these needs, (3)Dow teamed up with Accenture, the world's largest consulting firm. The alliance would prove to be a very innovative arrangement, in which Accenture would provide centralized project development, implementation and application support services, while also sharing in risks, rewards and management. The project has been highly successful, and Accenture (4)now handles more than 1,400 Dow applications, with more than 2,000 projects completed to date.

(1) Dow Chemical Company was founded in 1897 by chemist Herbert H. Dow in the US. It manufactured chemicals, plastics, synthetic fibers, and agricultural products. In 2015 Dow merged with the DuPont Company, former rival of chemical industry, to form DowDuPont. In 2019 the DowDuPont dissolved into three independent companies: Dow (commodity chemical production), DuPont (specialty chemical production), and Corteva (agricultural chemicals).

(2) Since the mid-1980s, chemical companies started to adopt enterprise resource planning (ERP) in management, mostly SAP (the most generally used ERP system throughout the history). Implementation of ERP system, however, was overwhelming and cost-demanding to chemical companies; they often worried when the investments in internal IT resources would be ended. It led the chemical companies outsource IT sector to more professional consulting companies like Accenture, thus focusing company's power to other business area.

(3) The arrangement between Dow and Accenture since 1995 focused on joint management, which gives Accenture a high degree of control over their side of the operations. The focus was on the development of high-productivity solutions. Accenture helped Dow create a global data warehouse, which they use to drive all financial reporting and decision making throughout the company. In 2011, Dow expanded Accenture's role to include maintenance and implementation of supply chains, procurement and customer service. Since the team-up first began, productivity at Dow has improved by 60%, and annual IT costs have been reduced by more than US$100M.

(4) This article was written in 2013.

UNIT 04

AT&T's Failed Acquisition of T-Mobile USA

In the current digital age, staying connected while on the go is almost a necessity of life. As such, the mobile network operator you choose to use is even more important than the brand of phone you own. Every country has their big names in the cellular world: KT and SK in Korea, for example, and Vodaphone and Orange in England. In the United States, the leading cell phone carriers are Verizon, AT&T, Sprint and T-Mobile.

(1)In March 2011, AT&T announced plans to acquire T-Mobile USA from German company Deutsche Telekom for US$39 billion. The move would have secured AT&T a near-duopoly with Verizon Wireless, with almost three-quarters of the US market between them, and would have made AT&T the largest mobile phone company in the country. However, (2)the US government filed a lawsuit against AT&T to block the deal, stating fears that the merger would stifle innovation, raise prices, and reduce American jobs. After 9 months of fighting, (3)AT&T threw in the towel and withdrew their merger bid. The cancellation of the merger cost AT&T over US$3 billion, which was paid to Deutsche Telekom as compensation.

(1) When the iPhone debuted in 2007, the smartphone was only available in the US if you signed up with AT&T as your service provider. The 5-year exclusivity deal with Apple was tremendous for AT&T, but it came with a downside: when everybody in America suddenly rushed to purchase an iPhone all at once, AT&T's wireless network was overloaded, resulting in very spotty service and famously slow data transfer speeds, a problem that persisted for many years. The T-Mobile merger would have solved that problem by vastly expanding AT&T's network, resulting in drastically improved coverage and service for AT&T's huge customer-base.

(2) The Antitrust Division of the United States Department of Justice filed a lawsuit in August 31, 2011. The Obama administration's primary concerns were that AT&T's prices would rise and innovation would be stifled due to the elimination of T-Mobile USA and the suppression of competitor Sprint. Many politically powerful consumer groups shared these views, and lobbied to the US Federal Communications Commission to block the merger. The government also expressed worries that the merger would result in American job cuts. AT&T promised to bring back 5,000 jobs from oversea call centers, but failed to provide sufficient evidence for these claims.

(3) It was on December 19, 2011 when AT&T announced the end of their merger bid. It is notable that merger of Sprint and T-Mobile US, the third and fourth company of the industry, was approved on April 1, 2020.

UNIT 05

Enterprise Rent-A-Car's Marketing Strategy

When a company makes its marketing strategies, it has to differentiate its products and services from its competitors', creating a unique selling point. It also has to decide the scope of its business - whether it will only operate in a single market or in a range of different markets. And, if it enters different markets, it needs to find the best way to enter them.

Enterprise Rent-A-Car is a good example of successful marketing strategy combining differentiation and expansion. (1)It was founded by an entrepreneur named Jack Taylor in 1957 in Missouri, USA. It started with seven cars to rent to customers. Since then, it has become the largest car rental company in North America with 5,400 home city locations and 419 airport locations.

Though it is a world-class enterprise, it has maintained its initial approach; a privately-owned business involving three generations of the Taylor family in its management. It is also run like a small business. (2)The local managers of its branches make decisions based on the needs of each location. It allows the managers to respond to the external environment quickly with custom products and services. (3)WeCar, a membership car-sharing program that offers customers eco-friendly cars with an affordable hourly rate, is operated only in the UK and the USA. (4)Flex-E-Rent, a long term vehicle rental solution without the burden of corporate vehicle ownership, is operated in the UK only.

Enterprise Rent-A-Car has expanded its operations beyond its car rental business. In 1962, it established Car Sales, a used car sale business. In 1977, it purchased Keefe Coffee Company. It was to compensate for the loss from its used car sales which were going down at that time. Its expansion is still going on through mergers and acquisitions based on strict profitability analysis.

(1) When Taylor started his own business, Hertz and Avis were the top leading company in car-rental business, mostly focusing on airports. Enterprise, however, found a niche market around residential area. People whose cars had been damaged or stolen wanted to rent a car, and because of that insurance adjusters also wanted rental cars for their clients. Enterprise aim to this market, and the strategy was quite successful.

(2) In early 1970s, a branch manager in Orlando started a little experiment. The manager offered customers a free ride to the rental office, as customers may need ride if they have to rent a car. Soon it spread throughout the Enterprise system, making well-known company slogan "We'll pick you up."

(3) WeCar, now the brand divided into two premier brands - Enterprise Carshare(US and Canada) and Enterprise Car Club(UK), started the services since February 12, 2008. Compared to existing car rental service, car sharing allowed customers to rent a car by the hour, not the day. Note that Enterprise also launched car share in Canada on 2015. (the article was written in 2013)

(4) Flex-E-Rent is Enterprise's UK brand of truck rental service that started on 2010, and it features box trucks, vans, tippers and so on. The service offers the flexibility of rental time from a day to three years. Note that similar service – Enterprise truck rental - was already existed in US since 1999.

UNIT 06

The Driving Force of Tesco

With almost 3,000 stores all across the UK, TESCO, as the UK's leading retailer, employs more people than any other company in the nation. Along with its offline stores, it has a successful online store as well as banking, insurance, and telecommunication services. For all of its businesses, (1)TESCO's number one policy is to ensure diversity - that is to have a balance of different people in its workforce. One of its slogans is 'Everyone is welcome at TESCO'. Here, everyone means both customers and employees.

What does TESCO do to ensure diversity? (2) It actually has rules to ensure fair treatment for equal opportunities. It is against the rules to make unfair choices against people on the grounds of age, race, disability, gender, or sexual orientation. It also has a number of (3)networks to engage with diverse groups. Some of the networks are:

- Out at TESCO which represents people with different sexual orientations
- Women in Business which supports women's issues and provides career sponsorship for women
- TESCO Asian Network which helps to raise the profile of careers for Asian employees
- ABC Network which promotes the employment of African, Black British and Caribbean people

It also has strong links with organizations for disabled people such as Whizz-Kids.

(4)TESCO's diversity strategy brings many benefits to the business. It recruits from the widest pools of talent, so there's a greater chance to find the best person for each position. The workforce reflects the same diversity as the customers. The results are a better understanding of the customers' needs and novel ideas for customer satisfaction arising from different cultural backgrounds. The diverse age groups in the workforce also help to bring a broad range of knowledge, experience and social skills. All of these contribute to effective work processes and improved productivity.

(1) TESCO's three main value is:
1) No one tries harder for customers
2) We treat people how they want to be treated
3) We believe every little help can make a big difference
TESCO's emphasis on diversity and inclusion is embedded in the second value, according to TESCO's homepage.

(2) The main idea of TESCO's 'Inclusion policy' is that everyone should be treated fairly and with respect, and TESCO tries to create a sense of belonging by valuing individuality and uniqueness. This policy is applied to both recruitment and PR. TESCO's Christmas advert in 2017~2018 spotlighted there are so many diversities in UK society while delivering its slogan("However you do Christmas, everyone's welcome at TESCO")

(3) In 2020, TESCO has 5 colleague networks: The Armed Forces at TESCO, BAME at TESCO (Black Asian and Minority Ethnic), Disability at TESCO, LGBTQ+ at TESCO and Women at TESCO.

(4) According to McKinsey report "Why diversity matters"(released 2015), companies in the top quartile for racial and ethnic diversity were 35 percent more likely to generate above average returns, and those in the top quartile for gender diversity were 15 percent more likely to have above average financial returns.
Not only just accepting diverse employees, companies should 'include' them and try to build a cohesive group in order to benefit from the diversity strategy. It means today's companies need to pay attention to pay equality, bias, and most of all, workplace culture.

UNIT 07

Philips' Successful Brand Repositioning

As a international company, (1)Philips always did its market and product research globally. (2)The research was performed on both a qualitative and quantitative scale.

On the qualitative scale, Philips surveyed relatively small focus groups, such as hospital surgeons who use its scanning equipment. Such qualitative research enabled Philips to obtain detailed information, like what types of products consumers want to be developed.

On the quantitative scale, Philips conducted surveys on more general, bigger samples of consumers and performed statistical analysis of the results. By doing so, it achieved a better understanding of its current status in the market and identified new routes for improvement.

The findings of its global research could be summed up as follows: The professionals using the Philips' equipment valued the reliability of Philip's products and their constant development of new products. At the same time, however, the professionals didn't feel that Philips had as a clear sense of direction in product development as some of its competitors. Also, Philips' core target group, who are rich, well-educated decision makers aged 35 to 55, generally disliked complexities caused by technology.

Using the information, Philips decided the goal of its brand repositioning. It was to promise consumers a solution for a more comfortable and more straightforward relationship with technology. The slogan for Philips' new brand positioning was (3) 'sense and simplicity' based on the following principles:

- Products are designed around you.
- Products are easy to experience.
- Products are advanced.

(1) Philips, a Dutch multinational conglomerate founded in 1891, was once one of the largest electronic companies in the world. Philips began to produce household goods since 1927, and the company expanded their product range from irons to microchips until the 1980s. It is well known that they developed recording standards such as Compact Audio Cassette (1963), VCR (1972), and Compact Disc (1982 with Sony).

But since the late 1990s, Philips' business declined due to over-diversifying; it just had too many products and was spreading itself too thin. Philips had superiority in certain technologies but failed to surpass the new rivals, Samsung and LG. In 1990s, Philips lost more than US$2 billion. The company carried out restructuring for almost 20 years since then, and the article shows how Philips tried to overcome hardships with brand repositioning in 2004, changing its slogan from 'Let's make things better' to 'sense and simplicity'

(2) Philips involved more than 1650 consumers and 180 customer companies around the world to make sure that it repositioned its brand in an appropriate way. Philips also undertook BEAT (Brand Equity Assessment Tool) research involving 26,000 respondents. Both qualitative and quantitative research was carried out in UK, Germany, France, Netherlands, Brazil, Hong Kong, China, and USA.

With these in mind, Philips has been continuously developing new products that are simple to use. Also, to communicate its new position to customers, Philips is performing advertising campaigns that effectively convey the concept of simplicity.

In the advertisements, Philips uses a different language from what other technology companies use - fresher, cleaner, more human. The advertisements are reaching a wide range of audiences globally and are helping to define Philips as a consumer focused organization that continuously provides easier, simpler solutions for everyday necessities.

(3) After they set the new vision, Philips cleaned up unnecessary enterprises; for example, semiconductor division, which was part of the company since 1953, sold in 2006. Instead of expansion, Philips focused on three key areas: lighting, consumer business and healthcare. Frans van Houten, CEO of Philips since 2011, has been transformed Philips as 'a focused health technology company'. He has also driven increased investment in R&D to establish new businesses in areas like digital pathology, medical wearables and healthcare informatics.

UNIT 08

The Successful Lean Production System at Portakabin

(1)Portakabin is a global building company that specializes in modular buildings. It is a part of the Shepherd Group, one of the top companies in the European building industry. Portakabin has an excellent reputation for its high quality buildings and fast and efficient production. The key to these features is lean production - a method of production which aims to minimize waste in the use of resources.

Portakabin uses a (2)just-in-time production system which aims to keep holding stocks at a minimum level. Normally, companies maintain certain amount of stocks 'just in case'. However, Portakabin only holds the stocks needed for orders in process. It orders and builds new component supplies only when there is a demand. By doing so, it can enjoy the following benefits:

- A reduction in the cost for the storage price
- The efficient use of working capital rather than cash tied up in stored stocks
- The risk of current stocks becoming unusable by changing regulations or customer requirements is avoided
- The risk of rework due to defects in stock is avoided

The effort to reduce unnecessary waste also applies to its manufacturing system. It uses standard width of (3)modular units to minimize cutting. It reuses materials and constantly researches ways to change materials for more efficiency. There are waste management teams that supervise every employee.

The lean production of Portakabin provides a win/win/win situation for the company itself, customers and society. The company can enjoy financial benefits by reducing production costs and wasted time. The close-to-zero failure rate reduces the lead time, which is the time between a customer placing an order and the end product reaching the customer. Its environmental friendliness due to recycling efforts and reduced construction time provide environmental benefits to society.

(1) Early history of Portakabin: Shepherd Group is one of the leading family-owned private businesses in the UK. It was founded in 1890 in York as a house building company. In 1961, Shepherd Woodwork developed a new type of building site accommodation with telescopic legs, called 'Portakabin'. It was built to a high standard, could be positioned easily, and moved quickly to a new site. These Portakabin units were immediately marketed outside the Shepherd business, and indeed outside the construction industry, and they rapidly became famous. A new company Portakabin was soon formed and a purpose-built manufacturing facility developed at Huntington in York.

(2) Just-in-time(JIT) system also has disadvantages. If a raw materials supplier has a breakdown and cannot deliver the goods in a timely manner, this could conceivably stall the entire production process. A sudden unexpected order for goods may delay the delivery of finished products to end clients.

For example, Toyota Motor(they are famous for their JIT inventory system) had to stop all their process chain due to a fire at Aisin, an automotive parts supplier, in 1997. Aisin solely supplied P-valves for Toyota, so the halt of the valve production led to temporary shutdown of Toyota and other suppliers of Toyota. As a result, Toyota lost 160 billion yen in revenue.

(3) Modular construction is one of the types of prefab construction. Modules are manufactured in a factory and transported to the construction site. Various modules could be produced to meet the customer's needs. As the site work is minimized, a house can be built in more efficient and healthier way.

UNIT 09

Microsoft vs. Google: Turf Wars

The evolution of the IT market through the 90's and into the 2000's saw Microsoft rise up to become the king of operation systems, while Google claimed the crown as the king of search engines. These titles were almost absolute; no one could stand in their way. But in 2009, announcements were made by both companies that would challenge these assumptions: Google would be releasing their own operating system, Chrome OS, and Microsoft would be releasing their own search engine, Bing. The companies were going after one another on their home turfs.

In 2010, Microsoft teamed up with Yahoo to tackle the search engine struggle head-on. Bing would now power all Yahoo searches, and in return, Yahoo would cut Microsoft a portion of their advertising revenue. But Yahoo has since become disappointed with Microsoft's unsatisfactory performance, and (1)by 2013, it was looking to back out of the deal and pursue negotiations with Google.

Meanwhile, (2)Google's "Chromebook" laptop computers finally debuted in 2011 to mixed reception. Google Chrome-powered computers were cheap, but could only run web-apps, with traditional desktop software being strictly off limits. However, the Chromebooks did feature a full suite of integrated software that challenged Microsoft's Office package. For this reason, (3) Chromebooks became popular in classrooms, but are not yet powerful enough for business solutions.

Microsoft and Google still hold their respective crowns. Both Bing and Chrome OS are still relatively young and, as of yet, none are able to stand up to these two big contenders. But in our vibrant modern technological market, who can predict who will come out on top in the end?

(1) In 2009, Microsoft and Yahoo announced that Yahoo's search engine and ads of desktop page will be replaced with Bing for next 10 years. In return, Yahoo will have 88% of the revenue from all search ad sales on its site for the first 5 years of the deal, and have the right to sell advertising on some Microsoft sites.

In 2015, they changed details of the deal. In short, Yahoo will have 93% of the revenue, and only 51% of search ads would be provided by Bing (it was 100% before); plus Yahoo can sell its own search ads (or pull search ads from another provider such as Google) for the remaining traffic (49%).

In 2017, Verizon acquired Yahoo for $4.83 billion. And in 2019, Verizon (Yahoo) and MS (Bing) made a deal; Bing ads will be the exclusive search adverting platform for Verizon Media properties, including Yahoo and AOL.

Although Google shares more than 90% of the search engine market in 2020, Bing is expanding their territory with the help of Windows Search and Cortana, as they both uses Bing for internet search.

(2) Chrome OS is a Linux kernel-based operating system that is using Google Chrome web browser as its principal user interface, and Chromebook is a laptop or tablet running the Chrome OS as its operating system. Chrome OS heavily depends on Google's web-apps and online storage, which can be a double-edged sword; you can access your documents regardless of device, but also you should be connected on the internet to fully use your labtop.

(3) Before the Chromebook, Apple used to have the most devices in US schools; but in 2018, Chromebooks made up 60% of all laptops purchased for K-12 classrooms, up from just 5% in 2012. Chromebooks were used by 30 million students and educators worldwide in 2019.

UNIT 10

Nordstrom’s IT Success Story

(1)Nordstrom, one of the most successful department store chains in the US, has made its name on Wall Street for being technologically savvy. The company fell into a slump in the late 1990’s, and responded in 2002 with a complete technological overhaul that hasn’t really ended since. For over a decade since the introduction of IT technologies into their business, Nordstrom has been continually assessing and reassessing how they could best use cutting-edge technology to deliver better results.
It started with warehouse management and financial analysis. Those projects were an immediate success, moving products quicker and improving cost savings. Then, in 2003, Nordstrom rolled out a (2)perpetual inventory system that gave the retailer a level of stock visibility and unprecedented control. The company continued in this vein in the following years, using IT advances to manage human resources, stock replenishment, and a management dashboard that aggregates information into a single data warehouse. Finally, in 2010, the company coded a hot new feature into its online store. (3)Inventory from all of Nordstrom’s 115 regular stores is now included with that of their web warehouse, which allows customers to bridge the gap between online and in-store shopping in a natural way.
Nordstrom is a great example of a non-tech company who improved their bottom line by keeping up with the times. It is clear that this is the way to go, and other companies would be wise to follow Nordstrom’s example.

Note. On March 16, 2020 Nordstrom temporarily closed all of their stores due to the spread of COVID-19. They reopened some stores but they also expect worst case – bankruptcy.

(1) John W. Nordstrom, an immigrant from Sweden to US in 1887, started a shoe store with Carl F. Wallin at Seattle in1901. Nordstrom(the company) purchased Best Apparel of Seattle in 1963 and started apparel business under the name of Nordstrom Best (the company renamed itself ‘Nordstrom’ in 1971). Nordstrom’s sales surpassed $100 million in 1973 and the company continued expansion across the US throughout the next 2 decades.

(2) Perpetual inventory is a method of accounting that tracks goods via computer, from the time they are ordered by the vendor to when a shopper takes the item home. The method was invented in the 1970’s, and has been in use by large retailers such as Wal-Mart since the 90’s. But companies in the textiles and apparel sector were slow to adopt this innovation, due in part to their product’s life cycle being so short. Furthermore, perpetual inventory of apparel requires more data input than other types of stock, to accommodate for differences in color, size, width, etc., which makes such systems more difficult to implement. However, for a large apparel company like Nordstrom, perpetual inventory was crucial for business in the internet era.

(3) When the upgraded real-time stock management system was launched, Nordstrom found that the percentage of customers who purchased products after searching the website for an item doubled. It also learned that multi-channel customers—those who shop from Nordstrom in more than one way—spend on average four times more than one-source customers. This profit more than offsets the cost of hiring additional shipping employees to wrap and mail items from each store.

UNIT 11

Nivea: Marketing Skincare Products to Men

During the last decade, we have seen a large jump in the number of men who use skincare products on a regular basis. It was not so long ago that men simply weren't a primary customer base for companies in the skin and beauty care industry. As such, when male skincare products started taking off in the late 1990's, innovative marketing strategies were required. One of the companies that most effectively stepped up to the plate was (1)Nivea with their Nivea For Men product line.

Sales were sluggish at first when Nivea first started developing a full range of male skincare products in the early 90's. Aftershaves were selling well, but other products were slow to catch on. In the UK market in 1998, for example, Nivea For Men was worth only £68 million. Sales started slowly climbing until, by 2008, the UK male skincare market was worth over £117 million.

That year, Nivea decided to relaunch its entire Nivea For Men lineup, in part to develop the UK market further. (2)The marketing plan included a heavy push towards sports sponsorship and television and cinema advertising. Multiple promotions were also incorporated, such as Facebook ads directed at girlfriends and wives during the Christmas season as well as the regular distribution of free samples to encourage men to try the products on their own. Award-winning catch phrases such as "Tough Men Choose Sensitive" and humorous online videos about grooming facts helped shift public perception toward the products. Today constant re-positioning in global markets helps the company not only to stay on top of its game, but to remain a leader in the men's skincare industry.

(1) Nivea is a brand under Beiersdorf, a company that was founded in 1882 at Germany by Paul Carl Beiersdorf. The chemist Dr Isaac Lifschütz invented "Eucerit" in 1911 and that led to the first NIVEA Creme (NIVEA means 'snow white' in latin). Just 3 years after its launch, NIVEA Crème made a huge success all over the world. Nivea produced shaving soap and cream for men since 1922, but specific lineup for men's skin care did not existed. Nivea launched alcohol-free Aftershave Balm in 1980 and it quickly became a favourite among men. By 1993, the company created an entire skincare range for men in the name of 'NIVEA MEN', which was the start of Nivea For Men product line.

(2) Nivea For Men supported football events through its partnership with Powerleague to build positive relationships with men. This helped create stronger brand affinity for Nivea among men. It also allowed the brand to build and maintain a consistent dialogue with men, which helps to drive sales.

In television and cinema adverts, Nivea aimed to build a positive male image associated with male facial skincare. Research conducted before the campaign showed that a lot of men felt embarrassed to utilize what are known in the industry as 'sensitive grooming products' or 'grooming products for sensitive skin'. In order to overcome the difficulties, Nivea For Men relayed messages that sensitivity and masculinity are not mutually exclusive, by showing the brand interacting within a 'macho culture'.

("NIVEA FOR MEN Sensitive advert 2012" on NIVEA MEN UK Youtube Channel: https://youtu.be/9PUT4vLha8U)

UNIT 12

Toyota: Rebuilding a Tarnished Image

Since its founding in 1933, Japanese carmaker Toyota has become famous for producing high-quality automobiles at affordable prices. By 2008, Toyota was the world's biggest carmaker, selling 8.97 million vehicles in that fiscal year alone. But in late 2009, a tragedy befell the company. (1)Serious mechanical problems started cropping up in their vehicles, forcing recalls of massive proportions. As of 2010, a total of 37 people had died in various car crashes allegedly related to accelerator defects. More than 9 million cars and trucks worldwide were recalled from 2009 to 2010, costing Toyota over US$2 billion. The company's woes were not over though – in 2011, a catastrophic earthquake and tsunami in Japan severely disrupted production and exports. Then they were forced to recall another 7.43 million vehicles in 2012, and another recall in excess of 1 million vehicles in 2013.

To protect their reputation and rebuild their brand, Toyota relied on a mixture of heavy advertising and social media communications. Overall, they have been very successful. (2)Their advertising focused on Toyota's technological innovations. On the social media front, Toyota's U.S. division CEO, Jim Lentz, answered questions personally on Digg during the peak of the recall. (3)The company also created social media outlets for customers to share stories about their Toyota vehicles, effectively giving the car manufacturer 13,180 free advertisements in two months. Although consumer perception of Toyota is nowhere near as favorable as it used to be prior to 2009, the company's reputation is on the way back up, and there is every indication that it will come back, provided they are not beset with any more problems.

(1) On August 28, 2009, off-duty patrol officer Mark Saylor and his family were killed in a car crash; due to the sudden unintended accelerates of their rented Lexus. The accident was caused by jammed floor mats and Toyota recalled those mats immediately. But on December 26, 2009, a Toyota Avalon crashed into a lake due to accelerator defect; this additional accident led to another massive recall in 2010.

On December 26, 2012, Toyota spent more than $1 billion to settle a class action lawsuit involving unintended acceleration. On March 19, 2014, Toyota and the U.S. Justice Department had reached an agreement that Toyota would pay a $1.2 billion criminal penalty in exchange for deferred prosecution of concealing defects. Toyota had another recall related to airbag defects in 2014 and 2019.

(2) In 2010, Toyota launched a campaign designed to remind consumers about the company's technological superiority. Called "Toyota Ideas for Good", the campaign asked the public to submit ideas on how Toyota technology could be used to help in other fields. Users shared their ideas on Facebook, and Toyota pulled the best ones and made commercials based on them.

(3) The campaign was called "Camry Effect." Toyota made a web page that Camry owners could share their stories. Once at the site, Camry owners could generate a unique Camry Effect based on responses to a series of questions. The resulting "Effect" chronicled each owner's experience in his or her car and showcased dynamic statistics taken from the collective Camry experiences. Fully social, the site connected loyal Camry enthusiasts and allows them to invite friends, tweet their Effect or post their progress on Facebook.

UNIT 13

McDonald's Entry into India

When McDonald's set up operations in India in 1996, they knew business would be tough. More than 30% of the country's population was vegetarian. Also, 80% of the people were Hindi and 13% Muslim – who don't eat beef and pork for religious reasons, respectively. That's right. (1)McDonald's in India did not sell hamburgers at all. Instead, they had to come up with new menu items, such as the (2)McAloo Tikki potato burger, to go along with the standard chicken nuggets and French fries. They also had to ensure extraneous animal products remained out of the production process, opting for an eggless mayonnaise dressing on their (3) Maharaja Mac(a chicken burger) and cooking their fries only in vegetable oil.

The preparations for their Indian expansion began six years earlier, in 1990. (4)The company spent $81.9 million during that year setting up a local supply chain with Indian farmers and markets. (5)Their investment did not pay off quickly because McDonald's didn't start making a profit in India for more than 12 years, only breaking even in 2008. Despite their long uphill battle, McDonald's in India has been touted as a tremendous success. In 2012, McDonald's announced plans to open a chain of all-vegetarian restaurants located near Indian holy sites by mid-2013.

(1) In other words, McDonald's in India does not sell burgers that are using beef or pork patty. Instead, they use chicken patty for non-vegan burgers, and vegan patty made of potatoes or peas for vegan burgers. India's Food Law also forces that all vegan menus in McDonald's India should have green dot sticker on its wrap.

(2) McAloo Tikki Burger consists of: a toasted bun, a samosa-spiced veggie patty made from potatoes and peas, red onions, sliced tomato, and an egg-free creamy tomato mayo. McDonald's has introduced this vegan burger in Chicago restaurant in 2018.

(3) Maharaja Mac is a replacement of Big Mac that is only available in India. It looks like Big Mac, with double patties with three buns, but has no beef but chicken or corn & cheese patty.

(4) McDonald's completely outsourced supply chain in India, yet have monitored overall chains using E-Procurement system. As of 2019, McDonald's purchases more than 96% of its products and supplies from 40 different Indian suppliers, and the company only imports oil and fries.

(5) One of the reasons that McDonald's struggled in India was competition with other fast-food franchise. As for 2014:
- McDonald's has 350 restaurants across India,
- Domino's Pizza has more than 500 restaurants,
- KFC has more than 300 restaurants,
- Dunkin Donuts has more than 30 outlets,
- Burger King has just opened in Delhi and other outlets are reported to be opening shortly - it too has dropped pork and beef from its menu.

UNIT 14

The Adidas–Reebok Merger: Joining Forces for Success

Throughout the past few decades, the sportswear industry has given us a handful of very successful, easily identifiable names. Nike, Adidas, Reebok and Puma are the four biggest, in order of popularity, and their rankings have not slid or changed much for many years. That is why it came as a big surprise when (1)Adidas announced its purchase of Reebok in 2005 for a cool sum of $3.78 billion.
It proved to be a very successful union. Their main competitor, Nike, was a strong company known for both quality and style that offers a wide variety of footwear. In contrast, Adidas was well known as a company that sells high-quality products focused mostly on sports, whereas Reebok was always more about style, expression and lifestyle. Reebok was also much more popular than Adidas in the American market. The merger made it possible to combine the best features of both companies to create a single, much stronger parent company that could bring much stiffer competition to Nike on its home turf, while keeping Puma locked solidly in fourth place. (2)

(1) The merger of these two sportswear behemoths proves how important branding is in this industry. Although both Reebok and Adidas are much older companies than Nike (Adidas was founded in 1948, and Reebok hails back to a family business founded in 1895, while Nike didn't come along until the 1960's), Nike managed to gain widespread branding superiority earlier. This posed a serious challenge to competitors, as Nike was strong in all aspects of the sportswear industry. It was clear that Adidas purchased Reebok to combine the strengths that each of the two companies lacked on their own, which would hopefully lead to a more sustainable competitive advantage.

(2) In 2013, Adidas was forced to write off 265 million euros at Reebok after a troubled year for the company. Reebok had suffered through a fraud scandal in its Indian unit, a strike in the National Hockey League, and lost a 10-year major American football contract worth an estimated $200 million. Despite these setbacks, Adidas remained dedicated to angling the Reebok brand in such a way that compliments and completes the Adidas line. The new focus for Reebok was on the fitness sector, providing clothes and footwear for a wide range of activities such as aerobics, yoga and dance.
For example, Reebok became CrossFit's exclusive provider of footwear, apparel and accessories for the fitness brand since 2010. The partnership has brought sales figures up to shape, and Reebok's CrossFit range of products are now the company's top performing range. Reebok also become popular thanks to Corssfitters that often post pictures with their gear, the act that greatly boosts the brand's image in the community.

UNIT 15

Behind Apple's Name Change

At the Macworld Expo in 2007, Steve Jobs made three important announcements. The first announcement was a bombshell: the arrival of the first iPhone. This was the year the smartphone became a worldwide sensation, and it turned out to be a game-changer for both the computer and cell phone industries. The second announcement was the arrival of Apple TV, a video-streaming device which marked Apple's foray into the living room, a place once ruled by Sony and Microsoft. The third announcement was that Apple would be changing its name from "Apple Computer" to "Apple Inc."

(1)The name change emphasized a change of focus. Once being a company that solely sold computers and software, Apple started offering a wider variety of consumer electronics aimed at a much broader consumer base. The Apple computer used to be a workhorse used primarily in the publishing industry, but by 2007 Apple products were being used by people of all ages, from all walks of life. (2) It truly was a different company from what it once was, so the change of the name was inevitable.

"The Mac, iPod, Apple TV and iPhone. Only one of those is a computer," said Jobs. "So we're changing the name."

(1) Apple was never a leader in the PC industry when it came to sales. Apple computers had always been a niche product, popular mostly among creative types with a handful of common professional uses. They have also always been famous for their high prices, largely due to their strong emphasis on quality and design. In contrast, Microsoft Windows has been the leading OS since the 1980's, and their Office suite of applications has become the standard in a large majority of businesses.

Apple had always been a strong computer company within certain fields, but with recent advances in computing technology that significantly narrowed the gap between Windows and Mac OSX, it was losing traction. If Apple was to keep up with its main competitors, it had to start offering more than just computers. Moreover, the iPod (launched in 2001) was already nearly half of Apple's sales around 2007. It was no surprise that they made a bet on smartphone and other electronic devices.

(2) There could be various reasons when a company changes its name. For Apple, it was a declaration that it will change their vision. But for some companies, name changing is a way to get rid of bad reputations on their previous name. A security firm Blackwater, for example, had to renamed itself Xe Services after some of its employees killed Iraqi citizens in 2007. Kentucky Fried Chicken became KFC in 1991 as diners became more health conscious. And for some companies, renaming was inevitable for PR; "Jerry and David's Guide to the World Wide Web" was Yahoo!'s original name until 1995.

UNIT 16

Sony Corporation: A Fall from Glory

(1)Sony Corporation, founded in 1946, had become renowned as a company that created a wide range of quality products. It became especially popular in the 1980's when it released the Walkman and Discman, a portable cassette player and CD player, respectively. In fact, Sony was the company responsible for making CDs a standard format (as well as 3.5 inch floppy discs – remember those?). In the 80's and early 90's, Sony was king in the world of consumer electronics.

(2)But, by the late 90's, Sony's reign was coming to an end. MP3 files and LCD screens became new technological trends, and Sony was slow to respond. By the early 2000's, Sony was struggling to keep up with Apple's iPod and iTunes Music Store, and Samsung became the market leader in flat-screen television production. Sony's failure to capitalize on technological development continued into the late 2000's, with its e-reader solution being far outperformed by Amazon's Kindle, and the launch of Sony's PlayStation 3 gaming console being delayed by a year, which gave Microsoft's competing Xbox a huge advantage. In 2009, Sony reported an annual loss of ¥98.4 billion. The company stayed in the red for four more years, scrambling to recover after the 2011 tsunami that rocked Japan. It was only in 2013 that Sony finally announced that they were back in the black with a net profit of ¥43 billion. (3)Whether Sony can fully come back and reclaim the glory it once enjoyed remains to be seen.

(1) Note that Phillips and Sony co-developed the Compact disc format (see Unit 7).

(2) Sony began branching out in the 60's and 70's, manufacturing various types of consumer electronics. To handle their workload, Sony eventually adopted what has been termed a "silo culture", meaning that the company was splintered into multiple divisions that operate independently and do not communicate or cooperate much with each other. While this allows each division to focus on what it does best, it greatly hinders the company as a whole from operating reliably when multiple divisions come into play at once. This silo culture has been blamed by industry experts as the reason Sony was too slow to assess product trends in the 90's and 2000's.
A classic example is Sony's 'Connect' online music store. The project required the cooperation of multiple divisions within Sony Corporation – the personal computer group, the portable audio group, Sony Music, and the division that made flash memory players. But the failure of these four divisions to cooperate effectively resulted in buggy software that was difficult to use and wouldn't even play the popular MP3 format. Connect was shut down in 2008.

(3) Sony was struggling with huge sales loss and conflict between divisions when Kaz Hirai became a new CEO of Sony in 2012. To overcome difficulties, Hirai restructured Sony by disposing assets and unnecessary divisions. After that, Hirai clarified role and responsibility of each employee to facilitate cooperation in and between divisions. By ensuring internal stability, Sony's business profit gradually improved; its net profit was ¥894 billion(10.3% margin) in 2018, compared to ¥68 billion(0.8% margin) in 2014.

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