Discussion September 9 – Book chapters 1-4

(Add your name, USC ID, and signature below)

1) Read the following New York Times article and identify each step of the Disney Marketing plan.

New York Times JAN 7, 2013.

At Disney Parks, a Bracelet Meant to Build Loyalty (and Sales)

Imagine Walt Disney World with no entry turnstiles. Cash? Passé: Visitors would wear rubber bracelets encoded with credit card information, snapping up corn dogs and Mickey Mouse ears with a tap of the wrist. Smartphone alerts would signal when it is time to ride Space Mountain without standing in line.

Fantasyland? Hardly. It happens starting this spring.

Disney in the coming months plans to begin introducing a vacation management system called MyMagic+ that will drastically change the way Disney World visitors — some 30 million people a year — do just about everything.

The initiative is part of a broader effort, estimated by analysts to cost between $800 million and $1 billion, to make visiting Disney parks less daunting and more amenable to modern consumer behavior. Disney is betting that happier guests will spend more money.

"If we can enhance the experience, more people will spend more of their leisure time with us," said Thomas O. Staggs, chairman of Disney Parks and Resorts.

The ambitious plan moves Disney deeper into the hotly debated terrain of personal data collection. Like most major companies, Disney wants to have as much information about its customers' preferences as it can get, so it can appeal to them more efficiently. The company already collects data to use in future sales campaigns, but parts of MyMagic+ will allow Disney for the first time to track guest behavior in minute detail.

Did you buy a balloon? What attractions did you ride and when? Did you shake Goofy's hand, but snub Snow White? If you fully use MyMagic+, databases will be watching, allowing Disney to refine its offerings and customize its marketing messages.

Disney is aware of potential privacy concerns, especially regarding children. The plan, which comes as the federal government is trying to strengthen online privacy protections, could be troublesome for a company that some consumers worry is already too controlling.

But Disney has decided that MyMagic+ is essential. The company must aggressively weave new technology into its parks — without damaging the sense of nostalgia on which the experience depends — or risk becoming irrelevant to future generations, Mr. Staggs said. From a business perspective, he added, MyMagic+ could be "transformational."

Aside from benefiting Disney's bottom line, the initiative could alter the global theme parks business. Disney is not the first vacation company to use wristbands equipped with radio frequency identification, or RFID, chips. Great Wolf Resorts, an operator of 11 water parks in North America, has been using them since 2006. But Disney's global parks operation, which has an estimated 121.4 million admissions a year and generates $12.9 billion in revenue, is so huge that it can greatly influence consumer behavior.

"When Disney makes a move, it moves the culture," said Steve Brown, chief operating officer for Lo-Q, a British company that provides line management and ticketing systems for theme parks and zoos.

Disney World guests currently plod through entrance turnstiles, redeeming paper tickets, and then decide what to ride; food and merchandise are bought with cash or credit cards. (Disney hotel key cards can also be used to charge items.) People race to FastPass kiosks, which dispense a limited number of free line-skipping tickets. But gridlock quickly sets in and most people wait. And wait.

In contrast, MyMagic+ will allow users of a new Web site and app — called My Disney Experience — to preselect three FastPasses before they leave home for rides or V.I.P. seating for parades, fireworks and character meet-and-greets. Orlando-bound guests can also preregister for RFID bracelets. These so-called MagicBands will function as room key, park ticket, FastPass and credit card.

MagicBands can also be encoded with all sorts of personal details, allowing for more personalized interaction with Disney employees. Before, the employee playing Cinderella could say hello only in a general way. Now — if parents opt in — hidden sensors will read MagicBand data, providing information needed for a personalized greeting: “Hi, Angie,” the character might say without prompting. “I understand it’s your birthday.”

The data will also be used to make waiting areas for rides (“scene ones” in Disney parlance) less of a drag. A new Magic Kingdom ride called Under the Sea, for instance, features a robotic version of Scuttle the sea gull from “The Little Mermaid” that will be able to chitchat with MagicBand wearers.

“We want to take experiences that are more passive and make them as interactive as possible — moving from, ‘Cool, look at that talking bird,’ to ‘Wow, amazing, that bird is talking directly to me,’ ” said Bruce Vaughn, chief creative executive for Walt Disney Imagineering.

Guests will not be forced to use the MagicBand system, and people who do try it will decide how much information to share. An online options menu, for instance, will offer various controls: Do you want park employees to know your name? Do you want Disney to send you special offers when you get home? What about during your stay?

“I may walk in and feel good about giving information about myself and my wife, but maybe we don’t want to give much about the children,” Mr. Staggs said. Still, once using the MagicBand, even if selecting the most restrictive settings, Disney sensors will gather general information about how the visitor uses the park.

Rumors about MyMagic+ have been circulating on Disney fan blogs for months and offer a window into the likely debate over the service.

“Although I know this type of technology is making its way into every facet of life, it still makes me feel a bit creeped out,” wrote Jayne Townsley on StitchKingdom.com.

Pam Falcioni, another StitchKingdom user, had the opposite response. “I think it sounds awesome,” she wrote, adding, “As far as ‘Big Brother’ watching over us as we wander the parks, anyone worried about ‘real’ privacy wouldn’t be wandering around a theme park full of security cameras.”

The logistical challenges involved in pulling this off are extensive. Disney has 60,000 employees here and many must be retrained to use new technology. Already, Disney has installed free Wi-Fi at Disney World, a 40-square-mile area, so smartphone users can access the My Disney Experience app more readily. And all of the new procedures must be communicated to Super Bowl-size crowds daily.

What happens if your MagicBand is lost or stolen? Park employees will be trained to deactivate them or guests can use the My Disney Experience app, a Disney spokeswoman said. As a safety precaution, Disney will also require guests to enter a PIN when using the wristbands to make purchases of $50 or more. “The bands themselves will contain no personal identifiable information,” Mr. Staggs said.

Mr. Staggs said Disney’s board decided to move ahead with the technology upgrades in February 2011 only after identifying multiple ways in which the initiative could expand profits. “If Disney can drive more value from existing infrastructure by layering on technology, that is extremely powerful,” said Mr. Brown of Lo-Q. “They can’t just compete by building new rides; it’s already a theme-park arms race out there.”

Disney expects MagicBands to turn into a big business in and of themselves; the company plans to introduce collectible sets of MagicBand accessories and charms.

Prodding guests to do more advance planning, combined with the tracking of guests as they roam the parks, will help Disney manage its work force more efficiently. More advance planning will also help lock visitors into Disney once they arrive in Orlando, discouraging people, for instance, from making impromptu visits to Universal’s Wizarding World of Harry Potter.

Some cosmetic changes to the parks are included in the initiative’s cost. For instance, eventually guests will no longer enter the parks through turnstiles. Instead, they will tap their MagicBand on a post. Mr. Staggs explained that research indicated that guests — particularly mothers with strollers — viewed the turnstiles as an unpleasant barrier. “Small, subtle things can make a big difference,” Mr. Staggs said.

2) Read the following case about peer-to-peer (p2p) vs traditional car sharing markeplaces, and then answer the questions at the end of the case.

Car ownership is down, public transportation and car sharing is up, and people (especially young people) are working out collaborative consumption solutions to their transportation needs. While biking, walking and public transit can take you a long way, in most places in America, regular access to cars is still vitally important.

A new report on car sharing by Susan Shaheen, Mark Mallery and Karla Kingsley has investigated the possibilities and boundaries to direct, P2P car sharing, which has different business modeling and planning from “traditional carsharing” (ie: Zipcar, Flexcar, etc.)

As they write, since 2009, car ownership has gone down for the first time since recordkeeping began (in 1960). This signifies an epochal shift in attitudes towards car ownership and transportation. While many factors are at play (increasing urbanization of the American population, the recession, etc.) it also correlates with a growing prevalence of car sharing organizations.

Traditional car sharing companies provide 24-hour access to a fleet of cars for short trips or errands. These companies rely on a large outlay of capital to build the fleet of cars that will be available, and complex technological set ups to organize insurance and car availability. Still, even for major multi-city car sharing businesses like Zipcar and Flexcar, car sharing relies on an intensely local economy of scale: “a carsharing business is contingent upon gaining approximately 25 active members living within 0.40 km/0.25 miles of each point of departure (POD)”.

But “personal car sharing”, or P2P sharing, can rely on an even more localized community. In personal car sharing, an owner puts her private car up for use through a company which organizes access to rentals. While traditional car sharing companies provide everything from infrastructure to cars to insurance, personal vehicle sharing companies usually just help to broker transactions. As a result, personal car sharing rates tend to be slightly lower than traditional car sharing.

Another major difference, and perhaps one that has the most potential for the transformative power of P2P car sharing, is that while traditional car sharing requires high population density to be profitable, personal car sharing can work even in the suburbs. The need of traditional car sharing companies to find a parking spot and maintain it, and to distribute their fleet, makes large, distributed neighborhoods in the suburbs very hard for them to enter: the cost is too high, and there are not enough people within close range of the vehicle. But with personal car sharing, the car’s owner already lives in the neighborhood and already keeps it there. Even if they have potentially fewer customers, that does not hurt their ability to offer the service.

Shaheen et. al. discovered some major barriers to personal car sharing however. The major problems were insurance questions and fear of sharing personal vehicles. Because it’s a new model of car ownership that fits into neither standard commercial insurance regimes or basic personal ones, insurance is very expensive for personal car sharing–improvements in risk assessment are needed to make it cheaper and more reliable.

The other major problem to overcome with personal car sharing is less tangible. It's lack of trust: people’s cars are very valuable to them, and it is difficult to share that with strangers.

The need for the owner to deliver the key to renters—called attended access—can be another great hindrance to development of easy car sharing. That’s why “unattended access mechanisms such as lockboxes, key fobs, smart cards, or smart phone applications become so important.” But much of the technology needed to make a car available for ‘unattended access’ is expensive to produce and install, and is often aftermarket and can void warranties or decrease the resale value of cars.

Still, as car sharing technologies improve and become cheaper, it seems likely many of these problems will be overcome. And the benefits of car sharing that Shaheen et. al. revealed are powerful: “A 2008 survey of more than 6281 carsharing members in North America found car ownership among the survey population dropped by approximately 50% due to carsharing participation.” Average monthly transportation costs also decreased dramatically, as did environmental impact. Americans in car sharing programs save $154-435 a month on transportation costs!

Questions

1) Identify the key differences between traditional car sharing (Zipcar), p2p car sharing (Turo, Ryde), and traditional car rental (Avis, Hertz). **Hint: Think about their business model. Who owns the car? Who sets the prices? How many different products (cars) do they offer? Etc.**
2) How do P2P car sharing companies create value?
3) Which consumer needs do P2P car sharing companies satisfy?
4) Identify the different parts of the marketing product mix (product, price, place, promotion).
5) The article mentions that one of the problems of P2P car rentals companies is the lack of trust. How are companies like Turo, Ryde, GetAround solving this problem?
6) Do traditional car sharing and car rental companies have the same trust problem? Why?

3) Social media marketing strategy

Create a marketing plan driven by social media tools for a company/product of your choice. Within the plan, you should decide:

- Goals/objectives
- Which social media platform should be used,
- What content will be shared
- When content will be shared
- The target audience
- Expected outcome/metric to measure

Prepare a short presentation of your plan. You will present your marketing plan to the class, including specific metrics/goals you hope to achieve.