

Case study chapter 3 essay



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Chapter 3 CASE ASSIGNMENT: Product (RED)

Can a T-shirt Save the World? When Oprah and Bono walked down Chicago's Magnificent Mile together in the fall of 2006, it was the shopping trip seen around the world. The famous duo attracted mobs of fans and extensive media coverage as they promoted a revolutionary new cause-marketing event called Product (RED). Bono urged people to buy (RED) products, explaining that a portion of the proceeds would go to The Global Fund to fight HIV/AIDS in Africa. Oprah, wearing an "INSPI(RED)" Gap t-shirt on her talk show that day, proclaimed, "I am wearing the most important t-shirt I've ever worn in my life! Other companies that licensed the (RED) brand and created products for the charity included Apple, which sold a limited edition iPod Nano, and Motorola, which introduced a red Motorazr phone. Emporio Armani designed a special (RED) capsule collection for London Fashion Week, and Converse designed a line of (RED) shoes to be sold at Gap stores. Oprah's shopping spree with Bono drew a reported one billion media impressions worldwide. Product (RED) set up its own Web site, www.joinred.com, and took over Myspace.com for the day to launch a page that now boasts over 600,000 friends!

RSS (Really Simple Syndication) funneled news about (RED) to mobile phones and blog sites, and it quickly became a hot topic of discussion on message boards across the Internet. Product (RED) was the brainchild of Bono and Bobby Shriver, who designed it as a commercial initiative that could change the way causes are marketed in the future. "They didn't want a one-time event," says Julia Cordua, VP of marketing. "They want five to ten years of ongoing donations." Gap initially offered to give 100 percent of

its profits to the cause, but Bono and Shriver refused to accept more than 50 percent.

Shriver insists that they want companies to make money off the campaign, explaining, “ We want people buying houses in the Hamptons based on this because if that happens, this thing is sustainable. ” As a result, Gap treats (RED) like a business, spending millions on marketing it. Within months of its launch, they saw sales of an estimated \$71 million in revenue and donated about \$2.5 million to The Global Fund. According to the Product (RED) Web site, “ Each company that becomes (RED) places its logo in this embrace and is then elevated to the power of red. You can be embraced by the (RED), it suggests, by purchasing a Gap t-shirt or African-print Converse shoes. “ What better way to become a good-looking Samaritan?! ” Some critics, such as Charles Kernaghan, director of the National Labor Committee for Worker and Human Rights, aren’t buying it, though. “ The thought of using consumer dollars made off the backs of workers held in sweatshops to help fund Bono’s causes is really hypocritical—that’s not the way to go,” he says, referring to Gap’s reputation for using factories that violate labor laws.

Since 2004 Gap has been working to combat this type of criticism by releasing Social Responsibility Reports on Gap factories in over 50 countries. Despite their efforts, however, nearly half of the factories still failed inspection as recently as 2005. When questioned, a Gap spokesperson responded by stating that Bono himself had inspected the African factory where (RED) products were being made, and it was “ sparkling. ” Some bloggers remain skeptical of the fundraiser, however, declaring it “ khaki

colonialism. " Michael Medved argued that it would be better to forget the overpriced t-shirts and send money directly to The Global Fund.

But whether you agree with the way Product (RED) does business or not, the campaign is hard to ignore. David Hessekiel of the Cause Marketing Forum proclaimed it " the launch of the year. " Stacy Palmer of The Chronicle of Philanthropy, wrote, " These are iconic brands that appeal to younger consumers who are very interested in buying cause-related products. Product (RED) borrows on ideas that have been used a lot, but its scale makes it different. People are getting bombarded by (RED). " Product (RED) president Tamsin Smith reported on the campaign's blog that much of the merchandise was sold out within hours of the launch.

Oprah's INSPI(RED) t-shirt went on to become the best-selling item in Gap's 35-year history. Long-term success, however, depends on how well the participating brands continue to market new products. They'll have to find ways to keep socially conscious consumers interested in (RED) now that most of them have been there, done that, and (literally) bought the t-shirt.

SOURCES: Laura Heller, " Think Pink. Shop RED," Retailing Today, November 20, 2006; Betsy Spethmann, " The RED Brigade," Prism Business Media, January 1, 2007; Geoffrey Gray, " Achtung, Bono!

Activists See Red: Alliance with Gap Upsets Anti-Sweatshop Types," New York, October 30, 2006; Soo Youn, " Owner of Gap Releases Details of Operations at Textile Factories Worldwide," Daily News, May 13, 2004; www.joinred.com; www.theglobalfund.org; www.myspace.com/joinred.

1. Do you think a partnership with Product (RED) can improve Gap's image? Is it a sign that they are making a commitment to corporate social responsibility or do you agree with critics who say their involvement is an attempt to spit-shine the company's image while continuing to do business as usual? . Describe the various types of technology that have contributed to the media coverage, marketing efforts, and public discussion of the (RED) campaign. 3. A year after Product (RED)'s launch, Ad Age reported that although \$100 million had been spent on marketing the campaign, only about \$25 million had gone to the charity itself. Industry observers speculated that this could trigger a backlash against the campaign. Do you believe the criticism is justified? Do you think the campaign could lose supporters as a result.