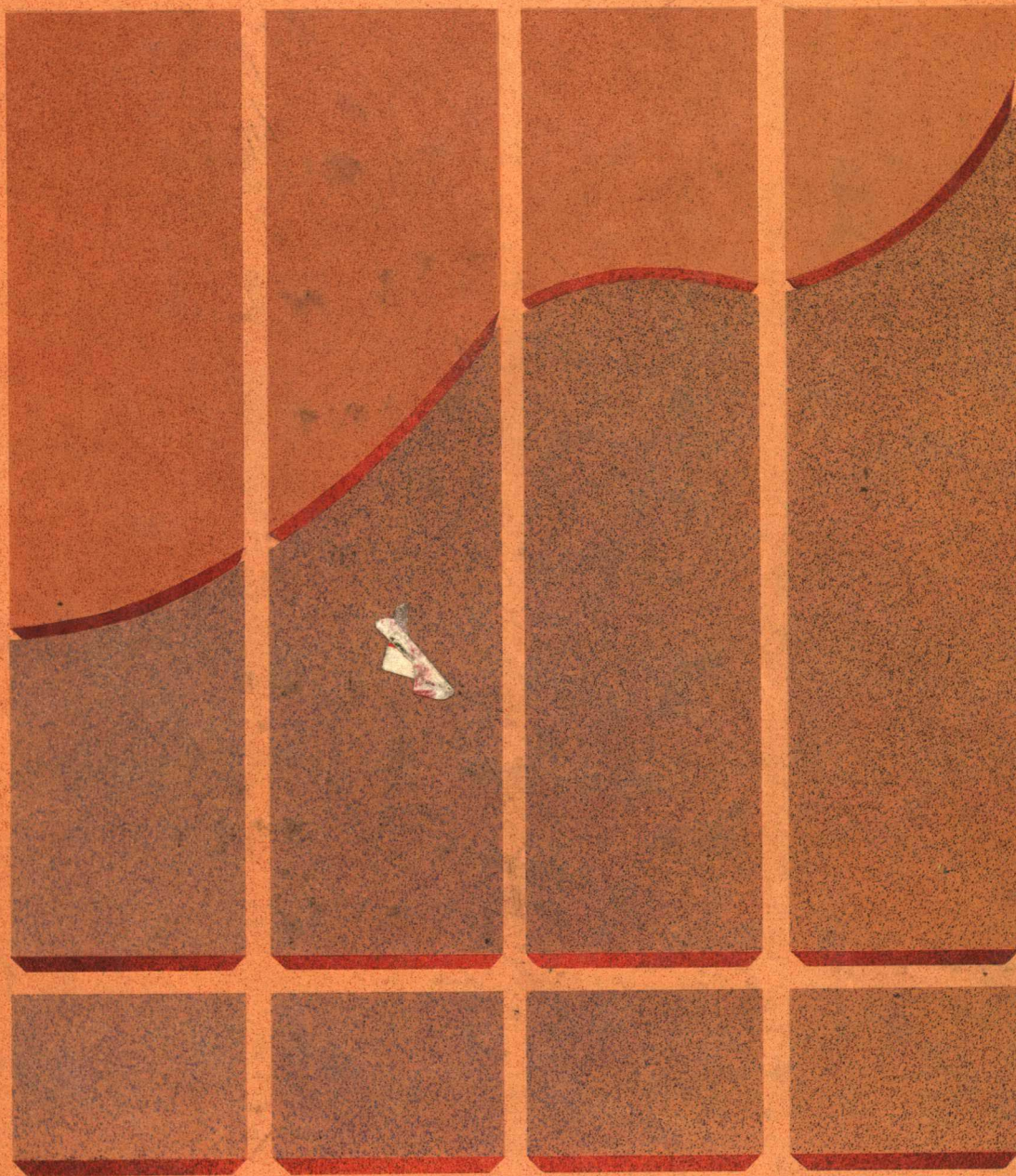


Cases in Marketing Management



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Cases in Marketing Management

Kenneth L. Bernhardt

*College of Business Administration
Georgia State University*

Thomas C. Kinnear

*Graduate School of Business Administration
The University of Michigan*

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*To Kathy and Karen
To Connie, Maggie, and Jamie*

Preface

Marketing is an exciting and dynamic discipline. Unfortunately, much of the excitement is hidden among the definitions and descriptions of concepts that are a necessary part of basic marketing textbooks. We believe that one way to make the study of marketing exciting and dynamic is to use cases. Cases allow the student to work on real marketing problems, to develop an appreciation for the types of problems that exist in the real world of marketing, and to develop the skills of analysis and decision making so necessary for success in marketing and other areas of business. Cases represent as close an approximation of the realities of actually working in marketing as is possible without taking a job in the field.

Your task as a user of this casebook is to work hard to develop well-reasoned solutions to the problems confronting the decision maker in each of the cases. A framework to assist you in developing solutions is presented in Part 1 of this book. Basically, you will be using this, or some other framework suggested by your instructor, to analyze the cases in this book. By applying this framework to each case that you are assigned, you will develop your analytic skills. Like all skills, you will find this difficult at first. However, as you practice, you will get better, until it will become second nature to you. This is exactly the same way one develops athletic or musical skills.

The cases in this book represent a broad range of marketing problems. The book contains consumer and industrial cases, profit and nonprofit cases, social marketing cases, specific marketing area cases, and general cases, plus cases on marketing and public policy. Each case is designed to fit into a specific section of a course in marketing management. The cases are long and complex enough to require good analysis, but not so long and complex to be overly burdensome. Within sections, cases do vary in terms of difficulty and complexity.

Users of the first three editions will note that the fundamental thrust and positioning remains the same in this edition. However, we do note the following changes. First, 16 new cases have been added. Second, a number of cases with greater complexity have been added to allow more in-depth work.

This book contains 42 cases and 2 case-related exercises. Twenty-three of the cases and both exercises were written by the authors of this book. In some instances we had a coauthor, and we have noted the names of the coauthors on the title pages of the cases concerned. We wish to thank these coauthors for

their assistance and for allowing us to use the cases: Bruce Bassett, Stephen Becker, Danny N. Bellenger, C. Merle Crawford, Jeanne De Amicis, Sarah Freeman, Tom Ingram, Susan A. Johnstal, Constance M. Kinnear, G. Ludwig Laudisi, Sherri McIntyre, James Novo, Larry M. Robinson, James Scott, Chris S. Thomas, Kevin Tucker, and John S. Wright.

We would like to thank the executives of the organizations who allowed us to develop cases about their situations and who have released these cases for use in this book.

The remaining 19 cases were written by many distinguished marketing casewriters. We appreciate them allowing us to reproduce their cases here. The names of each of these persons are noted on the title page of the cases concerned. They are: Vincent J. Blasko, Christopher Gale, Karl Gustafson, Kenneth G. Hardy, Cleon L. Hartzell, Jr., H. Michael Hayes, Sherri Herman, C. B. Johnston, Jay E. Klompmaker, Fred W. Kniffin, Charles M. Kummel, Aylin Kunt, Zarrel V. Lambert, Michael P. Mokwa, David D. Monieson, Roger More, Rowland T. Moriarty, Jr., James E. Nelson, Charles H. Patti, Douglass G. Norvell, Michael R. Pearce, Don E. Schultz, Anne Senausky, Hirotako Takeuchi, George Taucher, Mark Traxler, Larry Uniac, Carolyn Vose, Martin Warshaw, and William R. Woolridge.

We would also like to thank our colleagues at Georgia State University, the University of Michigan, and the Case Research Association for their helpful comments and their classroom testing of cases.

Kenneth L. Bernhardt
Thomas C. Kinnear

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Part 1

An Orientation to the Case Method

Chapter 1

Note to the Student on the Case Method

The case method is different from other methods of teaching, and it requires that students take an active role rather than a passive one. The case method places the student in a simulated business environment and substitutes the student in the place of the business manager required to make a set of decisions. To define it, a case is:

typically a record of a business issue which actually has been faced by business executives, together with surrounding facts, opinions, and prejudices upon which the executives had to depend. These real and particularized cases are presented to students for considered analysis, open discussion, and final decision as to the type of action which should be taken.¹

With the case method the process of arriving at an answer is what is important. The instructor's expectation is that the student will develop an ability to make decisions, to support those decisions with appropriate analysis, and to learn to communicate ideas both orally and in writing. The student is required to determine the problem as well as the solution. This method of teaching thus shifts much of the responsibility to the student, and a great deal of time is required on the part of the student.

The case method often causes a great deal of insecurity on the part of students who are required to make decisions often with very little information and limited time. There is no single right answer to any of the cases in this book, an additional source of insecurity. The goal is not to develop a set of right answers, but to learn to reason well with the data available. This process is truly learning by doing.

Studying under the case method will result in the development of skills in critical thinking. The student will learn how to effectively reason when dealing with specific problems. The development of communication skills is also

¹ Charles I. Gragg, "Because Wisdom Can't Be Told," *Harvard Alumni Bulletin*, October 19, 1940.

important, and students will learn to present their analysis in a cogent and convincing manner. They must defend their analysis and plan of action against the criticism of others in the class. In the class discussion, individual students may find that the opinions of other members of the class differ from their own. In some cases this will be because the individual has overlooked certain important points or that some factors have been weighted more heavily compared to the weighting used by other students. The process of presenting and defending conflicting points of view causes individual members of the class to reconsider the views they had of the case before the discussion began. This leads to a clearer perception of problems, a recognition of the many and often conflicting interpretations of the facts and events in the case, and a greater awareness of the complexities with which management decisions are reached.

In preparing for class using the case method, the student should first read the case quickly. The goal is to gain a feel for the type of problem presented in the case, the type of organization involved, and so on. Next, the student should read the case thoroughly to learn all the key facts in the case. The student should not blindly accept all the data presented, as not all information is equally reliable or relevant. As part of the process of mastering the facts, it frequently will be desirable to utilize the numerical data presented in the case to make any possible calculations and comparisons that will help analyze the problems involved in the case. The case will have to be read a number of times before the analysis is completed.

The student must add to the facts by making reasonable assumptions regarding many aspects of the situation. Business decision making is rarely based on perfect information. All of the cases in this book are actual business cases and the student is provided with all the information that the executives involved had at their disposal. Often students cannot believe the low level of information available for decision making, but this is often the case. What is required in those situations is the making of reasonable assumptions and learning to make decisions under uncertainty. There is often a strong reluctance on the part of the student to do this, but the ability to make decisions based on well-reasoned assumptions is a skill that must be developed for a manager to be truly effective.

Once the student has mastered the facts in the case, the next step is to identify and specify the issues and problems toward which the executive involved should be directing his or her attention. Often the issues may be very obscure. Learning to separate problems from symptoms is an important skill to learn. Often there will be a number of subissues involved and it will be necessary to break the problem down into component parts.

The next step in the student's case preparation is to identify alternative courses of action. Usually there are a number of possible solutions to the problems in the case, and the student should be careful not to lock in on only one alternative before several possible alternatives have been thoroughly evaluated.

The next step is to evaluate each of the alternative plans of action. It is at

this stage of the analysis that the student is required to marshal and analyze all the facts for each alternative program. The assumptions the student is required to make are very important here, and the student must apply all the analytical skills possible, including both qualitative and quantitative.

After all the alternatives have been thoroughly analyzed, the student must make a decision concerning the specific course of action to take. It should be recognized that several of the alternatives may “work,” and that there are a number of different ways of resolving the issues in the case. The important consideration is that the plan of action actually decided upon has been thoroughly analyzed from all angles, is internally consistent, and has a high probability of meeting the manager’s objectives.

Once an overall strategy has been determined, it is important that consideration be given to the implementation of that strategy. At this stage, the student must determine who is to do what, when, and how. A professor may start out a class by asking the question, “What should Mr. Jones do tomorrow?” Unless the students have given some thought to the implementation of the strategy decided upon, they will be unprepared for such a question. Improper implementation of an excellent strategy may doom it to failure, so it is important to follow through with appropriate analysis at this stage.

During the class discussion the instructor will act more as a moderator than a lecturer, guiding the discussion and calling on students for their opinions. A significant amount of learning will take place by participating in the discussion. The goal is for the students to integrate all their ideas, relating them to the goals of the company, the strengths and weaknesses of the company and its competition, the way consumers buy, and the resources available. A suggested framework for the integration of these ideas is presented in the next chapter of this book in the Appendix titled “Outline for case analysis.”

The student’s classroom discussion should avoid the rehashing, without analysis, of case facts. Students should recognize that the professor and all the other students in the class have thoroughly read the case and are familiar with the facts. The objective therefore is to interpret the facts and use them to support the proposed plan of action. The case method obviously requires a great deal of preparation time by the student. The payoff is that after spending this time adequately preparing each of the steps described, the student will have developed the ability to make sound marketing management decisions.

Chapter 2

Introduction to Marketing Decision Making

In Chapter 1, you were introduced to your role in the execution of an effective case course in marketing. In summary, the primary task is to complete a competent analysis of the cases assigned to you. If you have never undertaken the analysis of a marketing case before, you are probably wondering just how you should go about doing this. Is there some framework that is appropriate for this task? Indeed, there are a number of such frameworks. The purpose of this chapter is to present one such framework to you. We think you will find it useful in analyzing the cases in this book.

An Outline for Case Analysis

The Appendix to this chapter is the summary document for the approach we believe that you should use for case analysis. We suggest that you apply the types of questions listed there in your analysis. Figure 2-1 provides an overview of this outline. Basically, we are suggesting that you begin by doing a complete analysis of the *situation* facing the organization in the case. This *situation analysis* includes an assessment of (1) the nature of demand for the product, (2) the extent of demand, (3) the nature of competition, (4) the environmental climate, (5) the stage of the life cycle for the product, (6) the skills of the firm, (7) the financial resources of the firm, and (8) the distribution structure. In some cases legal aspects may also form part of a good situation analysis. The premise here is that one cannot begin to make decisions until a thorough understanding of the situation at hand is obtained.

Once a detailed situation analysis is prepared, one is in a position to summarize the *problems* and *opportunities* that arise out of the situation analysis. These problems and opportunities provide an organized summary of the situation analysis. This in turn should lead to the generation of a set of *alternatives* that are worthy of being considered as solutions to the problems and actualizers of the opportunities.