
RICE AND SMITH

THE MARKETING EXPERIENCE



THE MARKETING EXPERIENCE

by

**William E. Rice
College of William and Mary**

and

**Theodore F. Smith
Old Dominion University**



**The Dryden Press
901 North Elm Street
Hinsdale, Illinois 60521**

Dedication

To Gena, Mary Jane, Marina, Rebecca, and Kevin.

The publisher gratefully acknowledges the help of the following individuals and companies:

3M for the Scratch 'n Sniff insert.
Richard Mueller, President of American Audiographics, Inc., for the Colorecord insert.
Mark Weinstein of General Mills, Inc., for the Cocoa Puffs coupon.

The Success Factor Analysis materials found in "You and Marketing" are courtesy of Bernard Haldane Associates, National Job and Career Counseling Organization.

Copyright © 1980 by The Dryden Press
A division of Holt, Rinehart and Winston, Publishers
All rights reserved
ISBN: 0-03-051401-0
Printed in the United States of America
012 059 987654321

Introduction

"There is no substitute for experience," or so says an old adage. What the cliché doesn't say, though, is that there is more than one way to get experience. The assumption is that students learn more effectively by participating more actively in the learning process. This text was designed to allow students to become involved in marketing activities. It contains a variety of projects, cases, readings, and games to clarify students' relationships to and understanding of the marketplace.

From the faculty viewpoint, one of the frustrations of social science professors is the all too common phenomenon of students who are able to memorize the subject material well but unable to apply the concepts in their daily lives. Such students may get high grades on examinations yet see no connection between the subject matter and their behavior or the behavior of others around them. This knowledge without understanding is a regrettable waste of potential. The purpose of this book is to so involve students with marketing concepts as to increase their awareness and understanding of the potential of these concepts.

How to Use the Book

The book is divided into seven parts covering the four P's--product, place, promotion, and price. Each part has several subparts, including exercises and explorations. The subparts, or sections, are consistent throughout the book. An explanation of these sections follows:

Executive T.I.P.S.

Executive T.I.P.S. are designed to give the future market executive additional perspectives on his or her problem matrix. The letters T.I.P.S. in the title stand for Time, Information, People, and Savings. Since most executives are faced with the daily problems of maintaining the system, making tough decisions, and arbitrating new and upcoming ideas and problems, there is not much time left to consider external conditions or areas for possible growth and expansion. These tips are directed at developing an awareness in the student of areas where creative thinking is warranted and where innovation can have high payoffs.

Human Factors

The marketplace is filled with problems involving lack of understanding of consumers and their needs, constraints, limitations, and blind spots. Human Factors is geared toward illuminating such oversights and consumer-company interface problems given the importance of sensitivity to consumer needs.

You and Marketing

You and Marketing is a personal discovery of the individual's market habits, perceptions, activities, and involvements. It is intended to give students a basis for looking at the marketplace in a general perspective (macro) through the analysis of their own marketplace exposure and participation (micro). Consumers are usually unaware of their attitudes and actions; thus it is hoped that this section will give students a forum from which to test self-concepts, paths of activity, and courses of future actions in the marketplace.

Explorations

Explorations delve into new areas not thoroughly analyzed, evaluated, or defined in the marketing field. These exploratory sections challenge the student to focus on specific concepts and problems not yet examined by traditional marketing thought. Here the student is required to be original, creative, and diligent to discover answers and solutions. These "mental excursions" lend themselves to a more personal involvement on a given topic.

Investigations

Investigations offer the student opportunities to analyze cause and effect relationships. The investigative projects present a common problem or frequent situation in the marketplace about which the student is asked to make conclusions. The basis for any investigation is the ability to ask questions--who, what, when, where, why, and how--and these projects are expected to motivate the student to scrutinize every factor and every input outlined in the investigation.

Minicases

The Minicases presented here are short episodes taken from actual market situations, which the student is required to analyze in order to discover the factors affecting the conditions or problems involved. These cases focus on a specific problem area and provide the reader with a controlled situation that allows for hypothesis building and foundations for research. Each case exposes only part of the problem, and it is the student's responsibility to read between the lines to discover what really happened and determine what a possible solution might be.

Beyond the Obvious

Beyond the Obvious contains brain teasers and problems that can be applied to marketplace dilemmas requiring more than the obvious thought processes and calculations to unravel. Finding a solution requires using peripheral imagination. These exercises are designed to use concepts and terminology from the marketplace in an entertaining setting of puzzle solving. The student will find, though, that the solutions are simpler than they seem on the surface, if initial mental impressions of the problem can be overcome.

Marketing Experiences by Topics:

The following cross references have been provided to further assist both students and professors to recognize exercises of special interest to them.

<u>Communication</u>		
<u>Part</u>	<u>Section</u>	<u>Title</u>
1	Human Factors	Language Barrier
1	Classroom Activity	The Consumerism Game
2	Exploration	Reference Group Effects
2	Investigation	Buyer-Salesperson Interreaction: A Phenomenon of Progressive, Bilateral Revelation?
2	Minicase	Wheat Shipments to Germany: The Correct Feedback Data but Possibly a Wrong Interpretation
3	Exploration	Packages
4	Executive T.I.P.S.	Background Music
4	Human Factors	Maps
4	You and Marketing	Channels for Placement
4	Investigation	Services Are Distributed Too!
5	Executive T.I.P.S.	Face-to-Face Promotion
5	Human Factors	A Floppy Promotion
5	Human Factors	Itch or Scratching
5	You and Marketing	Promoting Yourself

5	Exploration	Create a Magazine Advertisement
5	Exploration	Claims Explicit and Claims Implicit
5	Exploration	Symbols for Sale: Revisited
5	Investigation	Subliminal Seduction: The Use of Subconscious Stimuli in Advertising
5	Investigation	Advertising's Image of Women
5	Minicase	Marketing Collegiate Athletics: The Michigan Wolverine Success Story
7	Human Factors	Letters, Complaints, and Requests
7	Investigation	Atlantic River
7	Investigation	Warning: Life May Be Hazardous to Your Health

Futurism and Change

<u>Part</u>	<u>Section</u>	<u>Title</u>
2	Executive T.I.P.S.	Garbology
2	Human Factors	Consumer Shopping Patterns
2	You and Marketing	Insights on Consumer Behavior from Computers
2	Exploration	Epidemiology
3	Executive T.I.P.S.	Miniaturization
4	Exploration	It's about Those Shifting Functions
4	Exploration	Cultural Lag in Physical Distribution
4	Minicase	How to Make the Dentist's Office a Fun Place
5	Human Factors	Customs, Holidays, and Special Occasions
5	Investigation	Empty Space
6	Executive T.I.P.S.	What Is 1 Percent?
7	Executive T.I.P.S.	Community Involvement
7	You and Marketing	Looking beyond Career Entry: Life Work Planning

7	Exploration	Preventive Marketing
7	Exploration	The Implications of Change: Marketing under Ever-Changing Rules
7	Minicase	Ann Arbor People's Produce Co-op

International

<u>Part</u>	<u>Section</u>	<u>Title</u>
1	Human Factors	Language Barrier
1	Exploration	A Word About Ships
2	Minicase	Wheat Shipments to Germany: The Correct Feedback Data but Possibly a Wrong Interpretation
4	Exploration	Cultural Lag in Physical Distribution
4	Investigation	Unistrut Corporation: Consolidating Shipments to Fill Containers for Overseas Shipment
6	Exploration	Funny Money Here and Abroad
7	Human Factors	Conversion to Metric
7	Investigation	Atlantic River
7	Investigation	U.S. Inflation as a Conspiracy to "Repatriate" Petrodollars

Marketing Information Systems

<u>Part</u>	<u>Section</u>	<u>Title</u>
1	Executive T.I.P.S.	Information Decisions
2	Investigation	Value of Information
4	Exploration	Zero Stockouts
6	Exploration	Conditions of Pricing
6	Exploration	Cost/Volume/Profit Relationships
7	Human Factors	Letters, Complaints, and Requests

Technology

<u>Part</u>	<u>Section</u>	<u>Title</u>
2	Executive T.I.P.S.	Garbology
3	Executive T.I.P.S.	Miniaturization
3	Human Factors	Left-Handed Products
3	Exploration	Packages
3	Investigation	Counterfeits and Authenticity
4	Executive T.I.P.S.	Background Music
4	Human Factors	Queues
4	Exploration	Cultural Lag in Physical Distribution
4	Investigation	Unistrut Corporation: Consolidating Shipments to Fill Containers for Overseas Shipment
5	Human Factors	A Floppy Promotion
5	Human Factors	Itch or Scratching
5	Investigation	Empty Space
6	Human Factors	Sales Tax
6	Human Factors	Self-Destruction
7	Human Factors	Conversion to Metric

Buyer and Seller Behavior

<u>Part</u>	<u>Section</u>	<u>Title</u>
2	Human Factors	Fears
2	You and Marketing	Pricing Habits
2	You and Marketing	Insights on Consumer Behavior from Computers
2	Exploration	Epidemiology
2	Exploration	Reference Group Effects

2	Investigation	Buyer-Salesperson Interreaction: A Phenomenon of Progressive, Bilateral Revelation?
3	Human Factors	Left-Handed Products
3	Investigation	What Do Physicians, Landscape Architects, and Marketers Have in Common?
3	Minicase	Twinkle Toes by Dale
4	Human Factors	Maps
4	Human Factors	Queues
4	Exploration	Zero Stockouts
4	Investigation	Services Are Distributed Too!
4	Minicase	How to Make the Dentist's Office a Fun Place
5	Executive T.I.P.S.	Face-to-Face Promotion
5	Human Factors	Customs, Holidays, and Special Occasions
5	Exploration	Accomplishing Moon Shots and Social Welfare Goals
5	Exploration	Symbols for Sale: Revisited
5	Investigation	Subliminal Seduction: The Use of Subconscious Stimuli in Advertising
5	Minicase	Marketing Collegiate Athletics: The Michigan Wolverine Success Story
6	Human Factors	Sales Tax
6	Human Factors	Self Destruction
6	You and Marketing	Pricing Your Services
6	Exploration	Price Incentives for Energy Conservation
6	Investigation	Meteorology and Pricing
6	Investigation	Price, the Knee Jerk Variable
7	Exploration	Consumption Systems
7	Investigation	Warning: Life May be Hazardous to Your Health
7	Minicase	Ann Arbor People's Produce Co-op

Macromarketing (including Ethical Issues)

<u>Part</u>	<u>Section</u>	<u>Title</u>
1	Exploration	Government Regulation
1	Investigation	BBB
1	Minicase	Abraham and Strauss
1	Classroom Activity	The Consumerism Game
3	Investigation	Counterfeits and Authenticity
4	Investigation	Franchising: A Solution to the Paradox of Control versus Motivation
5	Exploration	What Is the Real World?
5	Exploration	Accomplishing Moon Shots and Social Welfare Goals
5	Exploration	Claims Explicit and Claims Implicit
5	Investigation	Subliminal Seduction: The Use of Subconscious Stimuli in Advertising
5	Investigation	Advertising's Image of Women
6	Exploration	Funny Money Here and Abroad
6	Exploration	Alternative Bases for Prices, or Why 3 Cents Worth of Chemicals May be Priced at 80 Cents
6	Exploration	Price Incentives for Energy Conservation
6	Investigation	Meteorology and Pricing
6	Minicase	Acme Manufacturing Company
7	Executive T.I.P.S.	Community Involvement
7	Human Factors	Letters, Complaints, and Requests
7	Exploration	Preventive Marketing
7	Exploration	The Implications of Change: Marketing under Ever-Changing Rules
7	Exploration	Marketing Conditions of Scarcity
7	Investigation	U.S. Inflation as a Conspiracy to "Repatriate" Petrodollars

Save up to **25¢** on **Cocoa Puffs®**

Save 25¢ on 17 oz. Cocoa Puffs

or Save 10¢ on 12 oz. Cocoa Puffs

CUT ALONG DOTTED LINE TO SAVE 25¢

Good on 17 oz. size **Cocoa Puffs®**

25¢

Offer limited to use
of only one coupon.

Save STORE COUPON



25¢

Offer limited to use
of only one coupon.

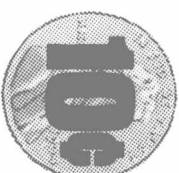


Cocoa Puffs®

TO CONSUMER: This coupon good only on the product indicated. Only one coupon redeemed per purchase. Any other use may constitute fraud. Coupon not transferable.
TO RETAILER: As our agent, accept this coupon on the purchase of the specified product. General Mills will redeem each coupon you so accept for the face value plus 5¢ handling charge. Mail this coupon to General Mills, Inc., Box 900, Minneapolis, Minnesota 55460 for redemption. Coupons will be cashed on a first-come, first-served basis. Coupons not specifically authorized by us. Any attempt to use this coupon otherwise than as provided herein shall constitute fraud. Invoices proving quantities you purchased must be available on request. Coupons subject to confiscation and/or marking when terms not complied with.

General Mills
U.S.A., A.P.O.'s, F.P.O.'s.
Cash value 1/100 cent.
COUPON EXPIRES MAY 31

Save STORE COUPON



10¢

Good on 12 oz. size **Cocoa Puffs®**

CUT ALONG SOLID LINE TO SAVE 10¢

Special Offer

New!

Revolutionary

Nutritional

Save!

Recipes

Energy Food

Surprise Inside!

LOW IN CALORIES

USDA Certified

No Artificial Preservatives

No Sugar Added

Good Housekeeping Approved

Special Offer

Natural

Prizes

Low in Calories

Coupon on Back

Healthy

Revolutionary

Nutritional

Save!

Family Fun Snack

Taste of Nature

DIET TREAT

ENERGY FOOD

Surprise Inside!

Fudge Lovers Unite!

NEW!

HIGH FIBER

Quick and Easy

Outdoors Taste

Nutritious Dessert

The Athlete's Snack Food

Table of Contents

Part One	THE CONTEMPORARY MARKETING EXPERIENCE	1
Part Two	IDENTIFYING CONSUMER NEEDS	54
Part Three	PRODUCT STRATEGY	92
Part Four	DISTRIBUTION STRATEGY	125
Part Five	PROMOTIONAL STRATEGY	168
Part Six	PRICING STRATEGY	220
Part Seven	FURTHER PERSPECTIVES	258

PART ONE THE CONTEMPORARY MARKETING EXPERIENCE

Executive T.I.P.S. - Information Decisions

Human Factors - Language Barrier

You and Marketing - Discovering Personal Skills

Exploration - Government Regulation

Exploration - Thinking

Exploration - A Word About Ships

Investigation - BBB

Minicase - Abraham and Strauss

Beyond the Obvious - Matrix Decisions

Reading - The Prejudice against Marketing

Classroom Activity - Consumerism: A Role-Playing Game

To be a buyer you must have been, at some time, a seller. Thorndeus

The marketplace is somewhat like the human stomach: going through fluctuating periods of supply and demand, suffering occasional indigestion from incompatible items and seasonal pains of excess consumption, being the center for growth activity and the focal point of recognizable change and expansion. Cidel Bovan

Executive T.I.P.S.

Information Decisions

Purpose

To expand understanding of the different levels and sources of information needs for effective marketing decision making.

Learning Objectives

To be able to:

1. identify the different marketing approaches and information needs of the automotive, food, and clothing industries.
2. create a ranking of information needs for an industry ranging from global information to marketing management techniques.
3. describe why certain information sources for an industry are more important than other information sources.
4. create a ranking of periodicals for an information needs area, such as global or local.

The present-day marketing executive or decision maker is faced with the dynamic problem of keeping up with market conditions and external factors that continuously change and fluctuate. These factors, which can dramatically alter a specific decision, must be monitored periodically, if not daily. There are many sources of information a decision maker can use, but the problem is finding sources that provide the specific type of information he or she needs. Following is a series of marketing/business information sources in a cross matrix with types of information needs. Please familiarize yourself with this table. If a source or type of information is not relevant to your industry or it is so low on the priority ranking that it can barely be differentiated from others, just put NA (for not applicable) in that matrix position.

Problem 1

Pick one of the following industries (automotive, food, or clothing) and put a priority ranking on each of the categories of information across the top of the matrix (industry need priority row). Give reasons for your selection of high, similar, or low priority. You do not need a complete understanding of an industry's needs, but there are major assumptions you should be able to draw that can then be the basis of your reasoning for establishing priorities.

Marketplace Information Table

	Global	United States	Regional	Local	Industry	Competition	Consumer Evolution	Marketing Management Techniques
Industry's Need Priority								
General Magazines								
Time								
Newsweek								
U.S. News & World Report								
Consumer Reports								
Changing Times								
Business Magazines								
Nation's Business								
Business Week								
Forbes								
Fortune								
Harvard Business Review								
Individual trade magazines								
Newspapers								
Wall Street Journal								
Barrons								
New York Times								
Local newspapers								
Newsletters								
Kiplinger								
Big 8 accounting firms								
U.S. Government Sources								
Global Market Surveys (Commerce Dept.)								
TOP Bulletin ¹ (Commerce Department)								

¹Trade Opportunity Program--a U.S. Department of Commerce computerized mail service providing direct sales leads for overseas sales to subscribing U.S. businesses, with leads classified by product and country.