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CASES IN
MARKETING
MANAGEMENT

ISSUES FOR THE 1990S

CHARLES L. HINKLE
WESLEY J. JOHNSTON
ESTHER F. LANIGAN

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CASES IN MARKETING MANAGEMENT

Issues for the 1990s

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CASES
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PREFACE

THE PURPOSES AND PROCESSES OF CASE ANALYSIS

The authors hope that using this volume will help you to enrich your perspective on the so-called “real world” of business, one in which perhaps you and many of your group are already experienced. As you examine, study, and discuss these cases, developed in organizations being tested daily in the crucible of the marketplace, these four learning objectives, at least, seem reasonable:

1. To understand how managers' backgrounds and values affect their contributions to and views of policies and procedures.
2. To understand the impact of different management policies and practices upon various types of organizations and to distinguish between effective and ineffective policies under differing circumstances.
3. To grasp how marketing and the different functional areas of business (e.g., finance and production) are interrelated.
4. To understand both the theoretical and applied aspects of information decision systems for marketing management and to use various standard and special sources of data for analyses.

A principal goal of using case studies in management education is to stimulate direct involvement in the process of finding, defining, and analyzing issues and problems, which may be stated directly or merely implied in the case narrative, and developing recommendations and programs for the organization. Tackling real business problems is viewed as an excellent means of developing practitioners in the art of management. The approach has several implications for your preparation and participation, among them the following:

1. You increase your learning benefits with thorough preparation efforts before class and through participation in class discussion.
2. You develop problem-finding and analytic skills in a critical, although usually not hostile, atmosphere. The process helps to build both a willingness to risk stating conclusions and an ability to overcome fears of making and admitting mistakes.
3. You sharpen the capacity to recognize management's assumptions and to develop your own, in real situations presented in case formats.
4. You learn and teach along with the instructor whose central mission is to orchestrate the group's interaction, to stimulate ideas, and to guide discussion—in other words, to help you develop your ideas.

THE MARKETING AUDIT

As you examine the case—skimming first for highlights and then reading it thoroughly, preferably twice, for understanding—and list the principal features relating to what you see as the central issues, several tentative solutions may evolve.

The following suggestions are intended to help you examine the case, to pinpoint problem areas, and to devise solutions and recommendations:

1. Examine the firm's management, services, financial structure, and general and specific goals. Remember that companies do not do things; people do. Consider the managers' value systems, and estimate their impact upon objectives, policies, and strategies.
2. Take the customers' viewpoints and try to understand such factors as the following:
 - a. **Who** are the customers? Classify them according to pertinent socioeconomic, demographic, and marketing characteristics.
 - b. **What** products and services do they use?
 - c. **Where** do they buy these products and services? Consider market geography, regional differences, and types of companies patronized.
 - d. **When** do they buy? What is the frequency of use? Time of the day and week? Are there seasonal (cyclical) influences?
 - e. **How** do they buy? Is help required to make the purchase? Do customers seek advice because of their lack of experience? Does personal selling play an important role?
 - f. **Why** do they buy? You may not be able to infer motivations, but you can consider related literature, findings of the behavioral sciences, and your experiences that pertain to the product and/or service and to the circumstances in the case.
3. Define the nature of the product-service.
 - a. What are its similarities to, and differences from, competitive offerings?
 - b. After carefully evaluating how people choose and use the products and services, ask the question, "How can the firm's marketing system adapt its product-service capabilities to the requirements of the buying/using system?"
4. Given the composition of markets and the company's product-service capabilities, what seem to be the most desirable ways to close the gap between company and customers?

- a. What marketing elements—services, research, advertising, personal selling, publicity—are available?
 - b. Will marketing operations provide adequately for the outgoing flow of the product-service, and the incoming flow of money and information?
5. By now you should be able to define, and rank order by urgency, the problems facing the firm. List all those issues that are important; pay particular attention to those that are critical.
 6. Lay out a proposed program, maintaining an acceptable cost-price-profit relationship. Justify your preferred solution. Balance the risks and potential returns in keeping with corporate policies and available resources.

This section suggests but one way of approaching the tasks of case analysis; it is not intended as a formula to be followed by rote. You will wish to alter techniques for different situations. In developing analyses and solutions, make assumptions that you consider to be necessary and that are reasonable.

Since perfect information is never available, you might wish to seek case-related information, but *it is preferable to deal with the study as it is presented rather than to acquire postcase data on the company*. Perfect answers are hard to come by, and since there may be two or more acceptable solutions to a case problem, not only the solution itself but also the manner in which it is derived is important.

By objective, systematic, and thorough diagnosis, analysis, and preparation, you will be able to defend your ideas and enhance your skills. This will contribute to the learning of others in the class as well.

A SIMPLIFIED PLANNING MODEL

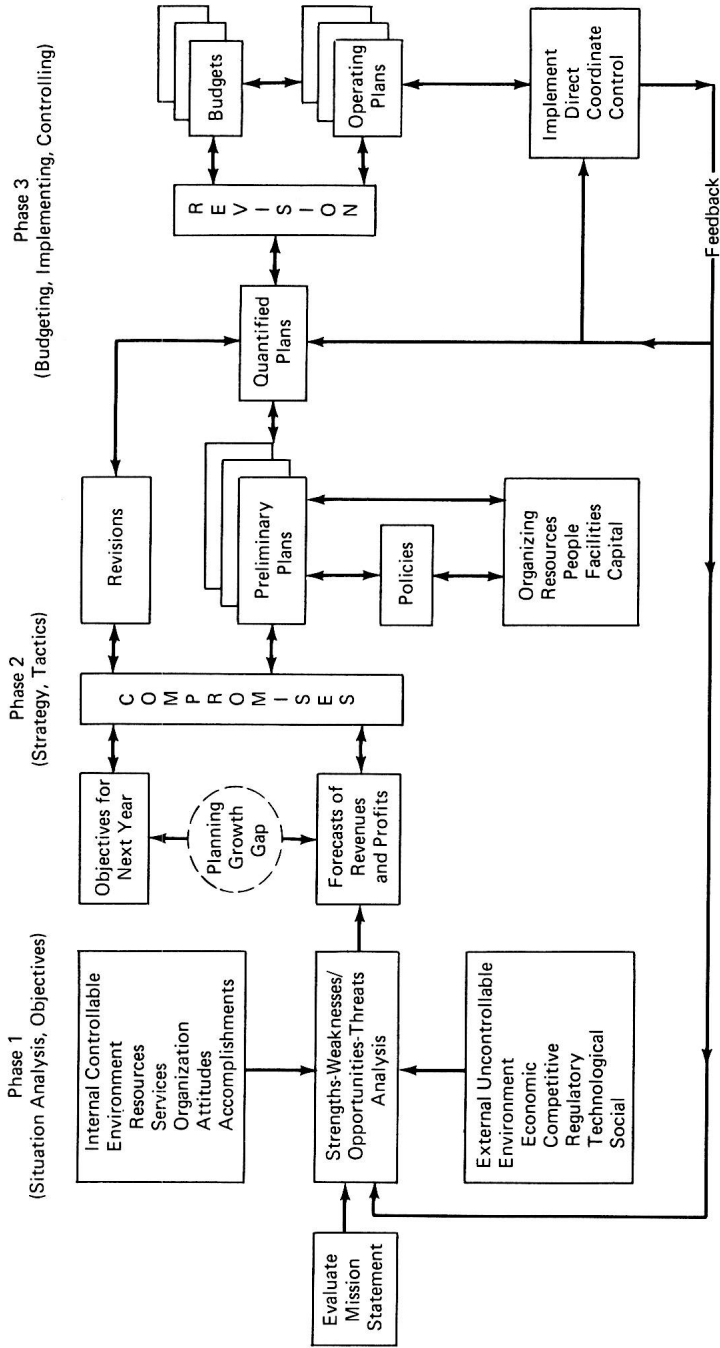
Exhibit 1 portrays conceptually the phases of planning, which can be used for a one-year budgeting cycle or expanded to embrace a long-term perspective, beginning with articulating (or examining it if there already is one) the organization's statement of purpose, its mission. The situation, or strengths-weaknesses/opportunities-threats (SWOT), analysis should be considered for almost every case in this book.

Leaping to judgments before examining the fundamentals of a situation often leads to unwarranted conclusions, and the recommendations based on such a superficial examination can instigate egregious circumstances. Before jumping into a business strategy for a going concern, develop an idea of what the current strategy is and how well, overall, the organization is doing. If possible, infer from the case information a mission statement; in short, try to answer the question, "What business are they in?" Expressing an answer to this query is an excellent starting point from which to go about the tasks of evaluating the firm's past, present, and future. However, if it is a fledgling enterprise, such as A. Poe Designs, or just a concept, such as Eclipse Films, and no history exists, a suitable starting task would be to draft your version of a mission-and-role statement for the entrepreneur. Following that, it may be worthwhile to consider a basic set of policies to guide management.

The goals and objectives of a business ideally are governed by its policies and implemented through planned practices. Policies and courses of corporate action might include a code of ethics, a plan for expanding into new territories, an approach to advertising and publicity, attitudes toward employees, viewpoints on promotion,

Exhibit 1

Phases of Planning



Source: Charles L. Hinkle.

and many other variables. Policies are ideas, attitudes, and philosophies, as distinguished from procedures or methods.

Management policies are the responsibility of the owner or board of directors, and in many organizations these policies are developed and approved by an executive committee of the board and put into effect and interpreted by the chief executive officer. In some organizations, the CEO develops the policies as a means of communicating intent and fundamental directions.

For an example of how one large and very successful company views this matter of philosophy, policies, and objectives, you might wish to review the Hewlett-Packard case, which indicates how one firm has approached developing general objectives.

DATA ANALYSIS

When analyzing the quantitative data in a case, remember that the words “figure” and “fictitious” both derive from the same Latin infinitive, *fingere*. Temper conclusions drawn from the superficial appearance of data with good judgment, being aware that even more important than the actual numbers is what management will believe or distrust about them. Some of the case studies you will analyze in this text provide large amounts of information, qualitative and quantitative, but do not require its use. That choice is up to you. A combination of analytical tools and personal judgments is often necessary.

PRECLASS CASE PREPARATION SESSIONS

Unless you spend the time and effort necessary to study a case before the class session, the classroom experience will not provide maximum returns for you, and others will not receive the benefit of your ideas. Small-group preparation periods allow time for “teams” to go over the case in a preliminary fashion before the whole class convenes. Everyone should read the case before a prep session. In these “warm-up” get-togethers, a number of erroneous ideas and solutions can be filtered out, bringing each person to a greater level of understanding before the entire class gets into the act, thus accelerating the learning process. Rather than arriving at a consensus, it is expected that members of prep groups will interact constructively with each other and come out with conclusions that, while based principally on independent thinking, will have the benefit of others’ thoughts.

Intellectual income for you will be directly related to the thoroughness of your individual study and the intensity of your involvement in preliminary sessions and classroom discussions.

RESPONSIBILITIES OF PRECLASS PREPARATION LEADERS

In getting ready for the case prep session, the discussion leader

1. Thoroughly reads and analyzes the case
2. Develops thought-provoking questions to focus group attention upon important pros and cons in the case situation

During the discussion, the leader

1. Helps group members to get organized for the work session
2. States the basics of the problem
3. Encourages reticent members to participate
4. Discourages private conversations
5. Focuses and guides discussion
 - a. Maintains logical progression, pushing toward solutions
 - b. Summarizes key points

In directing and coordinating case preparation activity, the attitude that you display will significantly influence results. So employ your helpful traits—be dynamic, genial, interested, and responsible.

PREPARING WRITTEN ANALYSES

Your instructor will have his or her own special evaluation procedure for critiquing your written analyses, so these criteria are offered as preliminary guidelines only. We would suggest, however, that you check your analysis of each case for coverage of the following:

1. Key institutional strategic issues
2. Key marketing management strategic issues
3. Facts in the case, plus your own assumptions
4. Other functional areas (finance, production, etc.) when appropriate to the situation
5. Priorities for action
6. Plan for implementing recommendations
7. Alternatives and recognition of shortcomings of recommendations
8. Concepts presented by authors in course textbook, if any, and of ideas and frameworks developed in class discussion
9. Exhibits and appendices to aid the reader

Attention to writing—grammar, spelling, mechanics, and flow of ideas—is essential in ordinary text.

We wish you the best of luck in deconstructing these cases designed to challenge your skills in articulating significant strategies to be applied to marketing decisions in the 1990s.

Charles Hinkle
Wesley Johnston
Esther Lanigan

ACKNOWLEDGMENTS

Some cases in this volume were drafted by contributing writers who are acknowledged here under “primary authorship,” indicating that the person being recognized was responsible in a substantial way for that particular write-up. Following that, recognition is given to individuals in various organizations who collaborated with the authors by orchestrating visits, arranging interviews with key persons, and providing resource materials. It will become clear to the reader, by quotations and references in the studies, that substantial credit is owed to many individuals who made this collection possible.

PRIMARY AUTHORSHIP

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DISCLAIMER

All case studies are intended to provide a basis for classroom discussion; none purports to illustrate correct or incorrect, appropriate or inappropriate, management policies and practices.

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TWO REFERENCE TABLES

The first of the two tables in this introductory material outlines the marketing subject matter contained in the cases and provides other taxonomic descriptors. The second table presents references to related chapters in Philip Kotler's *Marketing Management*, seventh edition, published by Prentice Hall, and frequently adopted for upper-division college courses in marketing strategy and for M.B.A. marketing management courses. If you wish to investigate chapters in other textbooks, the headings of Table 1 provide useful leads.

SEQUENCE OF CASES

Since the majority of these case studies spans more than one of the listed core topics of marketing management, labeling them uniquely was, in some instances, necessarily arbitrary. Several cases could fit under one rubric as easily as under another.

The first major division of the book embraces the role of marketing, strategic planning and marketing management, and evaluation of market opportunities. Unavoidably overlapping this portion is the next major division related to strategies and tactics—designing, assembling, and implementing the mix: product, price, distribu-