

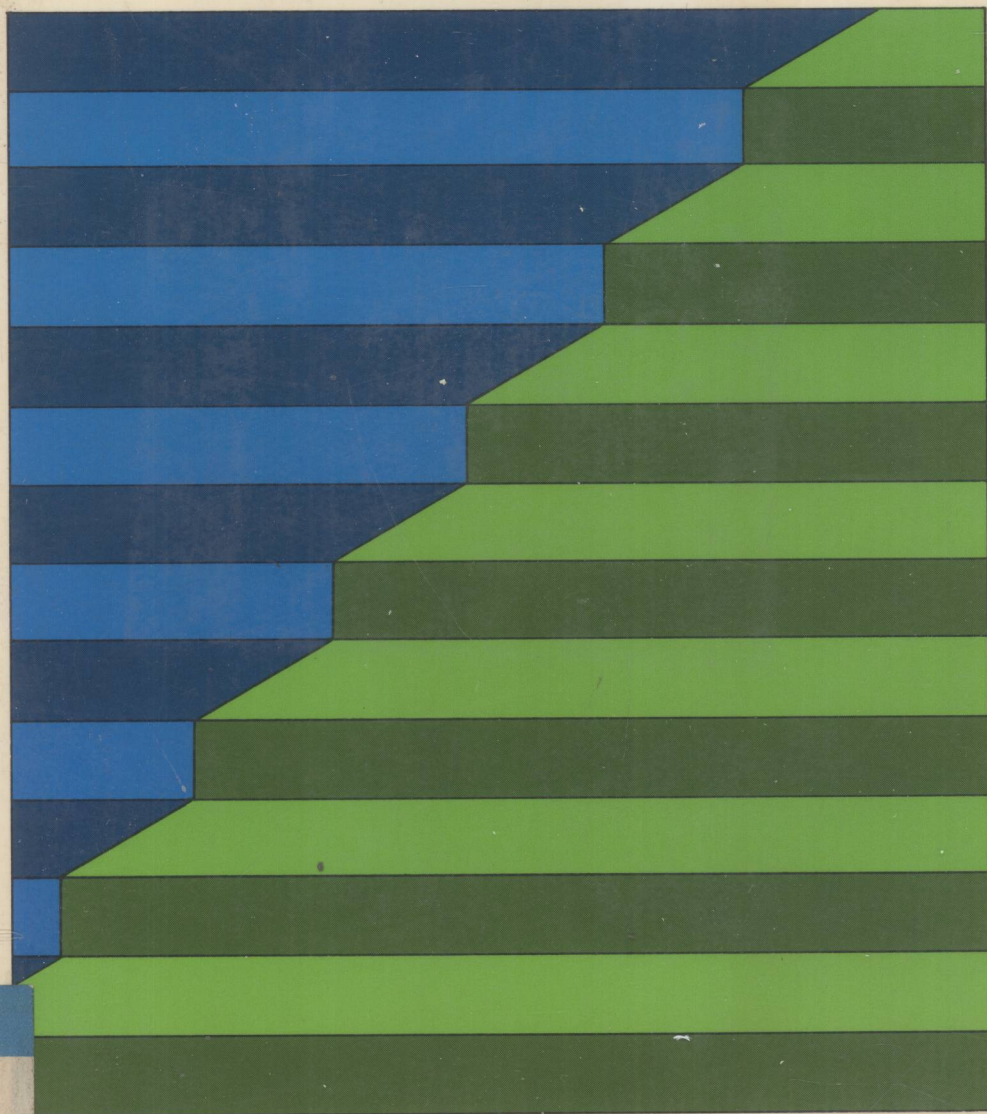
CASES IN

MARKETING

Orientation, Analysis, and Problems

Third Edition

Thomas V. Greer



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CASES IN MARKETING

ORIENTATION, ANALYSIS, AND PROBLEMS

THIRD EDITION

THOMAS V. GREER

University of Maryland

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CASES IN MARKETING

PREFACE

TO THE THIRD EDITION



The third edition of this book, like its predecessors, is intended as an educational tool for the training of students of business administration. It is my hope that students and their instructors will find this edition both appealing and useful.

Eighteen of the fifty-two cases in this edition are new, and many retained from the second edition have been updated. In selecting the cases I have tried to meet the needs of professors of business administration for a comprehensive and well-organized teaching aid. This edition continues to maintain a balance between large and small organizations. Because services are of growing importance in the American economy, and the discipline of marketing is showing an increased interest in services, I have increased the attention given to this area in this edition. Sixteen cases focus on services, seven of them on nonprofit organizations, whereas twenty-nine cases deal with consumer goods and seven with industrial goods. Two of the profit-seeking services cases deal with professional sports. Newer avenues for the application of marketing skills, such as the arts, health care, philanthropy, and social marketing are given prominent places in this new edition. In response to the social concern of many students, this edition includes several cases that can be used as springboards for discussions of the legal, societal, and ethical environment of marketing. Two cases deal with organizations owned by blacks.

The cases are of varying levels of difficulty, and most of them can be used at more than one academic level. They vary in length from three to twenty-five pages. The intermediate length provides ample content for student thought and analysis without the time demands of extremely long cases. Besides stimulating student analysis, these cases have been found to arouse vigorous discussion; all have been classroom tested. A sufficient number of cases is included to allow a professor to use the book several semesters without assigning a case more than once.

Some cases lend themselves to chapters other than those in which

they appear in this book. For example, "Le Drugstore" is placed in "Consumer Behavior" but can also be used in "International Marketing." "Thompson Funeral Home" is placed in "Pricing" but can also be used in "Consumer Behavior" or "Social Responsibility." "McIlhenny-Tabasco Products" is categorized under "Products and Product Strategy" but can also be used in "Pricing." Although associated with "Consumer Behavior," "Lily Crest Modes" is also pertinent to "Planning and Forecasting." "St. Teresa's School" is included in "Products and Product Strategy" but can be adapted for "Social Responsibility." By giving some limited direction, the professor could also use the four overview "Marketing Programs" cases at the end of the book for specialized purposes with specific chapters. It is important to note that the cases were prepared as a basis for class discussion rather than to illustrate either effective or ineffective handling of administrative situations.

Considerable attention has been given to preparing the student for tackling cases effectively. The expository material at the beginning of the book should help both the beginning case analyst and the student who has had previous case experience. This material includes a general discussion of the rationale of teaching and learning by cases and explanation of a five-step methodology for analyzing cases. A sample case is then presented, followed by an analysis by one of my real students and my critical response to that beginner's work. The student who reads these sections thoroughly before attempting the remainder of the cases will avoid many pitfalls. Some instructors may ask their students to study the cases differently or use a variety of approaches, depending on the type of case. Suggested discussion questions are provided separately for the instructor's convenience.

An effort has been made to provide factual role models in the case content for the increasing number of women majoring in business. In addition, five professional women have contributed cases to this edition.

The case materials reflect the true diversity of both marketers and customers in society, by including persons of differing socioeconomic statuses, of both sexes, and of several racial, cultural, and ethnic groups.

I happily acknowledge the cooperation of people in many organizations who made this compilation of cases possible. Also, I thank the adopters on the many campuses who have used the first and second editions. A gratifying number of them offered helpful advice.

For the preparation of cases, I extend special thanks to Richard Rozecky, "Power Tools, Inc." (A) and (B); Helena Poist, "Romano Olive Oil, Inc."; Patricia Stocker, "Denver Art Museum"; Robert Krapfel, "Universal Motors Parts Division"; Dee Wewer, "Head Sports Wear"; Sheryl Ferrucci, "Unilever"; and Joanne G. Greer, "Volunteers in Health Care, Inc." and "Women's Exercise and Fitness Centers." Mr. Rozecky is a marketing executive with his company, Ms. Poist is director of marketing in her organization, Professor Stocker is on the faculty at the University of Denver and was formerly with the Denver Art Museum, Dr. Krapfel is on the marketing staff of his organization, Ms. Wewer is vice president of Head Sports Wear, Inc., Ms. Ferrucci is on the marketing staff of Leo Burnett & Company in Milan, and Dr. Joanne Greer is on the Inspector General's staff, U.S. Department of Health and Human Services, Washington, D.C.

College Park, Maryland

T.V.G.

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1

RATIONALE AND METHODOLOGY OF THE CASE METHOD

AN INTRODUCTION TO THE CASE METHOD

You are about to use the case method in a marketing course. If you have not encountered this approach to learning before, you are probably wondering what it is and what it can do for you as a student.

The case method is a teaching device aimed at bridging the gap between classroom training and work organizations. The case presents to the student, in narrative and tabular form, a set of facts about a specific business situation. The student must sort out the relevant from the irrelevant, organize the facts into a clear exposition of the problem at hand, formulate possible solutions, choose and defend a particular solution, and design implementation for that solution.

Case development may take several forms, such as group discussion, recitation, written work at home, a timed written analysis in class, an individual or group oral report, a debate between teams, or role playing of a major incident in a case. Combinations of these forms are also used.

Many professors in colleges, officials in government, and executives in industry want to see students involved in the realistic problems faced by organizations. Some of these problems are in day-to-day operations, whereas others involve less frequent but highly important occurrences. In using the case technique, instructors are not attacking the place of theories and facts in the student's training.

Rather they are combining these with practical business problems or issues and developing a task integrating theory and practice, called a "case." Their purpose is to provide a more fruitful learning situation for you.

A well-organized lecture on several concepts concerned with, for example, product-line policy may seem clear and succinct, and the student may conclude that he sees the ramifications and could apply these concepts as needed. Perhaps that is true. However, if the student has to put himself into the position of a manager, carefully determine his problems, and think his way through them (all in relation to the composition of a product line), he may (1) take the material on product-line policy more seriously, (2) see that the presented material does not stand majestically alone but is interrelated with other factors, and, most importantly, (3) learn something about the process of making a decision on behalf of an organization. That decision-making ability is highly useful to the person in his own personal life as a consumer, but it is indispensable if he is to become—and remain—a manager. The essence of the manager's work is making decisions.

Instruction by the case method is *participative*, and the main responsibility is on the student. In a sense, the case is raw material on which the student is asked to practice. The student's benefit from the case method will be approximately proportional to the effort he puts into his analysis of the case. Superficial treatment of the case will result in a superficial learning experience.

The use of the case method is not primarily to help the student to accumulate a store of knowledge or to acquaint him with current business practices. These may come as side benefits. The primary purpose is to develop and sharpen the student's skills in working through a complex problem. The first stage of that invaluable process is learning to identify the problem or problems. Sometimes this is surprisingly elusive. If one lacks considerable experience with the work, one may discover to one's chagrin (and cost) that one is dealing with symptoms and side issues only. Other stages in the process may include screening and interpreting the facts, setting up alternative courses of action and calculating their relative costs and payoffs, making a specific recommendation and showing why it is the best alternative, and finally, designing implementation.

Many students have remarked to the author that they are familiar with the case method because they have received instruction in business law through their study of court cases. Business cases are like law cases only in rare instances. In fact, they are different both in nature and purpose. A law case represents a decision that has already been made; it is history. It is important, even though the legal decision may seem illogical, because precedent is infinitely more impor-

tant to law than to management. The law case is an official judgment and becomes an addition to the body of law. It is to be studied and heeded. Moreover, it was decided by an outsider, in fact, a third party outsider. A judge is imposing his judgment on the situation. In a business case, a manager can disregard precedent unless that precedent has been blessed as organization policy. Even in the latter instance he normally has ample opportunity to overturn the policy by objectively showing that it does not suffice. Business managers seldom, if ever, use precedent to keep an issue from arising or to compel a certain solution to a problem. Even if they so desired, they could not do so, for the manifold factors of the business world change so rapidly that old solutions to uncertainties may furnish useful analogies but rarely definitive answers. In a sense, business cases are more like medical school cases, that is, patients to be studied by advanced trainees. The student makes his examination, collects and interprets data to produce a diagnosis, chooses among alternative treatments available, prescribes the specific treatment, and gives treatment.

Cases do not come in one standardized length or form. Some collections emphasize fairly lengthy cases of, for example, fifteen to thirty pages or more. Other collections emphasize short cases averaging one to three pages. This collection averages six pages. The intent of the cases presented in this collection is to provide the student with a challenging amount of problem material without getting into the depth that he will probably encounter in some later courses. However, the more sophisticated student should bear in mind that some lengthy cases are not any more challenging intellectually than some cases of medium length. Whatever the length of a case or the average length in a collection, there is challenge to be found. Students with differing amounts of course background and business experience will see differing depths of material in the same case. Having a stronger background does not necessarily imply solving the case more quickly. A group of students in their second marketing course would probably carry the analysis of a given case far beyond what they did with the same case in their first course. Instructors in various settings may expect and demand different levels of quality from the student in his analytical work. All instructors will expect the students to grow as they gain experience with the case method and to perform a better quality of analysis as they handle more cases.

The author has assembled a wide variety of cases, all of which are new, in order to expose the student to many kinds of problems. These cases are a shortcut in your development as a manager. It would take many years of varied work experience to meet the equivalent of the problems illustrated in the whole collection of cases. They are of varying degrees of intricacy, scope, and challenge. The

cases are set in many different industries, but the abilities they will develop in the conscientious student are almost totally transferable from the given settings to any number of other settings. It is the skill of analytical problem solving that the cases seek to develop, rather than bits of knowledge about specific types of enterprises.

Practice in analyzing the cases will help the student prepare for a career of making decisions. Most persons will start out their careers with little authority to make decisions. Within that limited authority the student must try to reach the best decisions and be able to explain why he or she has reached those decisions. With experience the student will develop ability to make better decisions. When you are promoted to a position with more authority you will have more problems about which to reach decisions. A large proportion of the student's time will be spent on this function. This collection of cases should assist in preparing the student to do something constructive with that first job. But more important, the experience of analyzing these cases should assist the student in handling later more responsible positions in the business world. The person with the analytical mind is going to move forward in the organization.

TO THE STUDENT: A SUGGESTED METHODOLOGY FOR YOUR WORK ON CASES

No single methodology for handling cases is ideal or holds a monopoly on logic. Various persons experienced in cases can offer alternative approaches. If your instructor does not assign you a methodology that he prefers, it is suggested that you use the one presented as follows.

You may find the case method somewhat perplexing when you work on your first case assignment. This happens because you may not have built up a background of knowledge about marketing and you may not have developed a logical framework of analysis for problem solving.

Your first effort should be to read the case assigned carefully enough to remember many of the details presented in it. Most students find that they need to read the materials several times. After reading the case with great care it is important to identify the major problem(s) or question(s) involved.

Step 1: The Problem(s) or Question(s)

Every cases analysis requires the identification of the principal question or problem that requires an answer. Unfortunately, business problems do not arrive labeled "problem." Therefore, the student

must learn to identify the problem(s) raised. It is often appropriate to state the question in the form of agreement or disagreement with the decision or recommendation made by one of the persons in the case. Such a question might be, "Do you agree with Belmont's proposed price change?" Or you might state your question in the following form: "What should the price be?" On occasion the main question needs to be broken down into subquestions, such as the following: "What should the price be? Should someone have the authority to adjust that price in dealing with customers and, if so, in what range? Should the price have a specified period of time in which it is in effect?"

It is imperative that you locate the basic problem(s) or question(s). For example, it is not meaningful to assert that low sales volume is the problem, since low sales volume is only symptomatic of an underlying problem such as poor supervision and control by sales managers, inadequate coordination of the several kinds of promotion, a poor compensation plan, or something else.

Step 2: The Facts

Some persons find it very helpful to visualize the system under consideration and to identify who is managing the various systems or subsystems. See if you find this to be of assistance. You may want to prepare a diagram depicting these relationships. Some students like to use a systems framework around the system under consideration, so that they can perceive the inputs and outputs of the system, the goals, the organization structure, the resources available, the set of products and/or services offered the market, the routine operations, the accomplishments, and the past and probable actions and responses of competitive and complementary systems.

It is vital that you sift and sort the facts of the case, even if there are a very large number of them. A time-consuming technique but one that many persons find productive is to rank order the facts. List the most important fact first and the least important fact last. Between them fill in the various facts in descending order of importance for answering the question. Use your best judgment in building this list, but always ask yourself, "Just what do I need to know in order to answer the question?" Note that some facts may be irrelevant, but care should be taken in discarding any fact. Let your imagination play with the fact and see if it fits together with another seemingly irrelevant fact to make one highly relevant fact. When the facts have been completely arranged in order, you should review and revise your list once again on the basis of logic and your intuition.

A necessary categorization is to separate objective facts from particulars that are the opinions, assumptions, or premises of persons