

Marketing Problems Online

Volume 1

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B.Comm., Dipl. in Retailing, M.B.A., Ph.D.

Calabash Educational Software

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About Marketing Problems Online (MPo)

Marketing Problems Online (MPo) is an educational resource designed to provide the marketing student with the opportunity to apply the theories and concepts learned in marketing courses and to become better at the process of critical thinking. Volume 1 contains 20 problem situations. Depending on the nature of the problem situation, library, Internet, and/or field research may be necessary. The problem situations can be used as assignments requiring in-depth written reports and/or as the focus for in-class discussion. The key to the analysis of any of the situations is to fully understand the relevance of the marketing theories and concepts that apply. Use this theoretical and conceptual foundation to support your analysis and decisions.

The problem situations in Volume 1 of MPo can be used in a variety of marketing courses. The problem situations are primarily written for use in an Introductory Marketing course at the undergraduate or graduate level, however, selected problem situations can be used in Retailing, Consumer Behaviour, Advertising, Channels, Wholesaling, Product/Brand Management, Marketing Strategy, and/or Marketing Management courses. The problem situations can also be used for management training purposes.

The problem situations can also be studied from an International perspective. Marketing students from around the world can benefit by analyzing the problem situations in MPo, no matter where they live. The important concern is learning how to analyze problem situations effectively, regardless of the nature of the content or the national setting.

Once you have mastered the analysis of relatively short problem situations, like those presented in *Marketing Problems Online*, you will be ready to face the challenge of more complex analysis situations, including real-life projects.

Enjoy your pedagogical journey through the ever-changing world of marketing!

General Topic Areas Covered in Marketing Problems Online - Volume 1

	Marketing Problem	General Topic Area(s)
1.	Man's Greatest Fear: Valentine's Day	Consumer Behaviour
2.	Harvey's Hamburger Day!	Sales Promotion, Consumer Behaviour
3.	Dell Computers and Wal-Mart Say I Do	Channel Management, B2B
4.	Invasion of the Superstore	Retailing, Competitive Environment
5.	Cash & Carry Moscow	Wholesaling, B2B, International
6.	Airport Survival	Marketing Research
7.	Café Gourmet Survey	Consumer Behaviour, Retailing
8.	CanukKidsTV - Advertising Guidelines	Advertising, Legal/Social Environments
9.	Subliminal Perception - Fact or Fiction?	Consumer Behaviour
10.	Smile - It's Gurgle!	Consumer Behavior, Advertising, Brand Management
11.	Lotteries - Playing the Odds	Consumer Behaviour, Marketing Strategy
12.	Market Segmentation Using the VALS™ Survey	Market Segmentation, Consumer Behaviour
13.	Self-Image Portrayal in Advertising	Consumer Behaviour, Advertising, Brand Image, Brand Management
14.	Pricing Predicament	Pricing, Retailing, Marketing Strategy
15.	A Puff Here - A Puff There	Advertising, Social Marketing, Target Marketing
16.	The Fruit Punch Splash!	Customer Service, Marketing Strategy
17.	Comfort Food: What Could Be Better	Culture, Consumer Behaviour
18.	Branded Ritual	Culture, Consumer Behaviour, Brand Management
19.	Let's Go Bananas	Marketing Research, Consumer Behaviour, Pricing
20.	When Push Comes to Shove	Channel Management

Man's Greatest Fear: Valentine's Day

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It was that time of year again - a time dreaded by men - **VALENTINE'S DAY!** Buying something from Home Depot would be easier - buy the "little women" a set of pliers, a hammer, or maybe a drill set; she'd love them. But no, that wouldn't be "right," for some reason. Will it be chocolates? flowers? or, oh no! - lingerie? Men can't go into a lingerie shop . . . there's nothing but female (mostly, young, but sometimes old) sales clerks in there. And what about all those female shoppers; what will they think of me?

What does she like? What size, fabric, colour, and style should I buy? What if I make a mistake? What if I buy something too risque? What if I buy something too "matronly"? This is not going to be fun!

How will she respond? Will I be able to return the items (i.e., to exchange or to get a refund), if she does not like what I bought? How much do these things cost? And what if my friends and acquaintances see me there! I will never live it down.

Oh, women have it so easy during this time of year - buy him chocolates or a bottle of wine - that will make him happy.

I know, I will get her a gift certificate, she'll like that. A gift certificate will tell her that I really love her and that I was just thinking of her when I made my purchase. Oh, oh! Where should I get the gift certificate?

Question:

1. Given the situation just described, evaluate this shopping task using the appropriate marketing theories and concepts. Be specific.

Harvey's Hamburger Day!

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On Sunday, May 27, 2007, between 10:30 a.m. and 3:00 p.m., **Harvey's** [harveys.ca], a Canadian fast food restaurant that started in 1959, and now having 300 outlets in the country, gave out free hamburgers at participating outlets: the version known as the "original hamburger" (retail value: \$4.09). The promotion was advertised in the local media (i.e., a full one-page ad in the Saturday, May 26, 2007, issue of the Toronto Star newspaper) and on the company's website. One freebie was offered per customer. No purchase was necessary. The hamburger could be for take out or be eaten within the restaurant.

At one of the outlets visited, head office management greeted customers as they entered the restaurant. At another location, staff greeted customers at the door. Both locations had additional staff on duty to serve customers, thereby minimizing the wait, which turned out to be the same as that during a normal visit (i.e., short), if not quicker than usual. In both outlets, it was observed that all personnel with which customers came into contact were very polite and reflected very positive attitudes toward customers, even if the customer only wanted the free hamburger. It was also observed that there were customers ordering other items to go along with the free hamburger or selecting other items from the menu instead (e.g., grilled chicken), forgoing the free offer. Large signs on the windows of the restaurant and posted in the parking lot drew attention to the special offer for the day.

Harvey's, while specializing and having its start in the hamburger, fast food market, now offers a menu that continues to expand in depth and width, just as is the case for many of its competitors (e.g., McDonald's, Wendy's, Burger King, A&W).

It was not a long weekend in Canada, as it was in the U.S., at the time. The Canadian long weekend, known as Victoria Day, occurred the previous week.

Question:

1. Evaluate this promotional approach used by Harvey's, using the appropriate marketing theories and concepts and by considering the marketing management aspects of the approach. Be specific.

Dell Computers and Wal-Mart Say I Do

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In May, 2007, Dell Computers, the once market leader in computer sales (overtaken by Hewlett-Packard in this role), and Wal-Mart, the world's leading retailer, joined hands, deciding to distribute Dell computers through Wal-Mart stores in the U.S. and Canada. As of June, 2007, Dell will no longer rely solely on selling direct to consumers.

Hewlett-Packard sells computers in stores, online, and via telephone. Wal-Mart already sells computers made by Acer, Hewlett-Packard, and eMachines, the latter being a subsidiary of Gateway that offers "value-priced" machines.

Questions:

1. Given the situation just described, evaluate this new channel arrangement using the appropriate marketing theories and concepts. Be specific.
2. Evaluate the decision by both companies to form such a channel of distribution. Include in your evaluations, reference to and the relevance of appropriate marketing theories and concepts.
 - (a) What are the advantages and disadvantages to both companies?
 - (b) What are the advantages and disadvantages to consumers?
 - (c) What are the implications for competing computer manufacturers and competing retailers?

References

Saltzman, Marc. (2007, May 28). Dell does retail. *Sync*. Retrieved May 28, 2007, from http://www.sync-blog.com/sync/2007/05/dell_does_retail.html

Svensson, Peter. (2007, May 24). Dell to sell computers through Wal-Mart. *The Toronto Star*. Retrieved May 28, 2007, from <http://www.thestar.com/article/217430> [also see <http://www.thestar.com/printArticle/217430>]

Invasion of the Superstore

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You are approached by a local supermarket chain of two traditional stores which also owns land to build a third store in the city. The local firm has learned that a national supermarket chain is planning to open two superstores in the local market. Each superstore will offer a combined grocery/general merchandise product mix (i.e., similar to a hypermarché). There will be approximately 30 checkout/cashier stands in each store. Even though the national chain did have a market presence in the area in the recent past under the traditional supermarket format, no such stores remain open in the area.

The main focus of the superstore will be on low prices. In fact, the store has a policy of bettering the price of any identical item sold by a competitor. If the superstore price is not lower than the competitive price, all the customer has to do is to provide the store with a copy of the competitive ad showing the product and price or inform the store that a competitor has a lower price. In the latter case, personnel from the superstore will visit the store in question to verify the lower price.

The population of the local market is 200,000. The placement of the two superstores, one in the east end of the city and one in the west end of the city, will essentially engulf the entire market, given the 5-mile primary trade area expected to be established by each store. Traditional supermarkets typically have a 1-mile primary trade area.

The local supermarket is concerned about its future survival, given the deep pockets and buying power of the national chain. The local chain wants you to determine what the store has to do to defend against the potential onslaught that could result from the market entry of the new competitor.

Questions:

1. Evaluate the identified situation in terms of the relevant marketing theories and concepts. Be specific.
2. Describe the nature of the market intelligence gathering process that you will carry out to help the local chain. The survival of the local chain is in your hands!

Cash & Carry Moscow

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You are hired by a local food wholesaler to investigate the market potential of setting up a joint-venture cash & carry food wholesale operation in Moscow, Russia. Your potential joint-venture partner will provide the local contacts and an understanding of the local market (e.g., customs, language, government red tape). The joint-venture, with a “for the common people political agenda,” comprises former economic advisors of the Gorbachev government and academics. The Russian partner, as its financial investment, will purchase an abandoned military distribution facility near the major commercial airport in Moscow. This group will pay US\$3,000,000 for the distribution facility. The local firm is expected to invest a parallel US\$3,000,000 in computer systems, distribution centre operational facilities, and operational systems. The local firm will also bring its marketing expertise to the joint-venture, something the Russian organization lacks.

The local food wholesaler will send you to Moscow for two weeks to gather information. You will be accompanied by another consultant and a translator. Your group will be paid US\$25,000 to cover your consulting fees and all expenses.

Questions:

1. Evaluate the identified situation in terms of the relevant marketing theories and concepts. Be specific.
2. Describe the nature of the market intelligence gathering process that you will carry out to help the local chain. The survival of the local chain is in your hands!
3. How would your market intelligence gathering process differ if you were looking to set up a similar facility where you currently reside?

Airport Survival

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The local airport is facing the possibility that the government will replace the airport by building a new regional airport 30 miles west of the current airport. The new airport would lead to the shutdown of the local airport and another airport 60 miles to the west of the local airport. You are hired by the local airport to gather market intelligence to help management support the viability of upgrading the local airport so that it could become the regional airport, avoiding the need to build a new regional airport 30 miles away. The management of the local airport will present this information to the government. The views of current passengers and local residents are of particular concern.

Questions:

1. Evaluate the identified situation in terms of the relevant marketing theories and concepts. Be specific.
2. Describe the nature of the market intelligence gathering process that you will carry out to help the local airport. The future of the local airport is in your hands!

Café Gourmet Survey

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After a number of years in business, a local Café Gourmet outlet, part of a national franchise operation, wants you to conduct a customer survey to provide it with a profile of its customer base and an understanding of how its customers perceive the operation. Café Gourmet offers the full range of the usual hot and cold drinks (e.g., regular and specialty coffee, regular and flavoured tea, hot chocolate, flavoured lattes, ciders, Italian soda). The food offering is quite limited: Because of restrictions in the franchise agreement, only a small range of pastry items are offered. However, because of customer demand, store management does offer prepared bagels with cream cheese for sale. These “illegal bagels” are kept out of view and are not listed on the menu board, since the sale of these items is not approved by the franchisor; customers just need to ask for the item (sort of like a “speakeasy” enterprise of the days go by).

The store’s management is particularly interested in the views of smokers versus nonsmokers, since, at the present time, smoking is still allowed in retail outlets of this nature. About one-third of the seating is allocated to the smoking section and two-thirds is allocated to the non-smoking section. The only ventilation beyond normal air flow is when the front door is kept open, but this usually only occurs when it is warm outside. Since there are only windows at the front of the store, to satisfy these two customer groups, every month, store management switches the location of the smoking and non-smoking sections -- from the front to the back of the store and vice versa, thereby allowing each customer group the opportunity to view the passing street traffic equally throughout the year.

Café Gourmet opens at 7:30 a.m. from Monday to Saturday and at 10:00 a.m. on Sunday. Closing time is 10:00 p.m. from Monday to Thursday and on Sunday and 1:00 a.m. on Fridays and Saturdays. During all hours of operation, music, selected by the staff on duty, is played in the background.

Store management will use the results of the survey to plan the nature of its operation in the future, making any changes that are warranted. In particular, the franchisee wants to maximize the level of customer satisfaction, to every extent possible.

Questions:

1. Evaluate the identified situation in terms of the relevant marketing theories and concepts. Be specific.
2. Describe the nature of the survey that you will develop to carry out the market intelligence gathering process. Explain why it is of this nature (i.e., What questions do you need to ask and why?).

CanukKidsTV - Advertising Guidelines

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You have just been hired as the advertising director for a new Canadian television station called **CanukKidsTV**, a station that is based in Ontario that plans to broadcast throughout Canada. Your selected target market consists of children under 13 years of age. As you start to line up advertisers for your network, you decide to investigate the laws and other regulations that pertain to advertising to this market. Of particular concern are the requirements for the Quebec market, given its unique heritage and culture.

Specifically, you decide to investigate the following legislation and codes:

- [Quebec Consumer Protection Act](#) - [see Sections 248 and 249, in particular]
- [Canadian Code of Broadcasters \(CAB\) - Code of Ethics](#)
- [CAB Broadcast Code for Advertising to Children](#)
- [Canadian Code of Advertising Standards](#)
- [Gender Portrayal Guidelines](#)

Also see the following:

- [Media-Awareness Network](#)
- [Television Bureau of Canada](#) [in particular - Telecaster Services - Guidelines - Child Directed Advertising]
- [Canadian Association of Broadcasters](#)

Assignment:

1. Carry out the appropriate library/Internet search to obtain the necessary information. Consider any other relevant information, as well.
2. Based on your research, prepare a report to serve as your station's guidelines when selecting advertisers and screening their ads. Make sure you include the source of each guideline identified. [Do not just copy and paste the information; paraphrase and incorporate the legislation into your report.]

Note: If you reside in a country other than Canada, you could also investigate this topic for your own country.

Subliminal Perception - Fact or Fiction?

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The 1988 movie, “They Live,” by John Carpenter and starring Roddy Piper (former professional wrestler), illustrates the idea behind subliminal perception. You can view excerpts from the movie by going to the webpage on the [Propaganda Matrix](http://www.propagandamatrix.com/291103theylive.html) website focusing on movie, “They Live”; [<http://www.propagandamatrix.com/291103theylive.html>]. You can also rent or buy the movie, if you want to view the entire movie.

A discussion of the concept of subliminal perception can be found in the [Encyclopedia of Psychology](http://www.psychology.org) [<http://www.psychology.org>] - A. E. Kazdin (Ed.), Encyclopedia of Psychology (Vol. 7, pp. 497-499), New York: Oxford University Press, 2000 - type in the term, *subliminal perception*, in the search area once at this site - or use the following direct link to access the subliminal perception section: <http://watarts.uwaterloo.ca/~pmerikle/papers/SubliminalPerception.html>. This reference also discusses the classic “study” on this topic that was conducted by James Vicary (1957), a study that was set in a movie theatre.

Questions:

1. Using the relevant theories/concepts, evaluate what is happening in this movie.
2. Discuss the basic idea underlying this movie as it relates to the area of marketing in general, and to the areas of advertising and consumer behaviour, in particular. Incorporate the relevant marketing theories and concepts in your discussion.
3. Why was the use of subliminal advertising banned in the U.S. in the 1950s? (See McCarthy era literature)
4. Is there such a thing as subliminal perception?
5. What is your view of the effectiveness of subliminal advertising?
6. Roddy Piper makes use of semiotics (use of signs) at the very end of the movie (but we won't go there!).

Smile - It's Gurgle!

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You are the marketer of a new baby food called “Gurgle.” You are at the stage of developing the advertising campaign for the introduction of the product to the market. You know that when people see a picture of a baby, they smile. You want people to respond in the same way when they think of your brand. From your research of the literature pertaining to learning theory, you have determined that classical conditioning would apply to your situation.

Learning Theory material focusing on classical conditioning can be found at the following website:

- Go to: <http://calabash.ca>
- Click on Resources button.
- Click on Additional Resource Material link.
- Click on Learning Theories.
- Click on Classical Conditioning - see slides 1 to 8.

Question:

1. Describe, using classical conditioning, how you would go about generating the same response when people think of your brand. Include in your discussion an appropriate, fully labelled diagram (draw one as best you can or use actual image artwork).

Lotteries - Playing the Odds

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Like many lottery corporations around the world, the Ontario Lottery and Gaming Corporation (OLGC) [<http://www.olg.ca>] uses operant conditioning (Instrumental Learning) to ensure continued sales of lottery tickets to consumers (i.e., repeat sales) with its Lotto 649 and other games.

Learning Theory material focusing on operant conditioning can be found at the following website:

- Go to: <http://calabash.ca>
- Click on Resources button.
- Click on Additional Resource Material link.
- Click on Learning Theories.
- Click on Operant Conditioning (Instrumental Learning) link - see slides 9 and 10.

Question:

1. Explain how the OLGC (or your local lottery corporation) uses operant conditioning to achieve its sales objectives.

Market Segmentation Using the VALS™ Survey - Personality Traits -

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The VALS™ Survey provides the means by which marketers can segment the market based on personality traits and to relate this understanding to the market behaviour of consumers.

After you take the survey, check out the different areas of the SRIC Consulting Business Intelligence website. Particularly, review the VALS™ brochures, the VALS™ Framework and Segmentation Descriptions, the VALS™ types, and the discussion of Applications.

Questions:

1. Go to the [VALS Survey](http://www.sric-bi.com) site and take the survey [<http://www.sric-bi.com>]. Once at the site, click on *VALS™ Survey* and then click on *Take the Survey*.

Once you complete and submit the survey, the results will be sent back to the email address that you entered. What is your VALS™ type?

2. Do you agree with the results of the survey (i.e., the personality type identified for you)? Why or why not?
3. If you were the marketer of automobiles, how would you market your product to each of the personality types identified by the VALS™ instrument?
4. If you were the marketer of milk, how would you market your product to each of the personality types identified by the VALS™ instrument?
5. If you were the marketer of chocolate bars, how would you market your product to each of the personality types identified by the VALS™ instrument?
6. If you were the marketer of perfume and cologne for women and cologne and after shave for men, how would you market your product to each of the personality types identified by the VALS™ instrument?
7. If you were the marketer of bar soap used for washing one's hands and face, how would you market your product to each of the personality types identified by the VALS™ instrument?

Self-Image Portrayal in Advertising

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The self-concept of the consumer is an important focus in the marketing of many products, brands, stores, and services. The self-concept comprises a number of different images, such as the real self-image, the ideal-self-image, the looking-glass self-image, and the true self-image. The true self-image is the “objective” self-image (i.e., the sum of all of one’s experiences throughout life); it is the self-image of which one is not consciously aware (see the work of Harry Stack Sullivan [Conceptions of Modern Psychiatry, 1947] and the work of Carl Ransom Rogers [Client-Centered Therapy, 1951] to investigate the meaning of the true self-image). For this reason, it should not be of concern to the marketer. However, this is not the case for the conscious entities of the real, ideal, and looking-glass self-images (see Charles Horton Cooley’s “Human Nature and the Social Order” [1902] and “Social Organization” [1909] to investigate the looking-glass self-image). You might remember the looking-glass self-image concept from “Alice in Wonderland.”

Marketers believe that, in many cases, consumers seek to express one or more of their self-images in the marketplace, by selecting products, brands, stores, and services that have images (i.e., product, brand, store, service images respectively) that comprise human characteristics that are similar to or match the self-image that the consumer seeks to express. Because of this aspect of consumer behaviour, it is possible to segment the market not only on the type of self-image (i.e., real, ideal, and looking-glass), but also based on the actual characteristics of the relevant self-image (e.g., rugged, gentle, intellectual, sports-minded, home-body, outdoor adventurer).

To investigate this aspect of marketing, find three ads in one consumer magazine (e.g., aimed at families, teens, males, and/or females) that indicate that the concept of self-image is relevant.

Questions:

1. Identify the self-image that the marketer is trying to reflect in each ad (i.e., real self-image, ideal self-image, looking-glass self-image, or any other that you have studied). Is the use of the self-concept appropriate in each case (i.e., relevant)?
2. What are the characteristics of the identified self-image that are relevant in each ad (i.e., What are the human characteristics being portrayed - demographic, personality, lifestyle, etc.)?
3. What type of people (i.e., self-image characteristics) would not be attracted to the market offering in each ad?

Pricing Predicament

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Acme Supermarket, like most, if not all, supermarkets, sets a price for each unit of a product offered for sale (e.g., \$.79 per can of tomato soup). However, to encourage higher volume sales per shopping journey, on selected items, the store offers an overall reduced price if the customer buys multiple units of the same product at the same time (e.g., canned tomato soup at 3 for \$1.99).

In situations like the one described, while every thing works out fine if the customers buy only one unit when only the individual item pricing approach is used or if the customers buy three units when the “3 for” multiple-unit pricing approach is used. However, when customers deviate from these volume purchase levels, store management is not sure what price should be charged. This decision task is now in your hands.

In all cases, the store does not individually mark the price on any products; shelf labels identify the prices of the products. Computerized scanning is used at the checkout register to tally the value of the purchases.

Questions:

1. Identify the marketing theories and concepts that apply to this type of pricing situation. Explain.
2. Of what benefit is it to the store to offer goods at a lower price if the customer buys multiple units at the same time (include in your discussion the relevance of fixed costs and variable costs)? What are the disadvantages of this approach to the store? Of what benefit is such an offer to customers? What are the disadvantages to the customers?
3. If the store puts up two price labels for the product (e.g., tomato soup) - “\$.79 per can” and “3 for \$1.99” - how much should the store charge per can if the customer buys 2 cans? buy 4 cans? buys 5 cans? buys 6 cans? Why?
4. If the store puts up two price labels for the same product - “\$.79 per can” and “3 for \$1.99 if bought in multiples of 3” - how much should the store charge per can if the customer buys 2 cans? buys 4 cans? buys 5 cans? buys 6 cans? Why?
5. If a customer complains about any of the pricing policies followed by the store, how should store management respond? Explain. How might a customer respond?

A Puff Here - A Puff There

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You sell a legal product that generates tax revenue for the government coffers. However, some people seem to dislike the fact that you still (legally) advertise your product, even if you include the mandatory health warnings on your packages and in advertising: Such are the woes of manufacturers of cigarettes these days.

In June 2007, forty-one members of the U.S. Congress asked 11 magazines targeted toward women to voluntarily refuse to accept advertisements for cigarettes. The 11 magazines in question include Vogue (<http://www.style.com/vogue>), Glamour, Lucky, W (<http://www.style.com/w>) (all Condé publications), Cosmopolitan, Marie Claire (Hearst Communications publications), Us Weekly (Wenner Media) In Style (Time Inc.) and Interview (Brant), Soap Opera Digest (Primedia) and Elle (Hachette Filipacchi Media).

In the letter sent by the members of Congress indicates that the public health consequences associated with smoking would not be considered stylish or glamorous. The letter also indicated that 54,000 women a year die because of cancer related to smoking.

Camel No. 9, a cigarette brand made by the R. J. Reynolds Tobacco Company, is one of the brands advertised in magazines. RJR does have a policy on placing print advertising.

Questions:

1. Identify all of the relevant marketing theories and concepts that relate to the identified issue.
2. Should companies that produce a “legal” product that can be “legally” advertised be afforded the right to decide whether or not to advertise their brands.
3. What arguments would the manufacturers of cigarette brands use to defend their position to advertise?
4. What arguments would the magazines that accept and those that reject such ads use to defend their positions?
5. Select one of the magazines identified. Is advertising such a product compatible with the image and focus of the magazine? with the needs of the target market of the magazine?
6. If you were the editor/publisher of one of the magazines, what would you do? If you were the senior marketing officer of the cigarette company, what would you do?

Reference

Ives, Nat (2007, June 8). Congress asks women’s mags to quit their smoking habit. *Advertising Age*, Retrieved June 8, 2007 from http://adage.com/mediaworks/article?article_id=117234

The Fruit Punch Splash!

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There you were, during a bright sunny day, sitting and enjoying a coffee in one of the franchise outlets of a national donut shop. Within and outside the store, it was busy. You noticed a young mother pushing a stroller, with her young toddler following just behind. In the stroller was a 20-count box of “donut holes” and a small bottle of apple juice. The young child, fully capable of walking on his own, was carrying a small, glass bottle of fruit punch and a straw in his hands. As they passed you, walking toward the side door, you thought to yourself, “disaster in the making; would this young child be able to maintain control of his drink during his journey”?

A few seconds later, you heard a “crash”! You noticed that two police officers standing in line turned toward the side door; other customers did the same. You also noticed that the store manager, a middle-aged female, who was serving customers, also glanced toward the side door. Your curiosity then got the best of you; you turned toward the side door. On the ground, just outside the door, you noticed a “smashed” bottle of fruit punch. Your premonition came true! The child had in fact dropped his bottle of fruit punch. The manager immediately dispatched an employee to clean up the broken glass and spillage, a request that was responded to immediately, ensuring that no harm would come to others. Additional cleanup with a wet mop followed.

The young mother soon re-entered the donut shop and got in line. She left the stroller and her child outside the store. As she waited in line, she kept looking outside, checking on the well-being of her child. When she reached the counter, she purchased another bottle of fruit punch, obviously, replacing the one damaged by her child. As the mother left the counter, a customer was bringing the child into the store to his mother, indicating that the child was crying. The mother took her child by his hand and escorted him back outside.

Unfortunately, dropped donuts, drinks, and other food items are not uncommon occurrences in outlets of this nature. In this situation, it was not clear if the store manager knew who actually caused the breakage, one reason being that the customer was served at another counter about 15 feet away from where the manager was stationed. The identified drinks retail for \$1.25 and the 20-count “donut holes” retail for \$2.25.

Questions:

1. Evaluate the identified situation in terms of the relevant marketing theories and concepts? Include in your evaluation, consideration of the concepts of attitude, customer satisfaction, locus of control, and store image.
2. Evaluate how the store manager responded to this event.
3. Should outlets of this nature have a policy of “free” replacements when customers, for whatever reason, drop or damage their purchases, making the item(s) unfit for human consumption? Why or why not? Include in your discussion, consideration of fixed and variable costs, customer attitude, and store image.

Comfort Food: What Could Be Better

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It can only lead to increased sales: becoming a comfort food in a given market. Comfort food can be defined, based on the definition of comfort, as an item of food that is sought out by members of a given society who have learned that, when sought out and consumed, brings “consolation in time of trouble or worry,” “a feeling of relief or encouragement,” “a satisfying or enjoyable experience,” or “contented well-being” ([Merriam-Webster Online Dictionary](#)). In Canada, hot chocolate on a cold winter’s day; an ice cream cone given to a crying child; mom’s apple pie, and a visit to [Tim Horton’s](#) for a donut or a Timbit after a hard fought hockey game, even if your team was on the losing end, have entered the realm of comfort food in the Canadian market.

Thus, a comfort food represents a market offering that evokes, as a learned behaviour, a feeling of “comfort” or a psychological state of feeling “good” or of “well-being” to members of a specific society. Overall, it represents something that can soothe the soul.

Questions:

1. Identify all of the relevant marketing theories and concepts that are relevant to the situations described and explain how the theories and concepts apply.
2. In your country, what products are considered comfort foods? What are the associations that have developed between these market offerings and aspects of the social environment and an individual’s psychological entity?
3. Why are ice cream and candy often considered comfort foods? How and why did the associations develop?
4. Using the theories of classical conditioning and instrumental learning (operant conditioning), explain how the associations between a comfort food and the social environment and an individual’s psychological entity develop. Link to [learning theories](#).
5. What products in your country are considered just the opposite of a comfort food (i.e., something that does not bring forth the feeling of well-being or comfort but, rather, creates a negative feeling)?
6. If you were given the task of creating an advertisement for a comfort food (select one), how would you go about accomplishing your task?
7. If you were given the task of creating an advertisement for a product that is considered just the opposite of a comfort food (select one), how would you go about accomplishing your task?

Branded Ritual

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One way for a brand to increase sales is to differentiate the brand by being associated with a *ritual* that is of a positive nature. A ritual is defined as “the established form of a ceremony” or “an act or series of acts regularly repeated in a set precise manner” (Merriam-Webster Online Dictionary). A *branded ritual* is an established routine or behaviour that is carried out in defined situations with respect to the consumption of a specific product-brand. Associating a brand name with cultural events can result in a branded ritual that has social relevance; other branded rituals may not gain this status or may be negative in nature.

In Japan, the Kit Kat® chocolate bar has become more than a comfort food by being incorporated as part of a branded ritual. The brand name, Kit Kat, is similar to the Japanese phrase, *kitto katsu*, essentially meaning, “you most likely will win,” “I hope you succeed,” or “good luck.” Prior to exams, students eat a [Kit Kat](#) as a good luck charm. [Nestlé](#) even created a green tea version in a blue package, a colour that symbolizes Heaven in Japan; it has also linked the brand to the ritual of saying a prayer (see Lindstrom, n.d., 2007). Visit Martin Lindstrom’s [Video Blog](#) website and view the branded ritual videos for Martini Barcardi Aperitif®, Corona Beer®, and Kit Kat®. Also see how [Magners Cider](#) [with ice] ([TV Ads](#)) and [Guinness Beer](#) (two-part pour) have achieved this status; and don’t forget about frozen Mars® and Snickers® bars.

Questions:

1. Identify all of the marketing theories and concepts that are relevant to the Kit Kat situation described and explain how these theories and concepts, including generic and selective demand, apply.
2. In your country, what product-brands are considered part of a branded ritual? Explain the nature of the associations between the market offering and the social environment or any psychological links.
3. Using [classical and operant conditioning](#), explain how the associations between a brand associated with a branded ritual and the social environment or an individual’s psychological entity develop.
5. What branded rituals which exist in your country would be considered negative in nature? If such a situation is not considered good for a marketer, what should the marketer do?
6. If you were given the task of establishing your brand as part of a positive, branded ritual (select a product-brand), how would you go about accomplishing your task?

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Let's Go Bananas

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Bananas, the most popular fruit consumed in North America ([Dole Food Company](#)), represent a tasty, nutritious, imported fruit consumed year round in North America. Efficient, refrigerated transport ensures that the product arrives to market in acceptable condition. Unlike the case for most fruits and vegetables, banana preference varies according to its degree of ripeness. Most other fruits and vegetables are usually judged in terms of being not ripe, ripe, or rotten. In the case of bananas, however, banana preference ranges from green to various levels of yellow and then to brown-speckled, the colour change reflecting different degrees of ripeness of the fruit. Green bananas are firm, being very starchy, but as the fruit ripens, it turns to yellow, with the starch turning to sugar, which increases the sweetness of the product ([International Banana Association](#)). Bananas that have a green tip are considered best for cooking; the full yellow bananas are considered best for direct consumption (e.g., in salads, cereal, out-of-the-hand); and bananas that are brown-speckled are considered best for baking (e.g., breads, cookies) (International Banana Association).

It is interesting to watch consumers purchase bananas. While the product, on first consideration, appears to be a relatively standardized, staple commodity for most people, it is really a product that requires some deliberation when making a selection. As consumers make their choice, they focus on general condition, size, number, and ripeness. It is unusual for a store to carry different brands of the “standard” banana, so there is no “inter-brand” comparison. If a consumer does have a preference for a particular brand or country-of-origin, then these characteristics would serve as screening criteria, as well.

When it comes to ripeness, the important consideration for the retailer is to ensure that consumer demand is met, while avoiding being faced with a significant number of unsalable items, including those placed on the markdown table. Consumers have a range of ripeness levels that fall within the acceptable range, a range of ripeness toward which the consumer is indifferent, and a range of ripeness that is considered unacceptable. The degree of ripeness that falls within each of these ranges varies across consumers.

Questions:

1. Identify all of the marketing theories and concepts that are relevant to the situation described and explain how these theories and concepts, including generic and selective demand, apply.
2. Carry out a primary research study in your class, including a taste test, if you wish, to determine a consumer ripeness-preference-profile. Include in your survey appropriate demographic, situation of use, and level of consumption measures, as well the normal preference measures. Report on your findings.
3. Determine a retailer's maintained markup (based on retail) if the store initially retails bananas at a price of \$0.69 per pound (or \$1.52 per kg.), pays the produce wholesaler \$0.49 per pound (\$1.08 per kg), expects to reduce the price on 20% of the bananas to \$0.39 per pound (or \$0.86 per kg) to clear them out, and expects to throw out 5% of the bananas due to unsalable condition. What is the maintained markup based on cost? What is the initial markup based on retail and based on cost?

When Push Comes to Shove

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[Loblaws](#) is Canada's largest food retailer, with over 1,000 stores operating under a variety of retail formats under the Loblaws, Fortinos, No Frills, Maxi, Zehrs, Atlantic Superstore, Your Independent Grocer, Dominion (in Newfoundland and Labrador), and Real Canadian Superstore banners. The retailer is also a significant player in the drugstore, general merchandise, and financial product services areas. However, increased competition, particularly from the new entry of [Wal-Mart Supercentres](#) (include grocery section) to the Canadian market; low-price competition from other grocery competitors; and difficulties associated with the overhaul of its supply chain and warehouse network have made things tough for the chain. In fact, the company recorded its first loss in 20 years in 2006 and had to make significant personnel cuts at the head-office level.

One of the major problems that the company has had to deal with during the overhaul of its supply chain and warehouse distribution system is the failure of suppliers to provide inventory on a timely manner so that it would be available in the stores when required. Such delays lead to stockouts (Flavelle, 2007). To deal with this issue, the company instituted a policy whereby suppliers who failed to meet the required delivery deadline would be assessed a penalty of \$1,500. Another distribution issue is the adoption of RFID (radio frequency identification) inventory control system; however, unlike Wal-Mart, Loblaws does not have the capability of demanding that suppliers invest in this approach, an approach designed to increase efficiency and reduce costs, reduce stockouts, and increase sales for both the retailer and suppliers (Hutchinson, 2006).

Questions:

1. Identify all of the marketing theories and concepts that are relevant to the situation described and explain how these theories and concepts, including the concepts of conflict and power, apply.
2. There are five types of power that channel members (i.e., a change agent) can use to get other channel members to do things that the first channel member wants: reward, coercive (punishment), referent, expert, and legitimate. Explain how each of these types of power apply, if at all, to the situation described. [Conflict and power notes: [Click Here](#)]
3. If a supplier is assessed a late-delivery penalty, what options does the supplier have? What do you think the supplier would do in such a situation? If a supplier refused to pay the penalty, what would the store do?

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