

The 2-For-1 Broccoli Promotion

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Braemore Supermarkets was having a "Buy One Get One Free" sales promotion. The weekly store flyer indicated that this special applied to boneless pork loin roast or chops, tangerine juice, cinnamon crunch sticks, boneless salmon fillets, broccoli, potted mini roses, and a number of other products. The free item had to be of equal or lesser value than the item purchased. The pork and broccoli specials were given dominant focus in the flyer. These two ads were of equal size and were the largest ads on the front page of the flyer, being three times larger than the other four ads on this page. Combined, the two ads took up more than half of the front page.

Ralph Baker, a regular Braemore shopper, who usually spends around \$80 a week in the store, saw the promotion and decided to purchase broccoli. When Ralph arrived at the produce department, he noticed a sign over the broccoli that stated: 2/\$1.99. The font (type size) used for this information was larger than that used for any of the other information on the sign. In smaller font, the sign stated: "Multiples of 2." The broccoli was packaged as a unit of two stalks, with each unit being bound by an elastic. There was nothing about "free" at the display area or on the sign. Based on the sign and the ad in the flyer, Ralph picked up four of the bound units, intending to pay \$1.99 for two of the two units, based on the sign (i.e., multiples of 2) and getting the other two units free, based on the ad in the flyer.

On his way to the checkout, Ralph passed one of the cashiers and asked, "If a customer buys two of the bound units of broccoli for \$1.99, does the customer get two bound units for free, based on the "Buy One Get One Free" promotion?" The cashier, who didn't work in the produce department, said he did not think that was the case, but he would ask the manager on duty to check into the matter.

The manager on duty was the grocery manager. When the grocery manager came over to the customer, the customer once again explained the situation, as well as indicating that broccoli is often sold by the stalk. The grocery manager said he wasn't sure what to do. He then walked over to the produce department, trying to find the broccoli. Once he found the broccoli (which took a while), he read the sign above the product. The grocery manager's interpretation of the sign was that the "multiples of 2" meant that one stalk had to be paid for and the other stalk in the "multiple of 2" would be the free one. He further explained that the "multiples of 2" did not mean "two bundles," but, rather, referred to "2 stalks for \$1.99." Furthermore, as far as he was concerned, the "multiples of 2" referred to the "Buy One Get One Free" promotion, and nothing else.

The customer then made reference to a Coca Cola sign in the store. The sign indicated a price of 3/\$11.00. In this case, the sign referred to three cases of the product (i.e., three units). From the customer's perspective, this was the same as the 2/\$1.99 sign for the broccoli, where the "unit" of sale was not a stalk, but, rather, a bound bundle (i.e., like a "case" of Coke -- a "bound bundle").

Despite the efforts of the customer, the grocery manager refused to agree to the customer's interpretation of the sign. The grocery manager's additional response was that "He doesn't Care!" and he told the customer to take the matter up with "Management" (i.e., Head Office). As far as he was concerned, if a customer buys one stalk, the customer pays \$1.99. The second stalk is free.

After paying for his groceries, Ralph went home and sent an e-mail to the store's Head Office, explaining the entire situation. A few days later, Ralph received an e-mail response from Head Office, indicating that the matter would be investigated. A few days after that, Ralph received an e-mail response from the assistant manager of the store in which the confrontation took place. The assistant manager apologized for the "misunderstanding." He then invited Ralph to contact him to discuss the matter further, if he so wished, and asked Ralph to suggest what it would take to get him to come back to the store as a customer. Ralph never responded and he never returned to the store.

Focus: Customer relations, life-time value, sales promotion, communication (i.e., signage and flyer), repeat sales, transaction orientation.

Questions

1. Explain how the "Buy One Get One Free" promotion is an example of sales promotion.
2. If you were Ralph in this case, how would you have interpreted the sales promotion and the signage? Explain.
3. Do you agree or disagree with the grocery manager's interpretation and decision in this matter? Explain.
4. If you were the grocery manager, how would you have dealt with the customer?
5. Evaluate the response provided by the assistant manager of the store?
6. If you were the assistant manager, how would you have dealt with the situation? How would you have encouraged the customer to return to the store as a regular shopper?
7. Do you think there was something about the sign over the broccoli which contributed to the problem of interpretation? Explain.
8. Explain how the concept of "life-time value" is relevant to this case?
9. Assume the store takes an average mark-up of 20%; what is the cost to the store for a period of one year if Ralph did not shop at the store? What would the cost and benefit be to the store for this same period of time if the grocery manager gave Ralph the extra bundle of broccoli for free?

10. Research shows that dissatisfied customers usually do not complain to store management; rather, they just discontinue patronizing the particular store. Should the fact that Ralph took the time to inform Head Office of his concerns have influenced how Head Office dealt with this situation? Explain.
11. Research also shows that dissatisfied customers tend to tell many other individuals about their unsatisfactory experiences at a store. Knowing this, did the store deal with the situation appropriately? Explain.
12. Research also shows that it costs about five times more to encourage dissatisfied customers to return to the store/company than to encourage an initial visit/purchase. Knowing this, did the store deal with the situation appropriately? Explain.
13. Do you like broccoli? Evaluate this state of affairs using the appropriate marketing theories and concepts.

For all questions, use the appropriate theories and concepts, when necessary. Do not just present case facts.