

Whom Do You Trust?

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Sarah Smith, a widowed senior citizen, had a 10-year-old car she bought new from the Jonesville dealership for Jupiter Motor, Ltd. The Jonesville dealership was a franchised outlet for the identified foreign automobile manufacturer. Sarah, who was originally from Pasadena, only drove her car to her local church on Sundays and for her weekly visits to see her wonderful grandchildren, who lived in town, about five miles from the Jonesville Home for Active Seniors, where Sarah lived.

Sarah needed to repair a link to her back fender, so she went to the Jupiter dealership to get an estimate. The sales manager in the pre-owned automobile section of the dealership convinced Sarah that the car wasn't worth spending the estimated \$1,300 to fix the car and having to wait the four weeks it would take to receive the parts that needed to be ordered to repair the car. Because the sales manager did not consider the car to be roadworthy, he would not allow Sarah to drive the car off the lot. The sales manager initially offered Sarah \$400 for the car, an amount that was quickly increased to \$600. The sales manager made it clear to Sarah that the car would be turned into scrap because of its condition. Being a practical person, Sarah considered it was better to take the \$600 than spend the \$1,300 to repair the car. Sarah did not buy another car at that time or from that dealer.

A few months later, Sarah received a call from a stranger who had seen her car at another dealership. He was interested in buying the car, so he phoned Sarah to find out if it would be a wise purchase. Government regulations require that the history of a car, including the identity of previously owners, be made available in the used automobile data bank maintained by the government. Sarah learned from the caller that the asking price for the "scrap" of a car was \$4,000.

Sarah called the North American head office of Jupiter Motors to complain about what happened at the Jonesville dealership. The manufacturer indicated that it could not get involved, since the Jonesville dealership was an independent business operation. Sarah then contacted the local media to see if it could help. The media contacted the Jonesville dealership to investigate. It was then learned that the sales manager with whom Sarah had dealt was no longer at the dealership. It was also learned that the dealership had sold the car to a used-car wholesaler for the same \$600 amount that Sarah had received; however, the dealership would not provide documentation that this was the actual amount for which the car was sold to the wholesaler.

After a number of unanswered, additional calls to the dealership by the media, the manager of the dealership finally replied. It was then learned that the car was actually sold to the wholesaler for \$1,800 and that the dealership had repaired the car for \$600. The wholesaler had sold the car to another retail operation that set an asking price of \$4,000, the price indicated by the gentleman who had called Sarah.

Focus: Caveat emptor, ethics, moral responsibility; franchisor; franchisee; product and trade-name franchise; business (service) format franchise; dyadic interaction model (i.e., role of a change agent): [a] force, [b] patronage, [c] attractiveness: similarity (physical and ideological), likability, [d] credibility (technical expertise and trustworthiness), Freud's tripartite theory (structure) of personality (id, ego, superego).

Questions:

1. What is meant by caveat emptor? When did this concept come into existence and why? Is it still a valid concept today? Explain.
2. Define ethics and moral responsibility?
3. Define franchisor and franchisee?
4. What is the difference between a product franchise versus a format franchise? What type of franchise is relevant to this case?
5. In matters in which a franchisee takes advantage of a customer, do you think the franchisor should get involved? Explain.
6. Given the details of the case, do you think that the franchisee did anything wrong, legally or otherwise? Explain.
7. What laws in your country would be relevant to the events that took place, as described in the case?
8. Why do you think the initial dealership understated the selling price for which the car was sold to the wholesaler? Why do you think the dealership would not provide actual documentation to validate the selling price for which the car was sold to the wholesaler?
9. Why do you think the initial dealership finally responded to the additional queries from the media?
10. What is the dyadic interaction model? Identify and explain each component of the model. Explain how this model applies to the interaction between Sarah and the initial sales manager.
11. How does the dyadic interaction model apply to any personal selling situation? Which components of the model are least likely to be used in a personal selling situation?
12. Provide some examples when the "patronage" component of the dyadic interaction model is used in a personal selling situation.

13. Using the dyadic interaction model, describe a personal selling situation in which you were a customer. Which components of the model were relevant to the identified selling situation? Explain.
14. Using the dyadic interaction model, describe a personal selling situation in which you were the seller. Which components of the model were relevant to the identified selling situation? Explain.
15. If the events, as described in the case, that took place were released to the media, how do you think other consumers, including senior citizens, would react? To what extent do you think that the events described would affect the behaviour of other consumers toward the initial dealership? toward the manufacturer?
16. Are children and senior citizens more susceptible to questionable behaviour of marketers? Why or why not? Do you think that special laws need to be enacted to protect these consumers in the marketplace? What laws in your country exist to protect these segments?
17. Define each of the components of Freud's tripartite theory (structure) of personality (id, ego, superego). Explain how this theory applies with respect to the behaviour of the initial sales manager.
18. It is said that Socrates chose death over relinquishing his personal integrity - that he believed that one had a priority to oneself over anything else. Similarly, in Matthew 16:26, it asks what one would gain by winning the whole world at the expense of losing one's soul or true self. And, finally, Shakespeare, in his writings in Hamlet (Act I, scene 3), Polonius states, "This above all, to thine own self be true, And it must follow, as the night the day, Thou canst not then be false to any man." Given these words of wisdom, if the initial sales manager actually took advantage of Sarah, was he or was he not being guided by this principle? Explain. If he were following this principle, what would he have done?