

Applied Mini-Cases

Chapter 1

Applied Mini-Case

The market for crisps (potato chips) is dominated by global giants such as P&G and PepsiCo. Brands including Pringles, Walkers and KP are household names. So what of Salty Dog? Never heard of these hand-cooked crisps? They are produced by a very small-scale operation, run from a barn deep in the Chiltern hills in the UK. Since their launch in 2002, sales have been way ahead of forecasts and exports are heading to France, Germany, Norway, Belgium and even China. So far so good, but in order to grow, the company has to attract major retailers and pub/bar chains, and broaden the brand's appeal among consumers – not easy tasks. Worse, the company is now attracting the attention of the major players in this market, which are unlikely to stand back and permit Salty Dog to steal their market shares.

Question

As a newly recruited marketing manager for Salty Dog, what would be your priorities? How would you explain these to the owners of Salty Dog?

Chapter 2

Applied Mini-Case

A decade ago, Korean car manufacturer Daewoo entered the European market with wacky advertising, innovative dealer arrangements and value-for-money cars. While based on dated car designs, the company nevertheless made reasonable inroads into the small and medium-sized car sectors. As part of Korea's well-publicised economic woes, conglomerate Daewoo headed for bankruptcy. The car business was acquired by strategic

partner General Motors of the USA in 2002. A new corporate identity for Daewoo followed, as well as a relaunch for the brand in 2003.

General Motors, known for Vauxhall and Opel in Europe, owns the Chevrolet marque in the States, which is the company's value-based range and marque. General Motors had to consider how to roll out its Chevrolet marque in Europe. Should it try to sell existing Chevrolet models in Europe, or develop more European-looking models for European consumers? Should Chevrolet establish a new dealer network in Europe, be sold alongside the Vauxhall and Opel ranges in existing GM dealers, or be retailed by third parties or through the Internet? Or should the Daewoo range of cars and dealers in Europe be rebadged as Chevrolet? Perhaps a mix of these options would be preferable? These questions were not easy to answer and General Motors's senior managers agonised for some time to determine their strategy. The best approach is still being considered.

Question

As the senior marketer tasked to assess the market's probable response to these options, what steps would you take?

Chapter 3

Applied Mini-Case

Until recently, excepting the low-sugar variants, few observers would have included the producers of the leading colas as aiding healthy diets or encouraging greater awareness of obesity issues. First, the leading suppliers launched low-carb versions, and now they are proactively striving to educate consumers. Coca-Cola, for example, launched a major initiative to encourage people to exercise more. Coke launched an anti-obesity campaign under the title 'Active Lifestyle', engaging with young people through a variety of media. The initiative aimed to promote the route to a healthy lifestyle through a combination of effective hydration, a balanced diet and physical activity.

Sources: Coca-Cola, 2004; Ben Bold, 'Coca-Cola debuts healthy living initiative in UK', *Marketing*, 1 July 2004, p. 1.

Question

As Coca-Cola's marketing manager, how would an understanding of the marketing environment have led to the Active Lifestyle initiative? How might the company have monitored the forces of its marketing environment?

Chapter 4

Applied Mini-Case

InterContinental Hotels Group is the world's largest hotel group, with 3,650 hotels and 540,000 guest rooms in nearly one hundred countries. The company has adopted a multi-segment strategy in order to address a variety of consumer requirements in the lodging industry. Its hotels include the upmarket InterContinental and Crown Plaza brands, boutique chain Hotel Indigo, Holiday Inn, budget brand Holiday Inn Express, as well as suites hotel operations Staybridge and Candlewood. In deriving its brand and target market strategies, InterContinental's marketers have considered a host of customer characteristics, requirements and behaviours, such as duration of stay, hotel location and proximity to other addresses, amenities and services sought or expected, desired luxury, value-for-money, hotel ambiance and feel, hotel usage, size of guest room, purpose of stay, booking/decision-making personnel and organizations, amongst other variables.

Sources: Sally Dibb and Lyndon Simkin, *Market Segmentation Success: Making It Happen!*, 2008, New York: The Haworth Press; www.ichotelsgroup.com; InterContinental Hotels Group marketing materials, 2007.

Question

A large company such as InterContinental Hotels Group is interested in finding out more about the factors that influence people buying hotel weekend breaks. Relating your answer to this example, review the different personal, psychological and social influences that might impact on someone seeking to make this kind of purchase.

Chapter 5

Applied Mini-Case

St Andrew's Healthcare in Northampton is the market leader in mental health hospital care in the UK. Its divisions address everything from adolescent learning difficulties through to major behavioural problems with patients requiring secure accommodation and lengthy treatment programmes. St Andrew's – a charity – has a specialist unit dealing with brain injuries and, through an on-site partner, also offers clinic facilities for patients needing to 'dry out'. Its staff are recognised as being leading-edge thinkers. St Andrew's brand reputation is based on the quality of its care, its multiple care pathways and its ability to relate to patients, their families and to the medical staff or personnel in social services who refer patients to the hospital.

While some patients deal directly with St Andrew's Healthcare, the vast majority of patients are referred from the National Health Service (NHS). St Andrew's has a reputation for being able to deal with difficult patients suffering from complex problems. However, the NHS is increasingly moving towards centralised buying, with numerous Trusts joining forces in order to be able to purchase services – such as those offered by St Andrew's – at lower rates. In addition to the medical staff who diagnose the patients' problems and recommend appropriate courses of treatment, the NHS has risk assessors, financial managers and professional purchasing executives, who are all

involved in the decision concerning which treatment programme to purchase from which provider. For St Andrew's and other suppliers to the NHS, such formalised purchasing and group decision-making complicate the marketing activity and the engagement programmes the charity runs with its customers. For the patient, for his/her family, for the referring medical staff and the numerous administrators involved, St Andrew's must develop bespoke messages, marketing communications and client-handling programmes. This complex buying centre must be addressed in order for St Andrew's to operate with full bed occupancy, and to fulfil its mission to truly help those suffering with mental health problems.

Sources: St Andrew's Healthcare, 2004–8; James Watkins, director of marketing and strategy, St Andrew's Healthcare, 2003–8; Sally Dibb and Lyndon Simkin, *Marketing Briefs*, Oxford: Butterworth-Heinemann, 2004.

Question

As the marketing director of such an organisation, what aspects of customer buying behaviour would you identify as priorities to understand?

Chapter 6

Applied Mini-Case

Banking is not generally perceived as innovative or creative. HSBC's telephone and online bank *first direct* broke the mould when it was launched in the 1980s, and it still strives to be different, as explained on its website:

What it's all about

We've put some thought into banking. We think current accounts are for spending, rather than saving. Which is why we'd rather give you a current account that helps you manage your money on an every day basis. So instead of offering you credit interest, we're giving you more interest on your savings and a package of services which we think offer you better value.

We're here for you 24 hours a day, seven days a week, 365 days a year. You'll get straight through to a real person every time you call. And they'll be ready to help. *First direct* isn't like other banks.

We know you'll prefer banking with us – and if for some reason you don't, we'll help you move to another bank and give you £100.

24 7 365

We're here for you 24 hours a day, 7 days a week, 365 days a year. In fact, ever since we started, more than 18 years ago, we've never closed. So when we say you can give us a call anytime, we really mean it.

Real people, real conversations

You'll always speak to a real person when you call us. No automated routing systems, no punching in numbers on your keypad, no waiting at the tone to say 'yes' or 'no'. Just a friendly voice every time you call.

Sources: *first direct*, November, 2007; <http://www.firstdirect.com/1st-account/in-detail.shtml>, November, 2007.

Question

What is the brand positioning proposition at the heart of *first direct*'s marketing strategy? To what extent does this differentiate *first direct* from the other principal banking groups?

Chapter 7

Applied Mini-Case

Advances in information technology, especially in terms of data storage and processing capacity, have made available an ever-growing quantity of data about customer buying behaviour. To extract from this mound of data potentially useful information to guide marketing decisions, marketers are developing methods of mining data. Data mining refers to the discovery of patterns hidden in databases that have the potential to contribute to marketers' understanding of customers and their needs. Data mining employs computer technology to extract data from internal and external sources; translate and format the data; analyse, substantiate, and assign meaning to data; organise databases; and build and implement decisions support systems to make data mining results accessible to decision-makers.

Question

Adopt the role of a retail analyst who is helping a large retail group to organise its databases. You have been asked to help guide the process by providing a list of the kind of information that is helpful to a company when making decisions about marketing strategy.

Chapter 8

Applied Mini-Case

The Volkswagen Golf has hit 30! VW celebrated the launch of the fifth generation of the model, which seems to have defied middle age and maintained its status as a trendy brand. An advertising campaign accompanying the launch charted the development of the Golf through its three decades of life. The creative work highlighted the changing design and features of the car over time. This illustrates VW's decision to continually upgrade the Golf, rather than replace it with a different model.

Sources: Samuel Solley, 'VW plays on Golf's heritage with evolutionary approach', *Marketing*, 25 March 2004, p. 9; VW 2004–2006.

Question

Several years from now you have secured a job as brand manager for the Golf. Assume that VW is about to make a decision about whether to launch a new generation of the Golf or replace it with a new model with a new name. Prepare a report arguing in support of one of these options. You should explore the arguments for and against each option.

Chapter 9

Applied Mini-Case

People visit cinemas to watch a film for many reasons: to catch the latest release, because friends are going, to be entertained, to go on a date, to occupy the children, to escape from the children, to be with people, to have an emotional experience, to kill time, to have a rest, or 'just because it's somewhere to go'. The choice of which film to see may often be the first decision, but these days, with the growth of multiplexes and record cinema attendances, the choice may be which multiplex: Odeon, Cineworld, Gaiety or National Amusements' Showcase? For rival operators, the 'augmented' product is becoming increasingly important as they seek to develop a competitive edge and to encourage customer loyalty. For example, Showcase strongly emphasises many once secondary or minor features in an attempt to add to the appeal of its cinemas:

- state-of-the-art film projection
- acres of free, illuminated car parking
- best seats in town – exclusive rocking loungers
- bargain matinees daily
- freshly popped popcorn
- cinema hire and special group rates
- on main coach/bus routes
- Dolby stereo-equipped auditoria
- air conditioning
- excellent facilities for the disabled
- late-night shows every Friday and Saturday
- efficient, courteous service
- gift certificates always available
- art gallery with prints for sale.

For many companies, not only Showcase, the augmented product is an increasingly important element in the marketing strategy and the search for customer satisfaction. The new product development process increasingly includes the required customer service attributes desired by targeted customers to accompany the purchased product.

Source: National Amusements/Showcase Cinema, Coventry; <http://www.showcasecinemas.co.uk>, January, 2008.

Question

As a marketing manager, to what extent does inclusion of the augmented product simplify or complicate the new product development process?

Chapter 10

Applied Mini-Case

Express carriers such as TNT, UPS and Federal Express do much more than provide a swift delivery service for letters and packages. As the sector has become more competitive, the expectations of clients have also risen. Inventory handling, assistance with customs clearance, barcoded tracking that can be monitored over the Internet, and the provision of a responsive customer services function, are just some of the extra services that are now expected as part of the product offering. Some clients even require their carriers to play a role in the packing process in their pursuit of a delivery solution that eases the movement of packages from the point of dispatch to the point of receipt.

Sources: 'Value-added takes on a new meaning', *Purchasing*, no. 120, 15 February 1996, pp. 68–9; Sally Dibb and Lyndon Simkin, *Marketing Briefs*, 2004, Oxford: Butterworth Heinemann.

Question

Assume the role of a management consultant who has been retained by one of the express carriers to undertake an analysis of service quality. Prepare a report that outlines the key dimensions of service quality.

Chapter 11

Applied Mini-Case

Consumers can pay just 20 pence to write with a disposable biro, yet fancy fountain pens have become a common sight in the hands of influential businesspeople. Such pens have high price tags and are much more difficult to maintain than ballpoints, felt-tip pens or roller-ball pens. However, recent sales figures indicate that the semi-obsolete fountain pen is making a comeback as the writing instrument of choice for status-minded individuals. Of the premium-priced fountain pens, those produced by Montblanc are probably the most prestigious. Named after the highest mountain in Europe, these German-made fountain pens cost from about £100 to £5000 (for a solid gold one). The most popular model costs about £300. Prestige pricing has worked well for Montblanc, placing the pen in the same category as Rolex watches, BMW cars and Gucci luggage.

Sources: Chuck Tomkovick and Kathryn Dobie, 'Apply hedonic pricing models and factorial surveys at Parker Pen to enhance new product success', *Journal of Product Innovation Management*, vol. 12, no. 4, 1995, pp. 334–5; Allen Norwood, 'Pen offers status', *Charlotte Observer*, 20 November 1988, pp. 1c–3c; Parker Pen Co. sales literature, 1996.

Question

A company competing in the same sector as Montblanc has asked you to prepare a report explaining the factors that influence the pricing decisions they should make for a new range of pens. What areas should your report include?

Chapter 12

Applied Mini-Case

Most recorded music used to be purchased by consumers from music stores or mail-order catalogues. First the Internet enabled e-selling from retailers' catalogues, but now it has permitted the instant downloading of a fan's favourite tracks. Not only are bands cutting out traditional distribution channels by offering new material directly to their fans via the web, but mainstream labels are also side-tracking the music store as a response to this growing trend.

It is not only artists and record labels that have embraced the Internet. Non-music brands wishing to appeal to youthful target markets have also sought to do so by making music available online to their customers. For example, Sony – wanting to sell more MPV players, Walkmans and hi-fi systems – has its Connect music download system; Coke launched mycokemusic.com; Starbucks has developed an in-store music service called Hear Music to let coffee drinkers download tracks; and T-Mobile has created a mobile phone-based music download service designed to appeal to its younger mobile phone users.

Source: Rachel Barnes, 'Retailers take on digital music', *Marketing*, 25 March 2004, Sony.com, August 2007.

Question

How can music store operators such as HMV and Virgin Megastores, strive to maintain a strong customer base in the face of such substitute competition from e-downloads and even non-music stores providing music downloads?

Chapter 13

Applied Mini-Case

By now, most consumers are familiar with 'chip and pin', the e-solution to 'signing' when paying by credit or debit card. Despite regulations forcing retailers to adopt this technology, less than 10 months before the full launch of the system, under 10 per cent of retailers had made arrangements to install the required keypads and make modifications to their till systems. Leading payment processing business Barclaycard Merchant Services, whose customers include many high-street retailers, joined forces with IT vendor Fujitsu to offer a one-stop off-the-shelf solution to retailers' requirement to install chip and pin. Despite the ramifications of chip and pin, take up by retailers was slow. The very largest retail groups had their own in-house solutions, but most independents and even some large retail chains had no chip and pin provision. In cases of fraud, previously the processing banks, such as Barclaycard Merchant Services, assumed liability and reimbursed the retailer for the fraud. Under the new system, liability rests with the retailers, so it is in their interests to adopt the latest technology and prepare their staff in advance of the changeover from signature to PIN code.

Question

As marketing manager for Barclaycard Merchant Services, how would you promote the need for chip and pin installations to your retail clients? What would be the core messages and what ways could be used to communicate these messages to these retailers?

Chapter 14

Applied Mini-Case

In the 1980s, one of Europe's retailing success stories was the creation by George Davies of fashion chain Next. Leading out-of-town grocery retailer ASDA persuaded Davies to rekindle the fortunes of its clothing range. The result was the George range of men's, women's and children's clothing, positioned as a low price, high style fashion brand. 'Styles straight off the catwalk' at affordable prices, targeted at ASDA's value-conscious shoppers, proved incredibly successful. In the highly competitive clothing market, in 2004 the George range in ASDA grocery superstores overtook Debenhams to become the UK's third biggest retailer of clothing. A few years ago, George Davies moved on and, to the surprise of many onlookers, was approached by erstwhile arch-rival Marks & Spencer to help improve the former market leader's fortunes. The result for Marks & Spencer was the recently launched highly successful range of stylish fashion, branded Per Una.

Both ASDA, with George, and Marks & Spencer, with Per Una, decided to utilise newly created brands for their new clothing ranges. In the case of Marks & Spencer, this was even more remarkable, as previously all of its merchandise retailed under the St Michael retailer own label brand, familiar to generations of shoppers. It is believed that without brand identities so deliberately far removed from the host retailers' own brands, neither George nor Per Una would have been so successful. Both brands have themselves enabled their owners to extend their operations: George is available by catalogue, and both George and Per Una have now been given fashion-only high-street branches.

Sources: George/ASDA, 2004; Marks & Spencer stores, 2003/2004; Rachel Barnes, 'ASDA to highlight style in George repositioning', *Marketing*, 25 March 2004, p. 4.

Question

Why did ASDA and Marks & Spencer both opt to launch clothing ranges with new brand identities that were different to the host retailers' brands?