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1. McDonald's "Seniors" Restaurant

Lisa Aham is manager of a McDonald's restaurant in a city with many "seniors." She has noticed that some senior citizens have become not just regular patrons—but patrons who come for breakfast and stay on until about 3 P.M. Many of these older customers were attracted initially by a monthly breakfast special for people aged 55 and older. The meal costs $1.99 and refills of coffee are free. Every fourth Monday, between 100 and 150 seniors jam Lisa's McDonald's for the special offer. But now almost as many of them are coming every day—turning the fast-food restaurant into a meeting place. They sit for hours with a cup of coffee, chatting with friends. On most days, as many as 100 will stay from one to four hours.

Lisa's employees have been very friendly to the seniors, calling them by their first names and visiting with them each day. In fact, Lisa's McDonald's is a happy place—with her employees developing close relationships with the seniors. Some employees have even visited customers who have been hospitalized. "You know," Lisa says, "I really get attached to the customers. They're like my family. I really care about these people." They are all "friends," and it is part of McDonald's corporate philosophy (as reflected in its website, www.mcdonalds.com) to be friendly with its customers and to give back to the communities it serves.

These older customers are an orderly group and very friendly to anyone who comes in. Further, they are neater than most customers and carefully clean up their tables before they leave. Nevertheless, Lisa is beginning to wonder if anything should be done about her growing "non-fast-food" clientele. There's no crowding problem yet, during the time when the seniors like to come. But if the size of the senior citizen group continues to grow, crowding could become a problem. Further, Lisa is concerned that her restaurant might come to be known as an "old people's" restaurant—which might discourage some younger customers. And if customers felt the restaurant was crowded, some might feel that they wouldn't get fast service. On the other hand, a place that seems busy might be seen as a "good place to go" and a "friendly place."

Lisa also worries about the image she is projecting. McDonald's is a fast-food restaurant (there are over 32,000 of them serving over 60 million people in over 100 countries every day), and normally customers are expected to eat and run. Will allowing people to stay and visit change the whole concept? In the extreme, Lisa's McDonald's might become more like a European-style restaurant where the customers are never rushed and feel very comfortable about lingering over coffee for an hour or two! Lisa knows that the amount her senior customers spend is similar to the average customer's purchase—but the seniors do use the facilities for a much longer time. However, most of the older customers leave McDonald's by 11:30, before the noon crowd comes in.

Lisa is also concerned about another possibility. If catering to seniors is OK, then should she do even more with this age group? In particular, she is considering offering bingo games during the slow morning hours—9 A.M. to 11 A.M. Bingo is popular with some seniors, and this could be a new revenue source—beyond the extra food and drink purchases that probably would result. She figures she could charge $5 per person for the two-hour period and run it with two underutilized employees. The prizes would be coupons for purchases at her store (to keep it legal) and would amount to about two-thirds of the bingo receipts (at retail prices). The party room area of her McDonald's would be perfect for this use and could hold up to 150 persons.

Evaluate Lisa Aham's current strategy regarding senior citizens. Does this strategy improve this McDonald's image? What should she do about the senior citizen market—that is, should she encourage, ignore, or discourage her seniors? What should she do about the bingo idea? Explain.

2. Golden Valley Foods, Inc.

It is 2012, and Neal Middleton, newly elected president of Golden Valley Foods, Inc., faces a severe decline in profits. Golden Valley Foods, Inc., is a 127-year-old California-based food processor. Its multiproduct lines are widely accepted under the Golden Valley Foods brand. The company and its subsidiaries prepare, package, and sell canned and frozen foods, including fruits, vegetables, pickles, and condiments. Golden Valley Foods, which operates more than 30 processing plants in the United States, is one of the larger U.S. food processors—with annual sales of about $650 million.

Alex May, a 25-year employee and now production manager, agrees with the multiproduct-line policy. As he puts it: "Volume comes from satisfying needs. We will can or freeze any vegetable or fruit we think consumers might want." May also admits that much of the expansion in product lines was encouraged by economics. The typical plants in the industry are not fully used. By adding new products to use this excess capacity, costs are spread over greater volume. So the production department is always looking for new ways to make more effective use of its present facilities.

food product they want, and the result is maximum sales. Many small retailers have complained about Golden Valley Foods' policy, but they have been ignored because they are considered too small in potential sales volume per store to be of any significance.

In late 2012, a stockholders' revolt over low profits (in 2012, they were only $500,000) resulted in Golden Valley Foods' president and two of its five directors being removed. Neal Middleton, (introduced earlier), an accountant from the company's outside auditing firm, was brought in as president. One of the first things he focused on was the variable and low levels of profits in the past several years. A comparison of Golden Valley Foods' results with similar operations of some large competitors supported his concern. In the past 13 years, Golden Valley Foods' closest competitors had an average profit return on shareholders' investment of 5 to 9 percent, while Golden Valley Foods averaged only 1.5 percent. Further, Golden Valley Foods' sales volume has not increased much from the 1996 level (after adjusting for inflation)—while operating costs have soared upward. Profits for the firm were about $8 million in 1996. The closest Golden Valley Foods has come since then is about $6 million—in 2002. The outgoing president blamed his failure on an inefficient sales department. He said, "Our sales department has deteriorated. I can't exactly put my finger on it, but the overall quality of salespeople has dropped, and morale is bad. The team just didn't perform." When Middleton e-mailed Shelley Walton, the vice president of sales, with this charge, her reply was:

> It's not our fault. I think the company made a key mistake in the late '80s. It expanded horizontally—by increasing its number of product offerings—while major competitors were expanding vertically, growing their own raw materials and making all of their packing materials. They can control quality and make profits in manufacturing that can be used in promotion. I lost some of my best people from frustration. We just aren't competitive enough to reach the market the way we should with a comparable product and price.

In a lengthy e-mail from Shelley Walton, Middleton learned more about the nature of Golden Valley Foods' market. Although all the firms in the food-processing industry advertise heavily, the size of the market for most processed foods hasn't grown much for many years. Further, most consumers are pressed for time and aren't very selective. If they can't find the brand of food they are looking for, they'll pick up another brand rather than go to some other store. No company in the industry has much effect on the price at which its products are sold. Chain store buyers are very knowledgeable about prices and special promotions available from all the competing suppliers, and they are quick to play one supplier against another to keep the price low. Basically, the chains know a price they are willing to pay—and they won't exceed it. Then the chains will charge any price they wish on a given brand sold at retail. (That is, a 48- can case of beans might be purchased from any supplier for $23.10, no matter whose product it is. Generally, the shelf price for each is no more than a few pennies different, but chain stores occasionally attract customers by placing a well-known brand on sale.)

Besides insisting that processors meet price points, like for the canned beans, some chains require price allowances if special locations or displays are desired. They also carry non-advertised brands and/or their own brands at a lower price—to offer better value to their customers. And most willingly accept producers' cents-off coupons, which are offered by Golden Valley Foods as well as most of the other major producers of full lines.

At this point, Neal Middleton is trying to decide why Golden Valley Foods, Inc., isn't as profitable as it once was. And he is puzzled about why some competitors are putting products on the market with low potential sales volume. (For example, one major competitor recently introduced a line of exotic foreign vegetables with gourmet sauces.) And others have been offering frozen dinners or entrees with vegetables for several years. Apparently, Golden Valley Foods' managers considered trying such products several years ago but decided against it because of the small potential sales volumes and the likely high costs of new-product development and promotion.

Evaluate Golden Valley Foods' present situation. What would you advise Neal Middleton to do to improve Golden Valley Foods' profits? Explain why.

3. NOCO United Soccer Academy

Wesley Dickens came to the United States from the U.K. in 2002 on a soccer scholarship. Wesley grew up playing soccer on many competitive teams through high school and had a brief professional career in England. When St. Albans College recruited him to play soccer, he thought it would open his life to a grand adventure. That adventure changed his life.

While at St. Albans, Dickens met his future wife, Alyce Bilski, who also played soccer there. She graduated a year ahead of him and went to Fort Collins, Colorado, where she played on the semiprofessional Fort Collins Force women's soccer team. When Dickens finished college, he followed Bilski to northern Colorado. Bilski was captain of the Force and worked for the sports marketing company that owned the team.

Dickens got a job at a local meat packing plant, but soccer was his passion. He made the practice squad for the Colorado Rapids Major League Soccer team, but injuries cut his professional career short. Teaching soccer to kids became another passion for Dickens. He has a natural talent for coaching. Dickens is charismatic, kids enjoy his easygoing demeanor and British accent, and he really knows soccer and how to teach the game to youngsters.

In 2006, Dickens founded the NOCO United Soccer Academy (NOCO standing for NOrthern COlorado). At first he trained small groups of young players aged 7 to 14. He grouped them by age, gender, and skill and conducted training sessions for small groups of five to seven at a local park. The first kids he attracted came by word of mouth as they quickly told friends and teammates about "this British guy who teaches soccer and makes it fun." His small after-school camps quickly grew to include more than 50 kids. Word continued to get around, and by the following summer Dickens conducted 10 different camps—and quit his job at the meat packing plant. He also trained 11 different NOCO United 3v3 soccer teams that competed in tournaments across the state and nation during the summer. All of his players had bright blue jerseys with the NOCO United name across the front, and the success of these teams made the jerseys a great promotion vehicle. In 2008, four of his teams competed in the national 3v3 soccer tournament, with one winning a national championship.

To keep up with the rapid growth, Diekens brought a few friends over from England to assist with training. Will Bowman moved to the United States to become Diekens's assistant director of coaching. Diekens and Bowman planned to work year-round as trainers and hire a couple of local coaches to help them conduct training sessions. During the summer he added a couple of local college soccer players and a few former teammates from England. The summer season works well for his British mates, because that is the off-season for those still playing professionally. Diekens is confident he can hire and train more coaches if he needs them to handle future growth.

Youth soccer is big in Colorado and across much of the United States. It is the largest participation sport for kids. Fort Collins is a soccer hotbed, and this has helped Diekens's business grow. He now trains about 600 kids per year. But he has even greater ambitions. For example, he would like to build a training facility; the space he currently rents is not always well-suited to soccer. However, he figures he would need to double his business to justify the cost of the soccer complex he wants to build. So he is now wondering how to grow his business.

About 90 percent of his current customers live in Fort Collins, which has a population of about 125,000 people. Diekens believes awareness of his program is close to 100 percent among competitive soccer players ages 11 to 14—and is probably at about 10 percent among families with soccer-playing kids ages 6 to 10. Most of his customers are 10 to 13 years old and enroll in two to three NOCO United programs per year. He has also run a few camps in Boulder and Northglenn, which are about 50 miles from Fort Collins. These have been successful but are currently limited.

There are several small cities within 25 miles of Fort Collins. Loveland, a city of about 60,000, borders Fort Collins on the south. Greeley and Longmont, each with about 80,000 people, are about 25 miles away by interstate highway. These areas have very limited soccer training programs except for their competitive teams, and awareness of NOCO United is not very high. Those who have heard of his academy are often not familiar with its philosophy and programs. Diekens is not sure if parents in these communities would be willing to drive their kids to Fort Collins for training. If not, he would have to run his programs there.

Diekens knows that he wants to grow his business, but wonders how he can accomplish his goal. He currently sees a few options:

1. His current customer retention rate is pretty high: about 80 percent. However, when the kids reach 14 or 15 years old, other high school sports and activities make them less interested in extra soccer training. One option is to try to increase retention by developing programs targeted at kids over 14.
2. Another option is to develop a marketing strategy that would encourage his current customers to buy more. He wonders if they have other needs that he might be able to serve.
3. Diekens could try to grow the business by entering new markets and acquiring new customers. His market penetration with kids 6 to 9 years old is still quite modest. He might develop new programs to better meet this group's needs.
4. Another new market option would be to serve more kids from Loveland, Longmont, and Greeley.

Evaluate Diekens's different options for growing NOCO United's customer equity. Develop a set of marketing strategy ideas for each of the options. What could Diekens do for market research to better assess his options?

4. Hometown Tech

Wendy Woo is getting desperate about her new business. She's not sure she can make a go of it—and she really wants to stay in her hometown of Petoskey, Michigan, a beautiful summer resort area along the eastern shore of Lake Michigan. The area's permanent population of 10,000 more than triples in the summer months and doubles at times during the winter skiing and snowmobiling season.

Wendy spent four years in the Navy after college graduation, returning home in June 2011. When she couldn't find a good job in the Petoskey area, she decided to go into business for herself and set up Hometown Tech. Wendy's plan was to work by herself and basically serve as a "for hire" computer consultant and troubleshooter for her customers. She knew that many of the upscale summer residents relied on a home computer to keep in touch with business dealings and friends at home, and it seemed that someone was always asking her for computer advice. She was optimistic that she could keep busy with a variety of on-site services—setting up a customer's new computer, repairing hardware problems, installing software or upgrades, creating a wireless network, correcting problems created by viruses, and the like.

Wendy thought that her savings would allow her to start the business without borrowing any money. Her estimates of required expenditures were $7,000 for a used SUV; $1,125 for tools, diagnostic equipment, and reference books; $1,700 for a laptop computer, software, and accessories; $350 for an initial supply of fittings and cables; and $500 for insurance and other incidental expenses. This total of $10,675 still left Wendy with about $5,000 in savings to cover living expenses while getting started.

Wendy chose the technology services business because of her previous work experience. She worked at a computer "help desk" in college and spent her last year in the Navy troubleshooting computer network problems. In addition, from the time Wendy was 16 years old until she finished college, she had also worked during the summer for Eric Steele. Eric operates the only successful computer services company in Petoskey. (There was one other local computer store that also did some on-location service work when the customer bought equipment at the store, but that store recently went out of business.)

Eric prides himself on quality work and has been able to build up a good business with repeat customers. Specializing in services were expected. In general, customers were wary of the new product. The structural fabricators felt they couldn't use it without the approval of their customers, because it would involve deviating from the specified rolled sections. And as long as they could still get the rolled section, why make the extra effort for something unfamiliar, especially with no price advantage. The salespeople were also bothered with a very common question: How can you take plate that you sell for about $460 per ton and make a product that you can sell for $470 per ton? This question came up frequently and tended to divert the whole discussion to the cost of production rather than to the way the new product might be used or its value in the construction process.

Evaluate Applied Steel's situation. What should Applied Steel do?

7. Omarama Mountain Lodge

Nestled in the high country of New Zealand's South Island is a getaway adventure playground aimed unashamedly at the world's very wealthy. Presidents, movie stars, and other such globe-trotters are the prime targets of this fledgling tourism business developed by Omarama Mountain Lodge. The lodge offers this exclusive niche the opportunity of a secluded holiday in a little-known paradise. Guests, commonly under public scrutiny in their everyday lives, can escape such pressures at a hunting retreat designed specifically with their needs in mind.

A chance meeting between a New Zealand Department of Conservation investigator and the son of the former Indonesian president marked the beginning of this specialty tourist operation. Recognizing that "filthy rich" public figures are constantly surrounded by security and seldom have the luxury of going anywhere incognito, the New Zealander, Peter Slater, suggested that he and his new friend purchase a high-country station and hunting-guide company that was for sale. Slater believed that the facilities, and their secluded and peaceful environment, would make an ideal holiday haven for this elite group. His Indonesian partner concurred.

Slater, who was by now the company's managing director, developed a carefully tailored package of goods and services for the property. Architecturally designed accommodations, including a game trophy room and eight guest rooms, were constructed using high-quality South Island furniture and fittings, to create the ambience necessary to attract and satisfy the demands of their special clientele.

Although New Zealand had an international reputation for being sparsely populated and green, Slater knew that rich travelers frequently complained that local accommodations were below overseas standards. Since the price (NZ$700 a night) was not a significant variable for this target market, sumptuous guest facilities were built. These were designed to be twice the normal size of most hotel rooms, with double-glazed windows that revealed breathtaking views. Ten full-time staff and two seasonal guides were recruited to ensure that visitors received superior customized service, in fitting with the restrained opulence of the lodge.

The 28,000 hectares of original farmland that made up the retreat and backed onto the South Island's Mount Cook National Park were converted into a big-game reserve. All merino sheep on the land were sold, and deer, elk, chamois, and wapiti were brought in and released. This was a carefully considered plan. Slater, the former conservationist, believed that financially and environmentally this was the correct decision. Not only do tourists, each staying for one week and taking part in safari shooting, inject as much cash into the business as the station's annual wool clip used to fetch, but the game does less harm to the environment than sheep. Cattle, however, once part of the original station, were left to graze on lower river-flat areas.

For those high-flying customers seeking less bloodthirsty leisure activities, Omarama Mountain developed photographic safaris and other product-line extensions. Horse-trekking, golfing on a nearby rural course (with no need for hordes of security forces), helicopter trips around nearby Lake Tekapo, nature walks, and other such activities formed part of the exclusive package.

While still in the early stages of operation, this retreat has already attracted a steady stream of visitors. To date, the manager has relied solely on positive word of mouth, publicity, and public relations to draw in new customers. Given the social and business circles in which his potential target market moves, Slater considers these to be the most appropriate forms of marketing communication. The only real concern for Omarama Mountain Lodge has been the criticism of at least one New Zealand lobby group that the company is yet another example of local land passing into "foreign" hands, and that New Zealanders are prevented from using the retreat and excluded from its financial returns. However, this unwelcome attention has been fairly short-lived.

Identify the likely characteristics of the market segment being targeted by the company. Why are most target customers likely to be foreigners rather than New Zealanders? Suggest what expectations target customers are likely to have regarding the quality, reliability, and range of services. What are the implications for Omarama Mountain Lodge? How difficult is it for Omarama Mountain Lodge to undertake market research? Elaborate.

8. Besitti's Restaurant

Rosa Besitti, the owner and manager of Besitti's Restaurant, is reviewing the slow growth of her restaurant. She's also thinking about the future and wondering if she should change her strategy. In particular, she is wondering if she should join a fast-food or family restaurant franchise chain. Several are located near her, but there are many franchisors without local restaurants. After doing some research on the Internet, she has learned that with help from the franchisors, some of these places gross [illegible] million a year. Of course, she would have to follow someone else's strategy and thereby lose her independence, which she doesn't

22. Bright Light Innovations: The Starlight Stove*

The top management team of Bright Light Innovations is preparing to meet and review their market situation. The team is a combination of students and faculty from Colorado State University's (CSU) Colleges of Business and Engineering: Dr. Bryan Wilson, Paul Hudnut, Ajay Jha, Sachin Joshi, Katie Lucchesi, Dan Mastbergen, Ryan Palmer, and Chaun Sims. They are excited about the Starlight Stove product they have developed—and passionate about the opportunity that it provides to improve the quality of life for one of the world's poorest people. They know they have a great technology, but they need a marketing plan to bring this product to market.

Every day, over 2.4 billion people—more than one-third of the world's population—burn solid biomass fuel (wood, charcoal, dung, and coal) for cooking and heating. These fuels are usually burned indoors in open pits or traditional cook stoves. About two-thirds of the people using this fuel also have no electricity, so the open fires often burn into the night to provide light. These fires create indoor air pollution that is a leading contributor to respiratory diseases in these countries. U.N. Secretary General Kofi Annan has called for greater energy efficiency and noted that "indoor air pollution has become one of the top 10 causes of mortality and premature death." It is estimated that this source of pollution contributes each year to the deaths of 1 million children under the age of 5, and it is a leading cause of miscarriage and women's health problems.

Hoping to address these consumers' needs for safe cooking and electricity, CSU's Engines and Energy Conversion Laboratory developed the Starlight Stove. The Starlight Stove's improved technology requires 50 to 70 percent less biomass fuel than traditional stoves. It also has a thermoelectric generator that converts heat from the stove into electricity that can power a small lightbulb or be stored in a rechargeable battery for later use. The technology has been refined, and the team believes it is ready to go to market.

There are other competing enclosed cookstoves, but none produce electricity. Solar panels can provide electricity, but they are expensive—costing $360 each. Micro-hydropower allows households to convert the power from streams and rivers into electricity, but homes must be close to a river and water flow in many areas of the country is seasonal. These technologies—solar panels and hydropower—are understood by many consumers and are already in use in some areas. The Starlight Stove, on the other hand, offers a new technology, and that may slow its adoption.

The management team decided on Nepal as the initial target market for the Starlight Stove. Several factors made this market particularly attractive. The climate is relatively cold and only 11 percent of the households have access to electricity, so the heat and electricity production of the stove are particularly beneficial. Eighty-eight percent of the population uses firewood as their main source of energy. In addition, deforestation creates environmental problems in Nepal because it contributes to erosion and flooding. So the social benefits of the Starlight Stove will be particularly appealing to the Nepalese government and aid organizations.

There are approximately 9.2 million households in Nepal, but the gross national income per capita is only about $400, with most adults making between $1 and $3 per day. Nepal is largely rural, with only 17 percent of the population living in urban areas. The country is divided into 75 districts. Each district is further divided into about 60 village development committees (a sort of local government) consisting of about 450 households. The similar characteristics of northern India—immediately south of Nepal—make it a logical follow-up market.

The Starlight Stove offers several benefits to this population. For example, the longer hours with light—thanks to the electricity—and less time required to collect wood or other fuel could allow families to earn money by weaving, farming, or producing other crafts. Family productivity could increase 20 percent or more per day. Or the added hours with light might allow children to gain an education. If the product were manufactured locally, it could provide jobs for the population and help them learn the benefits of technology.

With obvious benefits for such a large number of people, the Bright Light Innovations team could look to donations to subsidize the Starlight Stove for the Nepalese people. But the team has concerns about this traditional form of aid. Financing in the form of grants, government relief, or donations is unreliable. If it is not renewed, projects wallow or die. Further, grants often fail to teach disadvantaged people skills and responsibility. So the team wants to create a sustainable venture that provides benefits for all—and has set up Bright Light Innovations as a for-profit business.

The management team has to make a number of marketing decisions. For example, it has to decide how to price the Starlight Stove. It estimates that the stove will cost about $60 to manufacture after setting up a plant in Nepal and expects that microfinancing organizations will provide loans for families. If units are sold for $80, the loan can be financed at 20 percent interest for three years with payments of $0.68 per week (microfinancing institutions typically collect on a weekly, or sometimes daily, basis). The team thinks that it will be easy to find a microfinancing institution to provide these loans. But the team is still unsure about whether this price will provide adequate margins for distributors.

The team also has to decide how to promote the stove to a population where less than half the adults can read. However, the team does have contacts with some business leaders, government officials, and nongovernmental organizations that may be able to provide advice and help.

What should be the marketing strategy of the Bright Light Innovations team for the Starlight Stove? Why?

23. Carson Furniture

Renee Carson, owner of Carson Furniture, is discouraged with her salespeople and is even thinking about hiring some new blood. Carson has been running Carson Furniture for 10 years and has slowly built the sales to $3.5 million a year. Her store is located on the outskirts of a growing city of 275,000 population. This is basically a factory city, and she has deliberately selected blue-collar workers as her target market. She carries some higher-priced furniture lines but emphasizes budget combinations and easy credit terms.

*This case is based on a business plan written by Ajay Jha, Sachin Joshi, Katie Lucchesi, Dan Mastbergen, Ryan Palmer, and Chaun Sims.

Table 1

In Shopping for Furniture I Found (Find) That	Demographic Groups Group A	Group B	Group C	Group D
I looked at furniture in many stores before I made a purchase.	78%	72%	52%	50%
I went (am going) to only one store and bought (buy) what I found (find) there.	2	5	10	11
To make my purchase I went (am going) back to one of the stores I shopped in previously.	63	59	27	20
I looked (am looking) at furniture in no more than three stores and made (will make) my purchase in one of these.	20	25	40	45
I like a lot of help in selecting the right furniture.	27	33	62	69
I like a very friendly salesperson.	23	28	69	67

Carson is concerned that she may have reached the limit of her sales growth—her sales have not been increasing during the last two years even though total furniture sales have been increasing in the city as new people move in. Her local cable TV spots, newspaper advertising, and some ads on the local newspaper website seem to attract her target market, but many of these people come in, shop around, and leave. Some of them come back—but most do not. She thinks her product selections are very suitable for her target market and is concerned that her salespeople don't close more sales with potential customers. Several times, she has discussed this matter with her 10 salespeople. Her staff feels they should treat customers the way they personally want to be treated. They argue that their role is to answer questions and be helpful when asked—not to make suggestions or help customers make decisions. They think this would be too "hard sell."

Carson says their behavior is interpreted as indifference by the customers attracted to the store by her advertising. She has tried to convince her salespeople that customers must be treated on an individual basis and that some customers need more help in looking and deciding than others. Moreover, Carson is convinced that some customers would appreciate more help and suggestions than the salespeople themselves might want. To support her views, she showed her staff the data from a study of furniture store customers (see Tables 1 and 2) that she found on the Internet website for a furniture trade association. She tried to explain the differences in demographic groups and pointed out that her store was definitely trying to aim at specific people. She argued that they (the salespeople) should cater to the needs and attitudes of their customers and think less about how they would like to be treated themselves. Further, Carson announced that she is considering changing the sales compensation plan or hiring new blood if the present employees can't do a better job. Currently, the sales reps are paid $26,000 per year plus a 5 percent commission on sales.

Contrast Renee Carson's strategy and thoughts about her salespeople with their apparent view of her strategy and especially their role in it. What should she do now? Explain.

Table 2 The Sample Design

Demographic Status

Upper class (Group A); 13% of sample
This group consists of managers, proprietors, or executives of large businesses; professionals, including doctors, lawyers, engineers, college professors, and school administrators; and research personnel and sales personnel, including managers, executives, and upper-income salespeople above level of clerks.
Family income over $60,000

Middle class (Group B); 37% of sample
Group B consists of white collar workers, including clerical, secretarial, salesclerks, bookkeepers, etc. It also includes school teachers, social workers, semiprofessionals, proprietors or managers of small businesses, industrial foremen, and other supervisory personnel.
Family income between $35,000 and $70,000

Lower middle class (Group C); 36% of sample
Skilled workers and semiskilled technicians are in this category, along with custodians, elevator operators, telephone linemen, factory operatives, construction workers, and some domestic and personal service employees. *Family income between $20,000 and $45,000. No one in this group has above a high school education.*

Lower class (Group D); 14% of sample
Nonskilled employees, day laborers. It also includes some factory operatives and domestic and service people.
Family income under $28,000.
None has completed high school; some have only grade school education.