Foods 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. [illegible] 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 nonadvertised 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 Diekens 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, Diekens 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 Diekens 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.

Diekens 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 Diekens. He has a natural talent for coaching. Diekens 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, Diekens 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 Diekens 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 40 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