

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

7. Oamarua 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 Oamarua 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.

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

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?

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-living customers seeking less bloodthirsty leisure activities, Oamarua Mountain developed photographic safaris and other product-line extensions. Horse trekking, golfing on a nearby rural course (with no need for herds of security fences), 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 Oamarua 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 Oamarua Mountain Lodge? How difficult is it for Oamarua Mountain Lodge to undertake market research? Elaborate.

there are many franchisors without local restaurants. After doing some research on the Internet, she has learned that with help from the franchisor, some of the top 100 fast-food restaurants in the world sell more than a million a year. Of course, she would have to follow someone else's strategy and thereby lose her independence, which she doesn't