

were even able to purchase shoes from the glass booth with an “assembled in New York” tote bag. The shoe was a sellout. This is not the first experience store for New Balance. The others are located in Beijing, Hong Kong, and Australia.⁶

However, in New Balance’s backyard and home market the company-owned store in Dedham, MA, a suburb located south of Boston,⁷ is showing a slowdown in sales. Dedham’s demographics are mainly families (56%). Eighty percent of families own their own homes, the median age is 39 years, and the largest age group is 35–44 years old with an average household income of \$80,000 per year, which is substantially higher than the national average of \$51,914.⁸ Legacy Place was a prime target to develop a new retail center in 2009. The open-air shopping center covers 675,000 square feet, featuring over 60 retail shops, restaurants, and entertainment such as a movie theater and bowling alley.⁹

However, the Dedham store in Legacy Place is problematic. There is a lot of competition: City Sports, Urban Outfitters, and Lu Lu Lemon Athletica. One destination in particular was always jam-packed; King’s Bowling Alley.¹⁰

The Dedham New Balance store decided to start with a grassroots marketing program, since discounting was a tactic employed only twice a year for friends and family days. Their grassroots campaign included partnering with King’s Bowling Alley. King’s offers its patrons a trivia night, karaoke nights, all-you-can-bowl nights for \$10, live music, bowling leagues, and industry nights.¹¹ New Balance posted information in the restrooms and offered employees of King’s a discount. Additionally, the marketing program included the formation of a walking club for the outdoor shopping plaza, which was sponsored by Whole Foods.

The one tactic that did require a small budget was to partner with the local Massachusetts Red Cross mobile unit where blood donors would receive a gift from New Balance.¹² Recently, the company struck a deal with the Boston Red Sox to become the official apparel and footwear sponsor of the team.¹³ Could the Legacy Place store feature a Boston sports connection to get foot traffic moving their way? Would their grassroots marketing program develop a loyal customer? What type of experience can Legacy Place create for its customers?

Questions

1. Explain the consumer decision-making process when purchasing a new pair of sneakers.
2. What is the consumer’s motivation for wanting to have the customized pair of 875 New Balance sneakers? Explain.
3. Should New Balance consider a specialty sneaker for the Boston market? If so, what do you envision?
4. What is the effect of the New Balance brand on the consumers’ judgment to buy or not to buy?

5. Discuss the atmospherics of the two shopping areas, Legacy Place in Dedham, MA, and the Flatiron district in New York City.
6. Visit three stores selling sneakers. Describe how the atmospherics differ across the stores. Why do these differences exist?

CASE 4-3

Consumer Confidence: Preparation Pays Off

Written by Mohan Menon, University of South Alabama

It’s time to make a decision on a new car. Maya has been preparing for the moment when she would finally buy her own new car for the first time in her life, but she didn’t want to break the news to her family until she got closer to her graduation date. She now feels that she has done her homework and is ready to discuss her choices with her family before making the purchase.

It all started about a year ago, when she was in the last year of medical school. Maya had been thinking about her residency in a city hospital, one that is well known for her specialty, neuroradiology. Along with moving away from home and fitting into the hospital culture, Maya would have to buy a car. Until now, she has been driving an older model Prius that was given to her by her dad, who bought it new. She has liked the car, but wants to upgrade to a new car when she starts her residency. She has never had a new car and believes that the transition in her life the following year would warrant one.

She feels confident in her ability to select a suitable new car. Having grown up in a family that subscribed to *Consumer Reports* ever since she can remember, she seems well informed about many products, including automobiles. Her parents were careful shoppers. They taught her and her older brother how to save money, spend less, and not to give in to impulses. Moreover, her dad and brother are knowledgeable about cars. Her brother, who has just started his private practice, would be of tremendous help in the process. With his extensive toy car collection from childhood, he has been a car enthusiast and is highly knowledgeable about automobiles.

However, she wanted to go through with the new car-buying process on her own with minimal help. Maya set aside time to do some serious research on cars she was considering. She had a set of basic criteria, such as miles per gallon (MPG) of 40 or more, interior (leather only), body style (4-door), no built-in GPS-Nav system, iPhone/iPad and bluetooth connectivity, ample trunk space, low maintenance, minimum 4-star safety rating, ABS system, electronic displays on the dashboard, smooth handling and ride, manual transmission, and so on. Since she is likely to move to a northern city, having heated seats would be preferable but not a must. She has also heard of other features such as