

## **McKinstry Advertising Agency**

You are the president of the McKinstry Advertising Agency, a medium sized firm that specializes in preparing the marketing strategies, performing the market research studies, arranging the distribution channels, and designing the advertising and promotional materials for industrial companies that have developed "off-shoot" consumer products. You obviously serve a very specific niche. Your clients are industrial companies—that is, they sell primarily to other manufacturing firms and government agencies—that have developed—as unintended outcomes of their R&D programs—products for the retail trade. Dow Chemical Company, while not a client of your agency, is an almost ideal example of this type of firm. They have developed and currently produce and market such consumer products as Dow Bathroom Cleaner and Ziploc Bags that in total amount to only 5.8% of Dow's total sales.

Your clients tend not to be as large as Dow Chemical Company nor as well established in consumer marketing. Most have had very little experience in retail sales, and they generally are not very sophisticated in advertising methods. They tend, therefore, to rely heavily upon the advice of the account executives and advertising experts at your agency, and to develop relationships with those people that are far more permanent and personal than is common in the "what have you done for me lately" culture of the consumer products advertising industry.

The "permanent and personal" relationships that are typical of your company but not of industry in general seem to be the cause of a major problem that you have recently encountered. One of your larger clients

developed a new type of radar detector. Radar detectors, also known as "fuzzbusters," are simple but extremely sensitive radio receivers that are tuned to the wave length of the police radar. When a car equipped with a detector first enters the radar field a warning light flashes or a buzzer sounds enabling the driver to slow down, if necessary, before the speed of the car can be calculated by the police equipment. The use of radar detectors, thus enables drivers to avoid being stopped and fined for speeding.

Speeding is alleged to be responsible for many traffic accidents. There were 27.7 million traffic accidents involving passenger cars in 2000, and 6.1 million traffic accidents involving trucks. These 33.8 million traffic accidents resulted in 46,400 deaths, 1.8 million severe injuries that required hospitalization, 7.8 million moderate injuries that required attention by medical personnel, extensive slight injuries, uncounted personal traumas, and huge financial losses.

Speeding was said to be a factor in 65% of all traffic accidents, and in 87% of those that caused deaths and severe injuries due to the greater impacts that come from the higher speeds, but it has to be admitted that neither statistic is totally reliable. Police estimate speed based upon the length of skid marks and the extent of physical damage, but those estimates obviously are inexact. Further, "speeding" is defined as any vehicle velocity above the posted limit, and it is claimed that the posted limit is considerably below the safe capability of modern cars and highways in many instances.

Vehicle speed, moreover, is only one of the factors that cause traffic accidents. Alcohol intoxication is believed to be associated with 28% of all accidents and 48% of all accidents that result in death and severe injury. Often speed and intoxication together are held to be the cause. Again, though, there is a problem in measuring intoxication. The percentage of alcohol in the bloodstream that impairs physical response time and personal judgment varies with the body weight, physical conditioning, and drinking history of the individual. Police and medical attendants use a test that takes into account only body weight and, further, it is said by representatives of the licensed beverage (that is, beer, wine, and liquor) industry that the legal threshold for intoxication has been set much too low. Most drivers would be considered to be "driving under the influence" if they consumed two to three glasses of beer or wine within 30 minutes of an accident.

In summary, it cannot be said that the exact causes of most severe traffic accidents are known with certainty but it is believed that speeding and drinking, jointly or separately, play some role in the events that lead up to those accidents. Also to blame, in many instances, are the design of the highway, the condition of the weather, the maintenance of the vehicle, the time of the day (many severe accidents occur at dusk, with poor lighting and tired drivers), and the presence of radar detectors. A study by the Ohio State Police found that radar detectors were

present in at least one of the vehicles involved in 69% of all severe traffic accidents on the highways of that state in 2005. Studies in other states have confirmed that finding, with some estimates of the relationship running as high as 75%.

The use of radar detectors is illegal in many if not most states, but neither the manufacturing nor the marketing of the units has ever been banned by the federal government which, of course, is the sole authority which could regulate their interstate trade. The U.S. constitution forbids any state from restricting "imports" from any other state. Currently, therefore, there often occurs an unusual situation in which the use of the radar detector sets may be illegal within a given state, but the sale of those sets is not illegal and cannot be prohibited within that state.

The manufacture and marketing of radar detectors was an expanding industry, with total sales revenues reaching \$67 million in 1991, until the police in a number of states began to use lasers rather than radars to apprehend speeders. Lasers project focused beams of light waves rather than focused beams of radio waves, and consequently they cannot be "picked up" by most radar detectors.

Your client, as an offshoot of contract research for the defense industry, has developed a new technology that does "pick up" the light waves far enough away from the source so that drivers can slow down. A full explanation of the technology is not needed; it is probably sufficient to say that the device works on the principle that the light waves from a police laser interfere with a certain spectrum of exceedingly short-range radio signals broadcast from the detector set in the owner's car, and that interference can be detected even though the police car is out-of-sight, perhaps 1/4 mile ahead on the highway, and the police laser is not targeted on this particular car. The proposed design also picks up the interference from a police radar device equally well.

The electronics firm that developed the new radar/laser detection came to the account executive at your agency and requested a marketing plan supported by market research. The marketing plan was developed; it had a heavy emphasis upon direct distribution supported by extensive advertising. The market research was completed; it showed that the first entrant into this field with a new technology could rapidly build market share. The client requested that a young associate who had prepared a very successful advertising program for one of their earlier products be assigned to design the promotional materials for this new one.

The associate, Marilyn Schaefer, refused, saying privately that she felt that it was not "right" to market radar and/or laser detectors that led to more numerous and more severe highway accidents and to greater incidents of death, suffering, and injury. The program director proposed other employees at the associate level within the creative segment of the firm, but the client's representative wanted Marilyn Schaefer to do the work. She continued to refuse, though expressing her reasons

only to the account executive, George Sarbo. Eventually the conflict between these two people reached the stage at which George said to Marilyn, "Either work on this account for me or don't work at this agency for anyone" and fired her.

Marilyn Schaefer immediately came to you, as president of the agency, saying that it was not right to fire a person because of her moral beliefs. George Sarbo quickly followed, saying that for 20 years he had followed the stated agency policy of providing clients with personalized service, and that if Marilyn did not want to do so she could not work for him and she should not work for the agency. He also said that if Marilyn were retained at the agency he would leave. You realize that George Sarbo is one of only three account executives at your firm, that he has a very loyal following of clients, and that he might well be able to take those clients with him if he indeed did decide to leave.

Further conversations with both of the participants in the dispute and with the industrial client on the following day showed no change in their positions. The client's representative clearly felt that the delay in assigning Ms. Schaefer to work on the needed advertising was due only to the press of other accounts upon her time; he stated that he felt that he was "owed" her assistance on this project.