



CASE 5-1 Barkley Foods

Joyce Stevenson, the manager of marketing research for Barkley Foods, had just left an emergency meeting with the firm's president. An opportunity to buy an established line of gourmet (high-quality/high-priced) frozen dinners had arisen. Because there were other interested buyers, a decision had to be made within three or four weeks. This decision depended on judgments about the future prospects of the gourmet frozen dinner market and whether Barkley could achieve a competitive advantage. The marketing research group was asked to provide as much useful information as possible within a 10-day period. Although uncomfortable with the time pressure involved, Joyce was pleased that marketing had finally been asked to participate in the analysis of acquisition prospects. She had pressed for such participation and now she had to deliver.

Because of prior work on frozen fruit juices, Joyce had some knowledge of the gourmet frozen market. It was pioneered by Stouffer, who introduced the Lean Cuisine line of entrees in 1981. Since then, other firms have entered the industry with complete gourmet dinners (including Swanson's Le Menu and Armour's Dinner Classics). The distinction between entrees, dinners, and the three main types of food offered—conventional, ethnic (i.e., Benihana Restaurant Classics), or low-calorie (i.e., Weight Watchers or Light & Elegant)—define relevant submarkets. Joyce hypothesized that the gourmet frozen food buyer differs from the buyer of conventional "TV dinners" in several respects. The gourmet frozen food buyers are generally young, upper-socioeconomic-group people who probably have microwaves, are more health conscious, and are likely to be working women and others who want sophisticated cuisine but lack the time to prepare it.

Barkley Foods was a diversified food company with sales of \$2.3 billion. Over 80 percent of its sales came from branded packaged food products sold nationally through grocery stores. Its largest product

areas were canned tomato products, frozen orange juice, cake mixes, and yogurt. Barkley was known to have strengths in operations (product preparation), distribution (obtaining distribution and managing the shelves), and advertising. Their brands typically held a solid second-place position in the supermarket. There was no effort at umbrella brand identification, so each product area was carried by its own brand.

Joyce Stevenson had previously been in strategic planning, and reviewed the type of information and analysis that would be required to support a strategic decision like this one. She wrote down the following four sets of questions to guide the thinking of the research group:

1. Market analysis
 - What are the size, current growth rate, and projected growth rate of the industry and its relevant subsets (such as ethnic dinners) for the next five and ten years?
 - What are the important industry trends?
 - What are the emerging production technologies?
 - What are the distribution trends?
 - What are current and future success factors (a competitive skill or asset needed to compete successfully)?
2. Environmental analysis
 - What demographic, cultural, economic, or governmental trends or events could create strategic threats or opportunities?
 - What major environmental scenarios (plausible stories about the future) can be conceived?
3. Customer analysis
 - What are the major segments?
 - What are their motivations and unmet needs?
4. Competitor analysis
 - Who are the existing and potential competitors?
 - What are their current or forecasted levels of sales, market shares, and profits?
 - What are their strengths and weaknesses?
 - What strategies are they following, and how are they differentiating themselves in the market?

Questions for Discussion

1. What secondary data sources would be useful? What types of questions might be answered by each?
2. Identify one piece of information from the library that would be helpful and relevant. How did you locate it?
3. What other mechanisms would you use to gather information?



CASE 5-2 Dell in Latin America?

Dell, which thrived while other PC makers stumbled in 1998, reported a 53 percent jump in profit and a 50 percent jump in revenue for its fiscal second quarter, which ended in July 1998. Unlike most of its rivals, Dell deals directly with customers and builds PCs only after receiving an order. However, all is not well for Dell. While Dell continues to blow away the competition and Wall Street with enormous increases in personal-computer sales, it is continually scrambling to bring in and train enough people to keep up with its orders.

The company's employment had grown 56 percent in 1997, to 20,800, and within a span of three months Dell added 225 people a week—about the same it added every six weeks in 1996. To manage this expansion Dell has aggressively recruited experienced outsiders and tried to standardize training of new employees. It has also created a culture where

managers are rewarded for seeing their divisions split into smaller units and their responsibilities cut back.

Incidentally, Dell Computer Corp. is expected to announce a major foray into Brazil, in a bid to boost its share of Latin America's fast-growing personal-computer market. Foreign companies with local production plants dominate Latin America's estimated \$6.5 billion personal-computer market. Compaq Computer Corp., International Business Machines Corp., Acer Inc., and Hewlett-Packard Co. together accounted for 42 percent of desktop and notebook sales in 1997, according to IDC Latin America, a market-research firm. Dell ranked ninth with 1.2 percent of the market. At the company's annual meeting in July 1998, Vice Chairman Morton Topfer said Dell aimed to open a plant in Latin America in 1999 and noted that Latin America is key to its international expansion. The company already operates regional production plants in Malaysia, Ireland, the United States, and China.

Questions for Discussion

1. What are the issues concerning the Latin American market that Dell should address before it enters into Brazil?
2. What kind of information is needed to address the issues identified in question 1? What are the possible sources of the required information?
3. What are your recommendations to Dell regarding the steps for expanding its operations in Latin America?

Source: This case was prepared by V. Kumar and Rajkumar Venkatesan for the purpose of classroom discussion from "Dell to Build Plant to Boost Latin Presence," *Wall Street Journal*, August 18, 1998, and "Dell Scrambles to Find Enough Workers to Fuel Growth," *Wall Street Journal*, August 20, 1998.

CASE 5-3 Eddie Bauer: Strategize with Secondary Marketing Data

Eddie Bauer, Inc., is a leading international retail brand, offering casual lifestyle products for adults through its retailing concepts: Eddie Bauer and Eddie Bauer Home. Eddie Bauer products are for men and women who seek versatile, classically styled, high-quality merchandise designed to meet a wide range of their apparel and home-furnishing needs. Since

1920, the company has evolved from a single store in Seattle to a multichannel, international company with more than 590 stores worldwide. In addition, Eddie Bauer has 110 million catalogs in circulation and an online website (www.eddiebauer.com). The company operates stores in the United States and Canada, and has joint venture partnerships in Germany and Japan.

Eddie Bauer has long considered the location of stores as the key element for maximizing sales. However, the problem has been how to choose these prime locations. Until recently, the company relied on basic census information, such as income and number of

households, when choosing locations for new stores. But recent demographic changes in the United States and Canada have made this task more complex.

One of the main objectives of Eddie Bauer's marketing team was to answer the following questions:

- *Who are our best prospects?* What are their demographics: age, income, occupation, education, household size, and more?
- *What are they like?* How would target customers like to spend their leisure time, what kinds of products do they purchase, what types of vehicles are they likely to drive, and what is their interest in and use of the latest technologies.
- *Where can I find them?* What are the right places to look—rural, urban, inner-city, small-town, or suburban communities? The next step is to figure out a way to get down to the blocks they live on.
- *How can I reach them?* How can customers be attracted into Eddie Bauer stores and what are their media habits: television, radio, newspapers, magazines, or the Internet?

So Eddie Bauer purchased Clarita's online geocoding and GIS mapping software, along with databases

to provide precise knowledge for identifying ideal location. The first step was to identify potential areas of high retail expenditures. Information (household growth rate, number of housing units) about these locations along with consumer information (age, income level, household size, and education level) were collected using Clarita's demographics. Thus, for each proposed store location, Eddie Bauer's marketing team gathered detailed consumer information on the market and potential new locations relative to existing stores and competitors.

Moreover, Eddie Bauer's marketing team started to use Clarita's **Potential Rating Index Zip Markets (PRIZM)** geocoding system to evaluate existing sites and current customers. For example, they not only profiled the shoppers at its five best-performing retail outlets but also studied the branches that were not doing very well. The profile of the shoppers would help the marketing team identify the shared characteristics of customers who frequent Eddie Bauer Stores. This knowledge would be very helpful not only in deciding on new site locations, interior designs, and merchandising mix but also in developing the store concept. This detailed consumer information prepares Eddie Bauer to compete more efficiently in the ever-changing retail industry.

Questions for Discussion

1. What demographic and geographic information should Eddie Bauer collect to select store locations?
2. What kind of information regarding the competitive environment of the market in which Eddie Bauer operates is needed when choosing store locations?
3. Suggest methods by which Eddie Bauer can conduct marketing research to identify the shared characteristics of those customers who frequent Eddie Bauer stores versus the characteristics of customers who frequent the stores of competitors at various locations.
4. Look at Clarita's website (www.claritas.com) and try to find answers to the four questions of Eddie Bauer's marketing team: *Who are our best prospects? What are they like? Where can I find them? How can I reach them?*
Source: This case was prepared by the authors with the inputs from Eddie Bauer, Inc. (www.eddiebauer.com) and Claritas, Inc. (www.claritas.com).