CASES

# Uses of Cases



P = Primary Use; S = Secondary Use; C = Comprehensive

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# Introduction to Case Analysis

## Case Analysis and Presentation Suggestions

1. Case situations can be one of the most effective instructional methods for enhancing student involvement and stimulating understanding of retailing management concepts.
2. When evaluating cases, students should address the following areas:
3. background of the situation, including organizational factors and the external environment,
4. the various concerns, issues, and problems evident in the situation,
5. the main area of concern (main problem),
6. alternative courses of action,
7. evaluation of alternatives based upon the criteria selected for this purpose,
8. selection of a course of action,
9. plans for implementing the course of action, and
10. identification of possible follow-up problems.
11. As students prepare cases for class discussion and for written assignments, they should consider the following:
12. carefully evaluate all information presented in the case,
13. list all possible problems and concerns, being sure to look at causes of the problem area, not symptoms,
14. use textbook material, current articles, and other resources (library materials, interviews, field observations) to research the situation, problem, and alternatives,
15. be creative in developing alternative courses of action,
16. assess each alternative based on the information in the case and the criteria established, and
17. be ready to defend the selected course of action.
18. For students to fully benefit from a case analysis assignment, they must PREPARE and PARTICIPATE in the discussion.

## Case Method Teaching Resources

1. The following instructional reference materials regarding the case method are available from Harvard Business School, Publishing Division, Operations Department, Boston, MA 02163-1098; write for details regarding cost and availability:
2. Hints for Case Teaching (copy available upon request),
3. Teaching and the case method (Christensen & Hansen),
4. Instructors Guide to Teaching and the Case Method (Christensen, Hansen & Moore), and
5. Note to Beginning Case Method Teachers (Christensen).
6. A video, “Teaching by the Case Method” is available from the American Marketing Association, Video Cassette Offer, 250 South Wacker Drive, Chicago, IL 60606; contact AMA for details. The presentation addresses 1) how to conduct a case discussion, 2) evaluation of case participants, 3) constructing a case course, and, 4) implementing and evaluating a case course.
7. Dozens of excellent websites dedicated to teaching with the Case Method may be found by typing “Case Method Teaching” or “Case Analysis” into your favorite Internet search engine.

CASE 1 – Tractor Supply Company

Synopsis: Tractor Supply Company (TSC) is a relative large, but unknown retailer that targets people seeking a rural lifestyle that operate farms or ranches as hobby.

Use:

Chapter 1 Illustration of a retailer with a unique target market

Chapter 2 Example of a specialty store retailer

Chapter 5 Retailer with a well-defined strategy

Chapter 18 Importance of service to retailer’s target market

## Discussion Questions

1. What is Tractor Supply Company’s growth strategy? What retail mix does TSC provide?

TSC targets the hobby farmer/rancher, who are fully employed in jobs but want to enjoy a rural lifestyle and operate a farm or ranch in exurbs of a city. The retail mix of TSC is:

* Location – stores are in stand-alone location in commercial corridors in the exurbs
* Merchandise assortment – stock a wide variety of merchandise that provides everything the hobby farmer/ranchers needs. Probably shallow assortment
* Pricing – since competition is limited, TSC has flexibility in pricing – offer good, better, best price/quality tiers. EDLP
* Communication mix – emphasis on personal selling
* Store design and layout – spacious layout, informative signage
* Customer service – highly trained sales associates

1. How has TSC’s target customers changed over time? Why?

Originally targeted full-time farmers but as the farming industry consolidated, the large farms bought directly from supplier bypassing retailers like TSC

1. How vulnerable is TSC to competition? What companies represent its primary competitors?

Not very vulnerable because the target segment is not price sensitive or very knowledge about the products it needs. Thus the target market is unlikely to be attracted to a low cost, low service retailer like Walmart. In addition, each rural area is relatively small and thus there is probably not enough business for multiple retailers targeting the small market with the same offering. Thus, after TSC enters a market, there would not be enough business in the market to entice a competitor to enter.

1. Why does TSC place so much emphasis on training employees?

Customer service is critical because the customers in the target market are not very knowledgeable about the tasks to be performed and the equipment needed to performance those tasks.

CASE 2 – Providing a Retail Experience: Build-A-Bear Workshop

Synopsis: Build-A-Bear Workshop is a unique chain of over a 100 stores where customers can build their own teddy bears and, in general, obtain a novel and fun experience. The case highlights the strategy and operations of a typical store and types of experiences enjoyed by customers.

Use:

Chapter 1 Provides a general overview of a unique retail concept.

Chapter 2 Illustrates the retail strategy and operations of an innovative specialty retailer.

## Discussion Questions

1. Is the Build-A-Bear concept a fad, or does it have staying power?

Children's fascination with huggable, stuffed animals, especially Teddy Bears, has only grown the last several decades. Build-A-Bear's core emphasis is on the giving children an environment of fun and play, while enabling them to create their own stuffed animal. Given that children may be less vocal in expressing the exact specification of a toy they want, the process of enabling them to build their own Teddy Bear gives them something that they would cherish and enjoy for a longer time as compared to a simple store bought stuffed animal. Moreover, Build-A-Bear ensures that its employees are very well trained and committed to service such that every experience for every child may be quite memorable. As long as the commitment and service continues and new ideas and innovations are brought into the store in terms of the weekly additions to bear styles, the concept does have some staying power.

1. What can Build-A-Bear do to generate repeat visits to the store?

For repeat visits, consumers (in this case, children) must be exposed to something novel and interesting during each visit. In Build-A-Bear's case, this is already happening with frequent changes to inventory and different bear styles arriving each week. Moreover, new and limited-edition animals are introduced frequently and regularly. Also, clothes and accessories are updated to reflect current trends. There are also different occasions or reasons to visit, such as holding or attending an in-store birthday party. The constantly changing styles, materials, inventory as well as different purposes for visiting the store would have the effect of generating repeat visits to the store.

Build-A-Bear could also offer more types of experience options, so that children have different new experiences during each visit.

**CASE 3: Blue Tomato: Internationalization of a Multichannel Retailer**

Synopsis: Blue Tomato is the leading European multichannel retailer for board sports and related apparel. This case describes the different distribution channels adopted by the company, as well as the internationalization of Blue Tomato’s business activities.

Use with: Chapter 3 “Multichannel Retailing,” Chapter 5 “Retail Market Strategy”

# Discussion Questions

1. **What strengths do the different distribution channels have, from the company’s perspective?**

The advantage of traditional, brick-and-mortar stores is the close and direct contact they offer with (potential) customers, a level of contact that aligns with Blue Tomato’s overall philosophy.

From its online store, Blue Tomato can offer more products than it could in brick-and-mortar stores, whose selling space is naturally restricted. Furthermore, the geographic limitations of its relatively few brick-and-mortar stores means that expanding to the online channel grants Blue Tomato access to many more new customers and possibly extends its business activities. This ability to attract new customers and extend business activities also does not demand substantial cost investments.

The advantages of the snowboard, freeski, skate/streetstyles, and surf/summer catalogues arise from their ability to appeal to new customers (e.g., convenience-oriented customers, consumers who do not use online channels).

1. **Which synergies has Blue Tomato created across different channels? What additional actions might it take to become an omnichannel retailer?**

In its brick-and-mortar stores, Blue Tomato has installed kiosks, which enable consumers to find personalized information about special offers in particular stores, as well as log on to their Facebook (or other social media) accounts to connect with their friends and ask for advice on, for example, how the latest snow gear or street wear looks on them.

In addition, customers can search for products in printed catalogues and order them online, or they might search for products online, then place an order by calling Blue Tomato’s phone reps.

The company plans to offer pickup and return services from its brick-and-mortar stores. Thus, customers will be able to order a product online and pick it up in a store.

To become a more omnichannel retailer though, Blue Tomato might enable customers to order products using online forms or via e-mail. The company might look into developing an app that enables customers to place their orders online.

1. **What key challenges remain for Blue Tomato in its efforts to coordinate these different channels?**

The key challenge for Blue Tomato is to provide a consistent face to customers across all contact points. This demand requires not only that its customer orientation and commitment to providing the best service gets implemented in all channels but also that elements such as prices, communication, and merchandise management are standardized.

With regard to merchandise management, currently Blue Tomato suffers from poor overlap in its variety and assortment across different distribution channels. This poor overlap largely results from channel differences: The merchandise offered in brick-and-mortar stores and catalogues is limited in variety and assortment, whereas a huge quantity of products (more than 450,000) is available online. Ultimately, this circumstance may make it difficult to reinforce the brand’s image in customers’ minds.

With respect to the communication, the company must ensure that its communication is formally integrated and that the integration of the content occurs across all channels.

1. **Which challenges might Blue Tomato face as it expands its business activities internationally?**

If the company decides to operate more brick-and mortar stores in foreign countries, it will need to invest large sums of capital.

Regardless of whether it pursues internationalization through direct exports or investments, tackling more markets could make it more difficult for Blue Tomato to follow a standardization strategy, because it will need to account for cultural differences and language barriers. With respect to merchandise management, prior experience has shown the company that the brands it offers invoke different images and prioritization in various foreign markets. Thus, some differentiation will be necessary.

Different legal conditions, tax rates, and logistics costs also might constrain Blue Tomato’s efforts to pursue a standardization strategy (e.g., shipping and payment conditions likely vary, inducing different product costs). Finally, standardization might be hampered by the amount of economic power and level of income of (potential) customers in each country.

Case 4- Staples, Inc

1. Assess the extent to which Staples has developed a successful multichannel strategy.

What factors have contributed to its success?

By identifying which of the three major food retailer categories (conventional supermarket, big-box food retailers, convenience stores) service stations that provide food fall into, students can determine how food items make service stations more attractive to consumers or helps them compete with other retailers.

These service stations fall into the food retail category of convenience stores. According to the definition of the category, convenience stores provide a limited number of items at convenient locations in small stores with speedy checkout processes. Adding the word “gasoline” to this definition provides a good description of modern service stations. It was a prudent decision by service stations to add food, because it brought consumers into the store rather than remaining out at the gas pump. The more time consumers spend in the service station, and the more products that are readily available to them, the more likely they are to make purchases beyond just gasoline. Thus, service stations have been able to increase their profits.

2. What are the advantages and disadvantages of using kiosks as a part of its approach?

Students must evaluate both the pros and the cons of Staples’s in-store kiosks.

In-store kiosks offer customers more SKU options than the retail store carries and eliminate the need to carry a lot of inventory at each location. However, Staples must persuade customers to use kiosks to order products rather than going to another retailer, and it must convince its own sales associates to direct customers to the kiosk to order products, for which the sales associates will not receive a commission.

3. How should Staples assess which SKUs to keep in its stores reserve on the Internet?

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4. How do the Staples Copy and Print centers differentiate from the competition?

The Copy and Print centers allow Staples to offer value added services. These centers enable customers to order print jobs (either in-store or online) and receive the help of an in-store print specialists. In addition, these centers can stand alone and enter into markets where a big box retailer traditionally would not fit.CASE 5 – The Decision-Making Process for Buying a Bicycle

Synopsis: The Sanchez family buys three bicycles--one for their daughter, one for their son, and one for the father. This case illustrates the steps customers go through buying a bicycle for their children and themselves. Can be used to discuss the stages in the buying process, the factors affecting the purchase decision, and how the purchase decision differs depending on the buyer's knowledge and needs.

Use:

Chapter 4Discuss stages in buying process and factors affecting purchase decision. Illustrates what stages consumers go through and what information they consider when selecting a retailer and purchasing merchandise

## Discussion Questions

1. Outline the decision-making process for each of the Sanchez' bicycle purchases.

The stages in the decision process shown in Exhibit 4-2 are listed down the left‑hand column below. Then the event associated with each of the three bicycle purchases is associated with each of the stages. As indicated in the text, not every purchase decision goes through all of the steps. Also the students should recognize that more time might be taken at specific stages than others.

|  |  |  |  |
| --- | --- | --- | --- |
| **Step in Buying Process** | **Daughter** | **Son** | **Father** |
| **Store Choice** | | | |
| ***Need***  ***Recognition*** | (4) locate store selling bicycles |  | (6) goes in convenient bicycle shop |
| ***Information Search*** | (5) call store | (4) saw Montgomery Ward ad | (5) can't locate brand |
| ***Evaluation***  ***And Choice*** | (6) select dept. store for low prices |  |  |
| ***Postpurchase***  ***Evaluation*** |  |  |  |
| **Merchandise**  **Choice** | | | |
| ***Need***  ***Recognition*** | (1) $100 from grandparents for bicycle | (1) $200 from grandparents for  bicycle | (1) buying bike for Mark |
| ***Information Search*** | 2) look in Penny's' catalog | (2) internal search through memory for information on last purchase  (5) looked at  bicycles on display | (2) external search, libraries, magazines |
| ***Evaluation and Choice*** | (3) high weight on blue color (Judy) and low cost (mother)  (7) select bike satisfying criteria | (3) high weight on durability, 10-speed, red, light weight, accessories  (6) selected bike satisfying criteria except accessories | (3) high weight on light weight, durability. Flexible set up  (4) select Serrsto  (7) test ride  (8) buys bike |
| ***Post Purchase Evaluation*** | (8) dissatisfaction with choice; chrome rusted, poor tires |  |  |

1. Compare the different purchase processes for the three bikes. What stimulated each of them? What factors were considered in making the store choice decisions and purchase decisions?

The process for both son and daughter were stimulated by the $50 gift from their grandparents. Buying a bike for the son and remembering his pleasant experiences riding a bike stimulated father’s purchase decision process.

For the daughter, calling stores selling bikes and locating the store with the lowest prices made the store decision. Note that they first called Toys 'R' Us because of its low price reputation, but then found that due to a sale the department store had lower prices. Price and a blue color were the principal considerations in selecting a bike.

For the son, the store choice was based on seeing an ad. Durability and style of bike were the principal criteria. Accessories were very important before seeing the bikes, but the importance diminished when the actual choice was made.

For father the choice was based on finding a store that stocked the brand of bike he wanted. When he could not find the brand, he stopped his decision‑making process. However, the process started up again when he went into a shop that was convenient to where he worked. Durability and flexible set up were the most important characteristics.

Note that the least time was spent selecting the daughter's bike and the most spent on father's bike. The daughter's bike was more extensive solving then Mark's bike, but less than the father's.

1. Go to the student side of the Online Learning Center (OLC) and click on multiattribute model. Construct a multiattribute model for each purchase decision. How do the attributes considered and importance weights vary for each decision?

|  |  |  |  |
| --- | --- | --- | --- |
| *Attribute* | *Importance Weights* | | |
|  | daughter | son | father |
| Price | 10 | 6 | 7 |
| Color | 10 | 10 | 1 |
| Flexible setup | - | - | 9 |
| Weight | 4 | 7 | 9 |
| Durability | 3 | 10 | 9 |
| Brand name | - | - | 6 |

CASE 6: Parisian Patisserie “Maison Ladurée” Goes Global

Synopsis: Ladurée, a famous French pastry company, is known worldwide for its macaroons but only recently has entered the US market. This entry has produced not only opportunities but also challenges for this company. In particular, this case focuses on questions related to appropriate locations, types of retail ownership, and ideal target markets.

Summary:

Chapter 2 provides an example of a specialty store retailer. Discuss the types of ownership. (S)

Chapter 3 discusses the use of the Internet as a retailing channel for the company. (S)

Chapter 5 illustrates the concept of retail strategy, the steps a retailer might go through to enter a new market and develop a retail strategy, and the concepts of a target market. (P)

Chapter 7 discusses the need to match location decisions with brand positioning. It also illustrates the advantages and disadvantages of different retail formats. (S)

*Discussion Questions*:

1. **What is Ladurée’s retail strategy in the United States? (Chapter 5)**

Ladurée, an upscale pastry brand, targets high income, well-educated customers and fashion-forward buyers (mostly women) who can afford to pay high prices for luxu