

*The following pages contain case studies relevant to Introduction to Marketing. These are not required to complete the module, but may help further your understanding.*

## **Elvis - Alive and Well**

It is Elvis week in Memphis, Tennessee in the United States and all over town they have banners: "20 years/Still Rocking." Some people may think it is weird to become so upbeat about the twentieth anniversary of a death? You cannot help but feel that the world's got the Elvis Presley it wanted: a changeless, ageless object of contemplation and veneration. Elvis Week culminates in an event called Elvis-The Concert 2000 in which the man himself, resurrected by video technology, will sing with his living ex-band mates and the Memphis Symphony Orchestra. Who would not secretly prefer this fail-safe digitized spectacle to a weary 62-year-old grinding out "If I Can Dream" one more time?

Twenty years ago, no one close to Elvis could have imagined that his fans would spend over USD 250 million annually on Elvis dolls, plates, key chains, towels, and wigs - to name just a few items. Two years after Elvis's death, his estate was worth less on paper than it owed in taxes. Then, in 1979, Priscilla Presley, Elvis's ex-wife, was named an executor of the estate for her daughter. The family's crown jewels - Elvis's recordings - had been sold off years earlier and Priscilla had just one chance to save the legacy. She gambled that Elvis's name, image, and likeness were worth something. She turned his home into a roadside attraction to finance a legal war, fighting for control of all that was Elvis.

Priscilla concluded that there was only one way to save Graceland: sell tickets to the hundreds of gawkers who daily pressed their faces against Elvis's gates. Meanwhile, why not sell some gewgaws to the fans that were already buying cheesy trinkets at the strip mall across the street? Buoyed by an initial investment of USD 560,000, Graceland's doors were opened to the public in 1982. It took 38 days to recoup their investment; 350,000 visitors walked through the house the first year. "I felt I was betraying Elvis", says Priscilla, recalling her decision to enter the amusement business. "Graceland was his pride and joy. But it came down to the reality that I had to open it up for my daughter's future."

Today 750,000 people visit Graceland each year - 52 per cent of them under 35, which suggests this is a business with a future. The mansion has upgraded its public facilities many times over the years, but there still are no vending machines on the grounds and the lawns have never been turned into a parking lot. The original 24 acres (97,125 meters) have been expanded into an 80-acre (323,749-meter) compound and Priscilla intends to add a hotel to the complex. There are also plans for a casino in Las Vegas - perhaps with an Elvis wedding chapel and an international chain of Hard Rock Cafe-style restaurants called Elvis Presley's Memphis. Finally, a staff of 10 lawyers is employed full-time by Elvis Presley Enterprises simply to protect Elvis's image from interlopers.

The success of Elvis Presley Enterprises was a result of the insights and courage of Priscilla Presley. Despite her lack of formal training in marketing, she exhibited a creative approach toward doing business that will become more and more necessary as the twenty-first century continues. Innovative thinking has become a prerequisite for success in today's global environment, which is saturated with near clone products being sold by millions of comparable competitors. The status quo will no longer suffice. The need for constant change paired with clear strategies is now essential.

## Defining Marketing

- The overall directive for any organization is the mission statement or some equivalent statement of organizational goals. It reflects the inherent business philosophy of the organization.
- Every organization has a set of functional areas (e.g. accounting, production, finance, data processing, and marketing) in which tasks that are necessary for the success of the organization are performed. These functional areas must be managed if they are to achieve maximum performance.
- Every functional area is guided by a philosophy (derived from the mission statement or company goals) that governs its approach toward its ultimate set of tasks.
- Marketing differs from the other functional areas in that its primary concern is with exchanges that take place in markets, outside the organization (called a transaction).
- Marketing is most successful when the philosophy, tasks, and manner of implementing available technology are coordinated and complementary.

These are the propositions offered in Module 1 topic 2 *Defining Marketing*, to further define marketing. Following is an example which may help clarify the propositions by using a case study of L.L. Bean.

L.L. Bean is a successful American mail order company. The organization bases much of its success on its longstanding and straightforward mission statement: "Customer Satisfaction: An L.L. Bean Tradition" (Proposition 1).

The philosophy permeates every level of the organization and is reflected in high quality products, fair pricing, convenience, a 100 per cent satisfaction policy and, above all, dedication to customer service (Proposition 2). This philosophy has necessitated a very high standard of production, efficient billing systems, extensive and responsive communication networks, computerization, innovative cost controls, and so forth.

Moreover, it has meant that all of these functional areas have to be in constant communication, must be totally coordinated, and must exhibit a level of harmony and mutual respect that creates a positive environment in order to reach shared goals (Proposition 3).

The L.L. Bean marketing philosophy is in close harmony with its mission statement. Everything the marketing department does must reinforce and make real the abstract concept of "consumer satisfaction" (Proposition 4).

The price-product-quality relationship must be fair. The product must advertise in media that reflects this high quality. Consequently, L.L. Bean advertises through its direct-mail catalogue and through print ads in prestigious magazines. It also has a highly regarded websites. Product selection and design are based upon extensive research indicating the preferences of their customers. Since product delivery and possible product return is critical, marketing must be absolutely sure that both these tasks are performed in accordance with customers' wishes (Proposition 5).

While one might argue that the marketing function must be the most important function at L.L. Bean, this is not the case. L.L. Bean is just as likely to lose a customer because of incorrect billing (an accounting function) or a flawed hunting boot (a product function) as it is from a misleading ad (a marketing function).

## Case application: The Hog is Alive and Well

After making a remarkable comeback in the 1980s, motorcycle manufacturer Harley-Davidson had two-year-long waiting lists all over the country. But the success placed the company in a familiar quandary. Should Harley expand and risk a market downturn or should it stay the course, content with its good position in the industry?

"To invest or not to invest, that was the question", notes Frank Cimermanic, Harley's Director of Business Planning. "Dealers were begging us to build more motorcycles. But you have to understand our history.

One of the things that caused past problems was lack of quality, and that was the result of a too-rigid expansion. We did not want to relive that situation."

In 1989, the reputation of Harley-Davidson was excellent. Harley shipped 30,000 motorcycles in 1985; just four years later it shipped 44,000. Harley's market share in the heavyweight bike category went from 27 per cent to 57 per cent during the same time period. It was regularly turning a profit - USD 53 million in 1989.

At the same time, however, the market for heavyweight bikes was shrinking. Harley-Davidson needed to know whether its growth could continue. "We were doing fine, but look at the market", said Cimermanic. "Maybe, we thought, we could reverse these trends and become an industry leader, something we had not been for years."

A new kind of customer seemed to hold the key to market growth. White-collar motorcycle enthusiasts, or "Rubbies" (rich urban bikers), started to shore up Harley sales in the mid-1980s, adding to the company's success and image. But whether these people were reliable, long-term customers was another question. Harley also needed to know if it should market its product differently to different audiences. A core clientele of traditional "bikers" had kept Harley afloat during its leanest years, and they could not be alienated.

From their research, Harley identified seven core customer types: the Adventure-Loving Traditionalist, the Sensitive Pragmatist, the Stylish Status-Seeker, the Laid-Back Camper, the Classy Capitalist, the Cool-Headed Loner, and the Cocky Misfit. All of them appreciated Harley-Davidson for the same reasons: independence, freedom, and power constituted the universal Harley appeal. Also, owners were very loyal.

Loyalty meant the company could build and sell more motorcycles without having to overextend itself. In 1990, Harley expanded to build 62,800 bikes; in 2000, it built more than 180,000. Based on research and the still-expanding waiting lists, Harley expects its phenomenal growth to continue. In addition, Harley is expanding its product line. In early 2000, the company introduced a USD 4,400 bike called the Blast, aimed at first-time riders and women.

### Questions

- Identify the ways in which Harley-Davidson exhibits the propositions discussed in this chapter.
- Would you consider Harley to be a marketing organization? Why or why not?