

# RETAIL MANAGEMENT



**Brand:** Mehta Solutions

**Product Code:** case1364

**Weight:** 0.00kg

**Price:** Rs500

## Short Description

### RETAIL MANAGEMENT

case study

## Description

### CASE 4 The Chen Family Buys Bicycles

The Chens live in Riverside, California, west of Los Angeles. Terry is a physics professor at the University of California, Riverside. His wife Cheryl is a volunteer, working 10 hour a week at the Crisis Center. They have two children: Judy, age 10, and Mark, age 8.

In February, Cheryl's parents sent her \$100 to buy a bicycle for Judy's birthday. They bought Judy her first bike when she was five. Now they wanted to buy her a full-size bike for her eleventh birthday. Even though Cheryl's parents felt every child should have a bike, Cheryl didn't think Judy really wanted one. Judy and most of her friends didn't ride their bikes often, and she was afraid to ride to school because of traffic. So Cheryl decided to buy her the cheapest full-size bicycle she could find.

Since most of Judy's friends didn't have full-size bikes, she didn't know much about them and had no preferences for a brand or type. To learn more about the types available and their prices, Cheryl and Judy checked the JCPenney catalog. After looking through the catalog, Judy said the only thing she cared about was the color. She wanted a blue bike, blue being her favorite color.

Using the Yellow Pages, Cheryl called several local outlets selling bikes. To her surprise, she found that a local hardware store actually had the best prices for a 26-inch bicycle, even lower than Toys "R" Us and Wal-Mart.

Cheryl drove to the hardware store, went straight to the toy department, and selected a blue bicycle before a salesperson approached her. She took the bike to the cash register and paid for it. After making the purchase, the Chens found out that the bike was cheap in all senses. The chrome plating on the wheels was very thin and rusted away in six months. Both tires split and had to be replaced.

A year later, Cheryl's grandparents sent another \$100 for a bike for Mark. From their experience with Judy's bike, the Chens realized that the lowest-priced bike might not be the least expensive option in the long run. Mark is very active and somewhat careless, so the Chens wanted to buy a sturdy bike. Mark said he wanted a red, 21-speed, lightweight bike with an aluminum frame, cross-country tires, and a full reflector kit.

The Chens were concerned that Mark wouldn't maintain an expensive bike with all these features. When they saw an ad for a bicycle sale at Kmart, Cheryl and Terry went to the store with Mark. A salesperson approached them at an outdoor display of bikes and directed them to the sporting goods department inside the store. There they found row after row of red 10-speed bikes with minimal accessories—the type of bike Cheryl and Terry felt was ideal for Mark.

A salesperson approached them and tried to interest them in a more expensive bike. Terry dislikes salespeople trying to push something on him and interrupted her in mid-sentence. He said he wanted to look at the bikes on his own. With a little suggestion, Mark decided he wanted one of these bikes. His desire for accessories was satisfied when they bought a multifunction sports computer for the bike. After buying a bike for Mark, Terry decided he'd like a bike for himself to ride on weekends. Terry had ridden bikes since he was five; in graduate school, before he was married, he'd owned a 10-speed; and he frequently took 50-mile rides with friends. But he hadn't owned a bike since moving to Riverside 15 years ago.

Terry didn't know much about current types of bicycles. He bought a copy of *Bicycling* at a newsstand to see what was available. He also went to the library to read *Consumer Reports'* evaluation of road, mountain, and hybrid bikes. Based on this information, he decided he wanted a Serrato. It had all the features he wanted:

**a lightweight frame, durable construction, and a comfort sports saddle. When Terry called the discount stores and bicycle shops, he found they didn't carry the Serrato brand. He then decided he might not really need a bike. After all, he'd been with out one for 15 years.**

**One day, after lunch, he was walking back to his office and saw a small bicycle shop. The shop was run down, with bicycle parts scattered across the floor. The owner, a young man in grease-covered shorts, was fixing a bike. As Terry was looking around, the owner approached him and asked him if he liked to bicycle. Terry said he used to but had given in up when he moved to Riverside. The owner said that was a shame because there were a lot of nice places to tour around Riverside.**

**As their conversation continued, Terry mentioned his interest in a Serrato and his disappointment in not finding a store in Riverside that sold them. The owner said that he could order a Serrato for Terry but that they weren't in inventory and delivery took between six and eight weeks. He suggested a Ross and showed Terry one he currently had in stock. They thought the \$500 price was too high, but the owner convinced him to try it next weekend. They would ride together in the country. The owner and some of his friends took a 60-mile tour with Terry. Terry enjoyed the experience, recalling his college days. After the tour, Terry bought the Ross.**

## **DISCUSSION QUESTIONS**

- 1. Outline the decision-making process for each of the Chens' bicycle purchases.**
  
- 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?**

- 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?**

## **Details**

**1. Case study solved answers**

**2. pdf/word**

**3. Fully Solved with answers**