

## PART C – Case: “Heritage Furniture” (Case adapted from the package supplied by the textbook publisher.)

### Read the following case, then answer the questions that follow.

Susan Kurczak, owner of Heritage Furniture, is discouraged with her salespeople and is even thinking about hiring some new blood. Kurczak has been running Heritage Furniture for 10 years and has slowly built the sales to \$3.5 million a year. Her store is located on the outskirts of a growing city with a population of 275,000. This is basically a factory city, and she has deliberately selected blue-collar workers as her target market. She carries some higher-priced furniture lines but emphasizes budget combinations and easy credit terms. She faces some competition from discount retailers (such as Wal-Mart). Wal-mart sells at very low prices, but her store carries a much greater range of furniture—which she feels gives her an advantage. She has heard rumors that Wal-Mart may be increasing the amount of furniture that it offers, but she doesn’t think they will come close to rivalling her assortment.

Kurczak is concerned that she may have reached the limit of her sales growth—her sales have not been increasing during the last two years even though total furniture sales have been increasing in the city as new factory workers move in. On the other hand, there have been economic worries, and she suspects that some people may fear losing their jobs. Her local cable-TV spots and newspaper advertising seem to attract her target customers, but many of these people come in, shop around, and leave. Some of them come back—but most do not. She thinks her product selections are very suitable for her target market and is concerned that her salespeople don’t close more sales with potential customers. Several times, she has discussed this matter with her 10 salespeople. Her staff feels they should treat customers the way they personally want to be treated. They argue that their role is to answer questions and be helpful when asked—not to make suggestions or help customers make decisions. They think this would be too “hard sell.”

Kurczak says their behaviour is interpreted as indifference by the customers attracted to the store by her advertising. She has tried to convince her salespeople that customers must be treated on an individual basis and that some customers need more help in looking and deciding than others. Moreover, Kurczak is convinced that some customers would appreciate more help and suggestions than the salespeople themselves might want. To support her views, she showed her staff the data from a study of furniture store customers (see below) that she found on the web site for a furniture trade association. She tried to explain the differences in demographic groups and pointed out that her store was definitely trying to aim at specific people. Further, Kurczak announced that she is considering changing the sales compensation plan or hiring new salespeople if the present employees can’t do a better job. Currently, the sales reps are paid \$26,000 per year plus a 5 percent commission on sales.

Perhaps opening a new store would be an easier way to achieve growth, if she can’t improve her salespeople’s performance. There is a neighbouring city, about 40 km away, that is similar to her own; that city has little in the way of inexpensive furniture stores.

### Study results

In Shopping for Furniture I Found (Find) That:	Group A	Group B	Group C	Group D
I looked at furniture in many stores before I made a purchase.	78%	72%	52%	50%
I went (am going) to only one store and bought (buy) what I found (find) there.	2	5	10	11
To make my purchase I went (am going) back to one of the stores I shopped in previously.	63	59	27	20
I looked (am looking) at furniture in no more than three stores and made (will make) my purchase in one of these.	20	25	40	45
I like a lot of help in selecting the right furniture.	27	33	62	69
I like a very friendly salesperson.	23	28	69	67

### Demographic Group Descriptions

**Upper class (Group A):** Managers, business owners, or executives, professionals, etc. Family income over \$60,000.

**Middle class (Group B):** White-collar worker: clerical, secretarial, salesclerks, etc. Family income of \$35,000 to \$70,000.

**Lower middle class (Group C):** Skilled workers and semiskilled, etc. Family income between \$20,000 and \$45,000.

No one in this group has above a high school education.

**Lower class (Group D):** Nonskilled employees, etc. Family income under \$28,000. None has completed high school.