Chapter 4: Answers to Questions for Review and Discussion

2. What market factors must be present under Robinson-Patman that require a supplier to offer the same product to two (or more) different customers?

The market factors that must be present under Robinson-Patman that require a supplier to offer the same product to two or more different customers at the same price include:

- *purchases must be of the same quantity*
- *Purchases must be of the identical product*
- *Sold for the same application/use*
- *purchases must be within the same time frame (judged by season, PLC, or other market-based factors)*
- *customers who purchase must be competitors of each other, serving and vying for the same market segments*
- *Not sold to meet a competitive threat at an established customer*
- *Not sold to government agencies.*

5. When a marketing manager questions whether an action may or may not be interpreted as a violation of a competitive legislative act, what consumer-level factors can ultimately be used as guidelines?

Consumer-level factors that can be used as guidelines to determine whether or not an action can be interpreted as a violation of a competitive legislative act are a reduction of choice in the consumer market or the creation of an "unlevel playing field" for all sellers in a market.

6. Overall, it can be said that the unified goal of business legislation is to maximize choice in the market place. Of the philosophies of marketing (Production, Product, Sales, Marketing, and Societal Marketing), which has as its goal to maximize choice in the market place?

Production Era – Maximize Consumption
Product Era – Maximize Consumption
Sales Era – Maximize Customer Satisfaction, default to maximize sales
<u>Marketing Era – Maximize Choice in the market</u>
Societal Marketing – Maximize Quality of Life

12. What protections does a joint venture offer to the two companies that have partnered together? What limitations must be agreed upon at the start of the venture? Why is a willingness to participate in a confidential agreement with a customer an important factor in the "resell the job" or end game portion of the buyer decision process (Chapter 3)?

Joint ventures provide a method for companies with disparate resurces to create a combination of effort without one party losing control over its resources. A company with technology and another company with a presence in the target market to come together and form a third company, transferring specific assets to the new entity.

A joint venture has some advantages over a simple license arrangement.
The small technology company avoids the large company "running away" with the small company's technology.
The new venture creates a barrier that allows the small company to continue its own R&D distinct from any competing claims.
Marketers should consider confidentiality agreements as a positive connection between customer and supplier. Both organizations, customer and supplier, may have access to each other's future product plans and R&D efforts. The mutual knowledge can lead to stronger relationships at many levels.

13. Discuss the ways use of Industrial Distributors can assist small companies to overcome uncompetitive price situations that develop in their small volume purchases.

Generally, industrial distributors act as a "one stop shop" for small businesses that would otherwise not attract the attention of large suppliers. The distributor creates a product line that serves a particular market segment by combining the products of several large suppliers. The distributor uses its buying power, made possible by the demands of the small companies, to get volume pricing across the product line. The small company gets the benefit of local inventory, rapid delivery, and aggregate prices (where allowed).