ARE COMPANIES AFRAID OF RELATIONSHIPS WITH CONSUMERS? A CASE STUDY

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A case study was done of the development of a service designed to help large companies, develop relationships with teenagers. The focus of the case study is on determining why target companies did not find the service appealing enough to buy it.

The teenage market is large and growing. There are approximately 25 million teenagers in the USA. By 2010, there will be 31 million teens, more than during the peak of the baby boom's teenage years. Teenagers are estimated to have $22.3 billion income from various sources, and they are estimated to influence over $200 billion annually in family purchases. Clearly, teenagers comprise an attractive market segment.

Teens are particularly attractive to auto manufacturers and other auto-related firms because they are beginning a lifetime of vehicle purchasing. The lifetime revenue value of a teen car buyer has been estimated at several hundred thousand dollars. Companies who develop relationships with young people may enjoy years of brand loyalty and profitability.

In order to drive, teens often enroll in driver education courses at their high schools. However, as American high schools have focused on academics in the past two decades, driver education instruction has received less support. Books and instructional materials are frequently outdated and instructors feel underpaid and unappreciated.

Steve Tate, a successful entrepreneur, noticed the state of driver education when his children became old enough to drive. He investigated the state of high school driver education and recognized a business opportunity. Companies who were anxious to develop relationships with teenagers might be interested in sponsoring current, state-of-the art driver education materials in exchange for the chance to introduce their products and services to teenagers.

Steve Tate, with the help of nationally recognized experts in driver education, safety, automotive technology, and medicine, developed a package of materials that would be given free of charge to high school driver education classes. The package was called Driver's Edge® and consisted of five study guides. A particular focus of the Driver's Edge® program was parental involvement. There was a series of exercises that parents and students completed together. Students, parents, driver education instructors and high schools all received incentives for participation and successful completion of Driver's Edge®.

The Driver's Edge® program was test marketed in four high schools with 300 students and their parents. Results indicated that the program was a success and soon, Steve Tate had requests to enroll in the program from driver education instructors representing 250,000 teenagers in 30 states. With successful market test results and so many teachers, students and parents desiring to enroll, all Tate had to do was sign up sponsors. He felt this would be relatively easy to do, given how well Driver's Edge® had been received by everyone who came in contact with it.

Steve Tate and his marketing team embarked on a series of sales calls to auto manufacturers, auto-related companies and other companies who target teenagers. He offered minor sponsorship to companies for $5 per student and major sponsorship for $15 per student. After a year of trying, Tate was unable to convince any company of the value of Driver's Edge® as a relationship-building tool. He wondered what the problem was because he got good feedback on the program from every company he called on. In his heart, he thought that the real problem might be the risk-averse nature of American companies and their reluctance to spend on long-range, relationship building programs. He thought they might prefer to spend on marketing programs that would increase sales in the next quarter.