**Chapter 11 Case Study**

**LINCOLN MEDICAL SUPPLY**

**Directions:** *Read the case study below and answer the discussion questions according to the concepts presented in Chapter 11.*

Sara Holmes has just taken on a unique dual role in her job at Lincoln Medical Supply. She was to be in charge of the marketing database for the company and also would serve as liaison with the advertising firm and marketing group that provided promotions for the organization. Sara was told her input would be heavily counted on to help with key decisions to build the size and scope of the company in the next several years.

Lincoln Medical Supply was located in Lincoln, Nebraska. The company served both retail and business-to-business markets by selling and servicing various types of medical equipment, from items as basic as ankle braces to those as sophisticated as fetal monitors. The company had achieved a great deal of success simply through the sheer demand for various products, but the management team was concerned that no coherent marketing plan had ever been developed.

Sara was told that the company had three basic customer groups:

• Retail walk-in buyers

• Physicians’ offices

• Hospitals

Retail customers purchased the lower cost, less intricate items, such as braces, bandages, and cold packs. Physicians bought more elaborate equipment and also provided referrals for patients. Hospitals ordered the big-ticket items. Each customer type generated a solid source of revenue for the organization.

Sara’s first challenge was to develop a database for each type of customer. Her potential sources for retail customers were insurance forms (many filed for insurance to pay for the items involved) and sales ticket information requested from each person. Doctors’ offices could be sources of a great deal of information, but the company often had to “push” the staff to provide statistics on numbers of patients, types of expenditures, and other key facts. Hospitals could be assessed through internal company reports and as well as by accessing data from external sources.

Following the simple generation of data, Sara would need to decide if all this information should be compiled into one overall data warehouse, or if it should be separated by customer type. Clearly the needs of each group were different, and therefore it seemed plausible that the marketing tactics used for each customer type would also vary. At the same time, Sara wanted a consistent message sent out that Lincoln Medical Supply stood for consistent, high-quality, and excellent service advantages. She knew the name “Lincoln” didn’t help because so many companies in the city also used the name (e.g., Lincoln Electric Supply, Lincoln Party Favors, and so forth).

Sara held a meeting with the marketing team. The group told her the primary goal was to build greater brand equity in the name because a new medical supply house had just opened near one of Lincoln’s biggest hospitals. Next, the company’s leaders wanted to know how to get walk-in buyers to purchase more items and how to expand purchases from the other two segments of the business at the same time. The leaders discussed the use of catalogs and an internet site to widen the scope of product offerings. They also considered the possibility of opening satellite locations in Omaha (50 miles away), Grand Island (90 miles west), and North Platte (400 miles away). They wanted to develop an understanding of the type of individual who would venture into a medical supply store, what the person might buy, and what the person would not buy. They also needed to know if they were meeting the needs of physicians and hospitals. With all of these challenges in mind, Sara took a deep breath and started working.

Discussion Questions

1. Name the sources of internal and external data for all three types of customers.
2. What types of data should Sara collect from each type of customer?
3. How can Sara meet the goals imposed on her by the marketing group?
4. What kinds of marketing programs could be developed from the data that Sara generates?

Should the data be separated by customer type or combined into one major database? Why or why not?

1. Is Lincoln Medical Supply a candidate for a CRM program? Why or why not?