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Marketing study of the registered boat owner in Cascade County, Montana

David Louis Hanson
The University of Montana

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A MARKETING STUDY OF THE REGISTERED BOAT OWNER IN CASCADE COUNTY, MONTANA

By

David L. Hanson

B.S., Montana State University, 1961

Presented in partial fulfillment of the requirements for the degree of

Master of Business Administration

UNIVERSITY OF MONTANA

1972

Approved by:

Chairman, Board of Examiners

Dean, Graduate School

Date June 5, 1972
ACKNOWLEDGMENTS

The preparation of this paper would have been a far more difficult task if it were not for three individuals. Before mentioning these three individuals it is appropriate to thank the United States Air Force and its Strategic Air Command for making the Minuteman Education Program possible. Also an acknowledgment should be added about the sources of the excellent secondary data listed in the bibliography. Marianne Napier of the Boating Industry Association and Mr. Robert M. Fichter of Johnson Motors, warrant special attention.

Next, a higher level of gratefulness must be made to my advisor, Dr. Bernard J. Bowlen and to my good friend and typist, Grace Molen. Bernie and Grace never refused to assist me even though I sometimes contacted them at very inapropos times.

I am most appreciative to my wife, Rita, whose effort on this paper was to prepare 200 envelopes for mailing and return, and to type the preliminary draft. This effort was only a small portion of the assistance she has given to me over the past three and one-half years of study. The level of her sacrifice to my schooling cannot be measured only by adding her positive efforts. To her efforts must be added the many things she would like to have done on the many days and nights when I was holed up in my room studying.
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CHAPTER I

INTRODUCTION

The objective of this paper is to help L and S Boat Company, a family owned business, increase its profits. L and S was formed as a full time operation in February 1971, and during its first year of business, grossed $239,000. Prior to starting the company, L. R. Larsen, the manager and owner, rebuilt and sold outboard motors out of his home for six years while gainfully employed elsewhere. This study is necessary because: (1) the first and second years of operation are the times of greatest mortality for small businesses,¹ (2) a preliminary investigation has suggested that significant differences exist between L and S's methods of dealing with customers, and the methods used by successful dealers elsewhere, and (3) the optimistic outlook for retail boating sales in the 1970's.

The Future of Boating in America

The future of boating in our nation is very promising. Since there will be an increasing number of the nation's

families moving into an upper echelon of the earning scale, the resources available for luxury spending will be expanding at a rapid rate. Consumer analysts expect growing demands for all luxury items including marine products. One measure of this increasing capacity to buy discretionary items is that in 1967 the average family income was $9,300 a year, while by the end of the 1970's the figure will exceed $13,800 in constant dollars. Another observation of the same data is that in 1967 there were 15 million families earning more than $10,000 and that in 1980, 35 million families will be earning more than $10,000 in constant dollars.\(^2\)

The Strength of the Market in Montana

The Boating Industry Association (BIA) classifies all states in four groups:\(^3\)

1. Strong Markets--Where the percent of purchases exceeds both population and buying power, although buying power is effectively low.

2. Good Markets--Where the percent of purchase exceeds the percent of population and buying power is high.

3. Poor Markets--Where sales are lower than population and buying power is also low.

4. Weak Markets--Where sales are lower than population despite the fact that buying power is higher than either.


\(^3\)Ibid., p. 43.
See Table 1 for comparative figures on Montana (a Strong Market) and California (a Weak Market).

**TABLE 1**

**COMPARISON OF MARKET IN CALIFORNIA AND MONTANA**

Figures in percent of nationwide totals during the year ending April 30, 1970

<table>
<thead>
<tr>
<th></th>
<th>California</th>
<th>Montana</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Motor Purchases</td>
<td>4.51</td>
<td>.37</td>
</tr>
<tr>
<td>New Boat Purchases</td>
<td>4.37</td>
<td>.43</td>
</tr>
<tr>
<td>New Trailer Purchases</td>
<td>4.33</td>
<td>.40</td>
</tr>
<tr>
<td>Effective Buying Income</td>
<td>11.21</td>
<td>.30</td>
</tr>
<tr>
<td>Estimated Population</td>
<td>9.81</td>
<td>.35</td>
</tr>
</tbody>
</table>


From Table 1, it can be determined that even though Montana's effective buying income was 2.7 percent of California's, Montanans spent 9.9 percent as much on boats as did Californians. Using the population data, it can be determined that the average Montanan spent 2.3 times as much on outboard motors per capita as the average Californian spent.
Strength and Size of the Market in Cascade County

Cascade County, which includes Great Falls, was also classified as a strong market area while Yellowstone County, which includes Billings, was classified as a poor market area. According to Table 2, the dollar volume of outboard motor sales in Cascade County during the year ending April 30, 1970, was 267 percent that of sales in Yellowstone County.

TABLE 2

COMPARISON OF OUTBOARD MOTOR MARKET IN CASCADE AND YELLOWSTONE COUNTIES

Figures in percent of nationwide totals during the year ending April 30, 1970

<table>
<thead>
<tr>
<th></th>
<th>Billings Yellowstone</th>
<th>Great Falls Cascade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outboard Motor Purchases</td>
<td>.03</td>
<td>.08</td>
</tr>
<tr>
<td>Effective Buying Power</td>
<td>.04</td>
<td>.04</td>
</tr>
<tr>
<td>Population</td>
<td>.044</td>
<td>.041</td>
</tr>
</tbody>
</table>


Using data from the BIA\(^4\) and from The Boat Business, 1970,\(^5\) it is estimated that the gross income from retail boat

\(^4\)Ibid., p. 86.

dealers in Cascade County including new and used equipment, accessories, and service amounted to $1.46 million when using boat sales as a reference point and $1.39 million when using outboard motors as a reference point. Thus, for the year ending May 1, 1970, boating sales in Cascade County amounted to a gross of approximately $1.43 million. Since nationwide expenditures for boats and outboard motors increased at a yearly rate of 7.45 percent from 1965 to 1970, it is estimated that the gross income for all boating dealers in Cascade County will be approximately $1,770,000 between May 1, 1972 and April 30, 1973.

Factors for Success or Failure of a Retail Boating Dealer

Little is known about some of the factors making for the success or failure of a boat dealer in the sparsely settled state of Montana. There has been an analysis of small businesses during their first two years of existence in the industrialized, Providence, Rhode Island area, but there is always doubt about the relevance of such studies to a particular regional environment where underlying economic conditions differ markedly.

Closer to the problem at hand is A Pilot Study of Successful and Unsuccessful Small Business Enterprises Within Montana, a study with the objective of determining what

6 BIA, Market Research Notebook, p. 86.
7 Mayer and Goldstein, First Two Years.
factors, both procedural and attitudinal, may be especially relevant to business success and failure in the Northern Rocky Mountain Region. This study concluded by: (1) emphasizing the relation of general managerial competence and personality defects to failure, (2) stressing the role of motivation, hard work and flexibility as supplements to adequate capital and managerial competence, and (3) pointing out the role of good housekeeping, good record keeping, and advance planning prior to opening the business and at various steps in its development.\(^8\)

Informative manuals are available to dealers and interested persons from the Outboard Boating Club of America and the Boating Industry Association. These manuals and sales management workbooks were prepared for the boating industry in the belief that retailing of boating products demands superior talents and skills and were completed only after retailing experts made extensive visits to dealers in various parts of the country. However, these manuals do not answer questions about all factors concerning the success or failure of a retail boating dealer in Great Falls, Montana.

A thought common to all of the aforementioned manuals, studies, and notebooks is that market conditions vary with local markets and it is the manager's responsibility to study his market and then proceed accordingly. The Small Business

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Administration puts it another way. "Universal, however, is the fact that the customer is boss. This means that a retail store succeeds or fails in direct relationship to how well the retailer knows and understands the consumers he serves and how well he adapts his business to fill the customer's needs. Goods will be sold and profits will be made only if you offer the customer what he wants, and in the way he wants to buy it." 9

Statement of Problem

To accomplish the objective of increasing L and S's profits it was necessary to set up a working hypothesis for use as a guide to clear thinking. The hypothesis set up was that the management of L and S has a significant lack of knowledge and understanding of boat owners in Cascade County and this lack of knowledge in turn detracts from the profit potential of L and S. It was formed after lengthy interviews with four boat dealers in California, examination of secondary data, and several discussions with the management of L and S.

To test the hypothesis it was decided to gather the data by conducting a survey of boat owners in Cascade County. After interpreting the results and reaching a conclusion, profit-increasing recommendations could then be made to management.

CHAPTER II

PLANNING THE RESEARCH AND GATHERING
THE FACTUAL INFORMATION

Determining the Sample

To ease the problem of learning the identity of boat owners in Cascade County, it was decided to survey only registered boat owners. This decision made it possible to use Montana's State Board of Equalization listing of registered boats and their owners. The list was current on July 26, 1971, and included boats with motors of ten and greater horsepower.¹ This decision undoubtedly improved the quality of the sample because dealers are generally more interested in owners or prospective owners of the higher costing and more profitable boating products.

After the painstaking task of going through the statewide listing of registered boats, it was determined that in 1971, 1,184 boats were registered in Cascade County. The 1,184 boats were numbered consecutively so that the owners could be identified at a later date. After discussing the prospective survey with Mr. Edward A. Peressini,² it was

¹Boats with motors of less than ten horsepower are not required by law to be registered; however, a few owners elect to register them anyway.

²E. A. Peressini, private interview held during December, 1971.
decided to use a sample size of 100 registered boat owners. To eliminate bias toward those who had registered more than one boat, the decision was made that only the registrant's first boat on the listing would be eligible to be identified with the boat owner. As it later turned out, this problem never did present itself.

The next step was to draw random numbers so the boat owners on the sample could be identified. To insure a completely random starting point for drawing random numbers, cards of equal size numbered zero through nine on the back, were used as aids in selecting the initial page, line, and column in the table used.³

Of the 200 numbers drawn, only the first 113 were used. Of these 113, nine individuals were pared from the list before mailing the questionnaire, and four individuals were pared after the initial mailing, therefore, leaving 100 boat owners in the sample. Reasons of elimination are illustrated in Table 3.

**Pre-testing the Questionnaire**

Prior to sending the questionnaire in the mail, a preliminary questionnaire which included all of the questions in the questionnaire (Appendix A) in addition to a few other questions was pre-tested by interviewing thirteen individuals; twelve males and one very knowledgeable female. All thirteen

---

interviewees are included in the final sample. After the final questions were selected, the questionnaire was mailed to a total of 91 individuals.\(^4\)

**TABLE 3**

**REASONS FOR ELIMINATION FROM SAMPLE**

<table>
<thead>
<tr>
<th>Number</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Duplicate random numbers</td>
</tr>
<tr>
<td>2</td>
<td>Owners of inboard boats (not sold by L and S)</td>
</tr>
<tr>
<td>2</td>
<td>Not living in Cascade County (verified by Mountain Bell) address in old phone book, but not in new phone book</td>
</tr>
<tr>
<td>1</td>
<td>Transferred out of state by military</td>
</tr>
<tr>
<td>1</td>
<td>Boat registered in name of business</td>
</tr>
<tr>
<td>1</td>
<td>Eliminated during pre-testing due to response on telephone</td>
</tr>
<tr>
<td></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Returned to sender with no forwarding address</td>
</tr>
<tr>
<td>1</td>
<td>Death of addressee</td>
</tr>
<tr>
<td></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

\(^4\)Eighty-seven initially and four at a later date to replace the four who were eliminated from the sample after mailing.
A follow-up letter to non-respondents (Appendix B) was sent two weeks after the initial mailing. Respondents were differentiated from non-respondents by using a matrix with ninety-six possibilities on the return envelope. Four types of stamps, six different zip codes, and four slightly different versions of the addressee's name and title in the address block were employed in this tactic.

Response to the Survey

The overall return rate was 61.5 percent on the 41 questions that could be completed by inserting a number, letter, or check mark. Sixty-seven persons filled out the questionnaire in some manner, one person sent his back stating that he would not be answering it because he thought his privacy had already been invaded, and 32 did not respond in any manner. The overall response rate from personal interviews was 92.2 percent, and 56.9 percent from the mailing. Sixty-two of the 63 respondents to Question 32 were the owners of the registered boat, with the lone exception being the previously mentioned female.

Comparison of Respondents With National and Regional Averages

The credibility of the survey was enhanced by the closeness of the respondents to national averages for occupational class and a regional average for age.
Occupational Class

The BIA determined the nationwide distribution by occupational class which applied to all outboard motor and boat purchasers during the year ending April 30, 1970. The percentages remained quite stable for the years 1964 to 1970, so the 1970 figures were used instead of averaging. These nationwide percentages and the percentages for the 59 respondents to Question 30 are given in Table 4.

**TABLE 4**

OCCUPATIONS OF RESPONDENTS COMPARED WITH NATIONAL DATA FOR PURCHASERS OF MARINE PRODUCTSa

(Figures in percent)

<table>
<thead>
<tr>
<th>Occupational Class</th>
<th>Nationwide</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled workers</td>
<td>21.4</td>
<td>15.3</td>
</tr>
<tr>
<td>Semi-skilled workers</td>
<td>11.8</td>
<td>11.8</td>
</tr>
<tr>
<td>Professional</td>
<td>15.2</td>
<td>17.0</td>
</tr>
<tr>
<td>Clerical, Sales</td>
<td>15.4</td>
<td>11.8</td>
</tr>
<tr>
<td>Managers, Proprietors</td>
<td>13.3</td>
<td>15.3</td>
</tr>
<tr>
<td>Service workers</td>
<td>7.0</td>
<td>10.2</td>
</tr>
<tr>
<td>Farmers, Farm labor</td>
<td>2.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Factory labor</td>
<td>1.7</td>
<td>5.1</td>
</tr>
<tr>
<td>Retired</td>
<td>12.0</td>
<td>11.8</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


aNationwide figures are the average of nationwide percentages of new outboard motor and boat purchases in the year ending April 30, 1970.
A chi-squared distribution test was run to determine whether the observed frequencies in Cascade County differed significantly from the expected frequency given by the nationwide percentages. The differences were not significant even at the 50 percent level, so the hypothesis that the vocations of the respondents were very typical of boat owners nationwide can be accepted.

Age

The BIA determined the age level of all outboard motor purchasers in the Mountain Census Region and found that the average age of buyers averaged 46.7 and 46.9 in the years ending April 30 of 1969 and 1970 respectively, with a nearly equal distribution from year to year in the various year groups.\(^5\) As a result of this near equality, it was decided to compare the age distribution of the 63 respondents to Question 29 with the BIA's figure for the Mountain Region in the latter year (see Table 5).

The differences again were not significant at the ten percent level. Therefore, it can be assumed that the age distribution of respondent boat owners is typical of purchasers of new outboard motor purchasers in the Mountain Census Region.

TABLE 5

AGE OF RESPONDENTS COMPARED WITH AGE OF OUTBOARD MOTOR PURCHASERS IN MOUNTAIN CENSUS REGION

(Figures in percent)

<table>
<thead>
<tr>
<th>Age</th>
<th>Mountain Census Region</th>
<th>Cascade County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>3.3</td>
<td>1.6</td>
</tr>
<tr>
<td>25-34</td>
<td>13.5</td>
<td>23.8</td>
</tr>
<tr>
<td>35-44</td>
<td>25.1</td>
<td>19.1</td>
</tr>
<tr>
<td>45-54</td>
<td>28.9</td>
<td>22.2</td>
</tr>
<tr>
<td>55-64</td>
<td>22.3</td>
<td>23.8</td>
</tr>
<tr>
<td>65 and over</td>
<td>6.9</td>
<td>9.5</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Average Age</td>
<td>46.9</td>
<td>47.6</td>
</tr>
</tbody>
</table>


Bias Due to Non-Response

Of the respondents and non-respondents who had outboard motors, it was possible to determine the horsepower of fifty of the respondents' outboard motors and twenty-five of the non-respondents' motors. The average horsepower for respondents was 49.7 and for non-respondents it was 45.8. When a chi-squared test of outboard motor horsepower distribution was run, neither the respondent or non-respondent sample was significant at the 10 percent level when compared with nationwide BIA data, and to each other (see Table 6).
TABLE 6

DISTRIBUTIONS OF OUTBOARD MOTOR HORSEPOWER
FOR RESPONDENTS, NON-RESPONDENTS,
AND NATIONWIDE BUYERS<sup>a</sup>
(Figures in percent)

<table>
<thead>
<tr>
<th>Horsepower</th>
<th>Nationwide</th>
<th>Respondents</th>
<th>Non-Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.0-19.9</td>
<td>13.9</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>20.0-44.9</td>
<td>38.0</td>
<td>26.0</td>
<td>36.0</td>
</tr>
<tr>
<td>45.0-64.9</td>
<td>20.7</td>
<td>24.0</td>
<td>28.0</td>
</tr>
<tr>
<td>65.0-135.0</td>
<td>27.4</td>
<td>30.0</td>
<td>16.0</td>
</tr>
<tr>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


<sup>a</sup>Nationwide figures are the average of the years ending April 30, 1964-1970.

As previously mentioned, dealers are more interested in the bigger boating packages, so whatever bias there was to non-response probably resulted in a better sample for L and S in that the average respondents most likely have a slightly larger boating package than do the non-respondents.
CHAPTER III

INTERPRETING THE INFORMATION

Although the working hypothesis was that the management of L and S had a significant lack of knowledge and understanding of boat owners in Cascade County, it was hypothesized for selected questions and all of the statements that management could predict, generally, the respondent's replies.

To aid the analysis, the management completed the chosen questions and statements attempting to predict the response of the respondents. It was explained to the management that all respondents resided in Cascade County and represented an acceptable cross section of inboard/outboard and outboard boat owners in Cascade County. Management’s predictions were used as the hypothesis for each of the selected questions and statements.

Using this "backing in" method, any rejected hypothesis would point to management's lack of knowledge in the particular subject covered in the question or statement. Most of the hypotheses were considered at the five percent level of significance. That is, if the management's hypothesis was actually correct, the maximum chances of rejecting it would be five percent. Therefore management would be ninety-five percent confident of being correct in rejecting
a hypothesis to which the results from the survey were significantly different at the five percent level. Management was considered to have a significant lack of knowledge for any statement in Statement 17 where the difference between the predicted average and the hypothesis was greater than 0.80 on the five point scale listed above, Statement 17.A.

This chapter has two sections. Topics that detected a managerial lack of knowledge and understanding are discussed in the first section. Results of the non-personal and pre-test subjects not cited in the first section are presented in the second section.

Appendix C presents the results to all of the questions and statements in the final questionnaire except Questions 20, 21, 22, 28, and the comments portion of Question 19.

**Topics That Detected Lack of Knowledge and Understanding**

**Question 1:** "Do you own a snowmobile?"--The primary purpose of this question was to ignite the possible respondent's interest in the questionnaire. This objective was achieved in addition to the very interesting results. Of the 66 respondents to the question, only four or 6.1 percent reported ownership of a snowmobile. With 95 percent confidence it can be stated that between one percent and 15 percent of registered boat owners in Cascade County also own a snowmobile. It can be implied from these results that any attempt to go into the snowmobile business would require much publicity to attract different customers since probably only a
small portion of L and S's present customers own a snowmobile.

**Question 2**: "Was the boat bought from a boat dealer or an individual?"—Management's prediction was that 80 percent were bought from a dealer. In reality 44 of 66 respondents to this question or 66.7 percent bought their boat from a dealer. Of the 44 who bought from dealers, 38 or 86.5 percent bought their boat in Great Falls. Therefore, 57.6 percent of the respondents who answered Questions 2 and 4, bought their boats from a boat dealer in Great Falls. Thus, with 95 percent confidence it can be stated that between 44 percent and 70 percent of registered boats in Cascade County were purchased from a boat dealer located in Great Falls.

That registered boat owners in Cascade County generally shop, is verified by the 37 respondents who bought their boat from a dealer in Great Falls and answered Question 3 (see Table 7).

**TABLE 7**

**NUMBER OF DEALERS VISITED BY OWNERS OF BOATS PURCHASED FROM GREAT FALLS DEALERS**

<table>
<thead>
<tr>
<th>Number of Dealers Visited</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>29.7</td>
</tr>
<tr>
<td>2</td>
<td>16.2</td>
</tr>
<tr>
<td>3</td>
<td>44.3</td>
</tr>
<tr>
<td>4</td>
<td>10.8</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>
Because the number of boat dealers in Great Falls has varied from two to four in the past five years, it probably would be most reasonable to assume that approximately 70 percent of 37 respondents would visit all four of the present dealers if they were presently in the market. Between 53 percent and 84 percent of registered boat owners in Cascade County who buy a boat from a dealer in Great Falls would visit all four dealers when shopping for a different boat, if this assumption is made.¹

The respondent's willingness to go out and buy boats instead of waiting for a salesman to come to him is also shown by the replies to Statement 17.N, where the ratio of disagreement to agreement was 3.4 to one.

From this information it is obvious that most registered boat owners in Cascade County will be active in their shopping and will visit more than one dealer, therefore, placing the burden on the boat dealer to use all the selling expertise he has.

Question 5: "What would mean most to you in the long run?"--Management had certainly better take heed of the results of this question. The results from the 64 respondents are presented and compared with management's predictions in Table 8.

¹Ninety-five percent confidence interval.
TABLE 8

RELATIVE IMPORTANCE OF GOOD SERVICE AND LOW PRICES

<table>
<thead>
<tr>
<th></th>
<th>Predicted Percentage</th>
<th>Survey Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low price</td>
<td>60.0</td>
<td>10.9</td>
</tr>
<tr>
<td>Service</td>
<td>30.0</td>
<td>31.3</td>
</tr>
<tr>
<td>Equal importance</td>
<td>10.0</td>
<td>57.8</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Management predicted that respondents would favor low price over good service by a margin of two to one. Respondents favored service over low price by nearly a three to one margin. It is interesting to note that of the 57.8 percent choosing equal importance, 89.2 percent chose the service type option in Question 16, while the remaining 10.8 percent remained undecided between the low-priced, "lip service" option and the service orientated option. These results show that when Cascade County boat owners perceive both good service and low prices as being available they would rate the good service as being more important. However, when low prices and poor service appear to be mutually exclusive, boat owners in Cascade County give far more importance to the poor service than to the low prices. These general feelings are well illustrated by the strong agreement of the respondents with Statements 17.A, 17.B, 17.D, and 17.F, (Table 9).
TABLE 9

STATE OF AGREEMENT WITH SERVICE RELATED STATEMENTS

<table>
<thead>
<tr>
<th>Statement</th>
<th>Average Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.A. &quot;The buyer soon forgets a low price for a new boat rig if service is unsatisfactory.&quot;</td>
<td>3.94</td>
</tr>
<tr>
<td>17.B. &quot;Unusually good service by a boat dealer is not forgotten.&quot;</td>
<td>4.40</td>
</tr>
<tr>
<td>17.D. &quot;The bitterness of poor service remains long after the sweetness of low price has disappeared.&quot;</td>
<td>4.26</td>
</tr>
<tr>
<td>17.F. &quot;Do not sign up immediately with the dealer who offers the lowest priced deals. His reputation and service facilities are worth more to you than his price shaving.&quot;</td>
<td>3.87</td>
</tr>
</tbody>
</table>

*Disagree strongly, 1.0; Disagree, 2.0; Neither agree or disagree, 3.0; Agree, 4.0; Strongly agree, 5.0.*

A note of lesser importance is that respondents who chose the service option in Question 5 rated themselves significantly lower in technical knowledge of marine products than did the undecided and low price conscious respondents.

**Question 6:** "Would you please rank, in order of importance to you, the following 8 purchase considerations concerning new boat rigs."--Calculations were not made to determine whether the differences were significant at the five percent level. However, observations of the results indicate a substantial difference between management's rankings and
those of the 64 respondents. Table 10 displays the rankings, overall average ranking and total points for each consideration as well as the number of respondents considering the various choices most important to them.

TABLE 10
CONSIDERATIONS IN BOAT RIG PURCHASES

<table>
<thead>
<tr>
<th>Purchase Consideration</th>
<th>Predicted Ranking</th>
<th>Respondent's Ranking</th>
<th>Total Points</th>
<th>Average Ranking</th>
<th>Times Most Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>5</td>
<td>1</td>
<td>148</td>
<td>2.32</td>
<td>33</td>
</tr>
<tr>
<td>Reputation (boat)</td>
<td>6</td>
<td>2</td>
<td>240</td>
<td>3.75</td>
<td>9</td>
</tr>
<tr>
<td>Reputation (motor)</td>
<td>3</td>
<td>3</td>
<td>251</td>
<td>3.92</td>
<td>6</td>
</tr>
<tr>
<td>Price</td>
<td>1</td>
<td>4</td>
<td>283</td>
<td>4.42</td>
<td>6</td>
</tr>
<tr>
<td>Reputation (dealer)</td>
<td>7</td>
<td>5</td>
<td>287</td>
<td>4.48</td>
<td>5</td>
</tr>
<tr>
<td>Styling of rig</td>
<td>2</td>
<td>6</td>
<td>292</td>
<td>4.56</td>
<td>4</td>
</tr>
<tr>
<td>Service facilities</td>
<td>4</td>
<td>7</td>
<td>323</td>
<td>5.05</td>
<td>1</td>
</tr>
<tr>
<td>Location</td>
<td>8</td>
<td>8</td>
<td>480</td>
<td>7.50</td>
<td>0</td>
</tr>
</tbody>
</table>

Close examination of Table 10 reveals that construction of the boat was easily the most important consideration of the respondents, while the location of the dealer is relatively unimportant. It should be noted that the three most important considerations are quality orientated and can be differentiated by non-price type of promotions and that for
all practicality the dealer's reputation, price, and styling were equal in importance to the respondents. It would be interesting to know if the respondents considered location in respect to water when ranking the importance of location. **Question 9:** "How complete is your technical knowledge of marine products?"—The distribution of knowledge as reported by the respondents was significantly different at the five percent level. See Table 11.

**TABLE 11**

TECHNICAL KNOWLEDGE OF MARINE PRODUCTS AND RESPONDENTS CHOOSING RIG NUMBER ONE IN QUESTION TWELVE

(Figures in percent)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Respondents</th>
<th>Rig Number One</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unknowledgeable</td>
<td>20.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Little Knowledge</td>
<td>40.0</td>
<td>37.9</td>
</tr>
<tr>
<td>Knowledgeable</td>
<td>30.0</td>
<td>47.0</td>
</tr>
<tr>
<td>Very Knowledgeable</td>
<td>10.0</td>
<td>9.1</td>
</tr>
<tr>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

It is apparent that management underestimated the respondent's level of technical knowledge. While it is possible that the respondent's overestimated their technical knowledge, the replies to Questions 15, 18, and the comments section of Question 19 strongly suggest management seriously underestimated the knowledge of the respondents in other aspects of boating.
That the more knowledgeable a boat owner is the more unlikely he will depend upon price as a risk reducing factor when buying a boat, is demonstrated when this question is cross-referenced with Statement 17.K. The average response to the statement by the two groups of lesser knowledgeable respondents was 2.89 as compared with 2.30 for the more knowledgeable respondents. This greater tendency of using price as a risk reducer by those who are not capable or confident of their ability to choose a product on its merits, is shown in Table 11, where the percentage choosing rig number one in Question 12, decreases from 75 percent to 50 percent as the knowledge level increases even though the knowledgeable perceived a greater quality difference than did the unknowledgeables. It is shown by the results to Statement 21.M, that the 58 respondents were unanimous in not agreeing that "a boat is a boat as far as quality goes." This realization of quality differences in boats is a contributing factor in the relatively less informed respondee's concern about getting good quality or the right product.

An attempt to relate technical knowledge to family income was unproductive. The average level of technical knowledge for the 27 respondents reporting incomes of $15,000 and greater was 2.56 while for the 31 respondents who reported incomes less than $15,000, the average was 2.48. The scale used was: (1) 1.0, not at all knowledgeable, (2) 2.0, very little knowledge, (3) 3.0, knowledgeable, (4) 4.0, extremely knowledgeable. With this information in
mind it would be impossible to make general claims to a positive correlation between family income and the risk reducing behavior.

**Question 10:** "What type of boating dealer would most appeal to you?"—Management thought 70 percent of the respondents would prefer the discount, high volume dealer. The 63 respondents favored the conventional, service type of dealer by a margin of 2.94 to 1.00. Using the sample percentage of 74.7 percent it can be said that between 62 percent and 85 percent of registered boat owners in Cascade County prefer the conventional, service type of boating dealer.² It would behoove the management to accept these findings and strongly consider changing the image of L and S from "Your Discount Boat and Motor Center" as it appears in the yellow pages of the January 1971 Great Falls Telephone Directory, to that of a conventional boat dealer. The respondents' comments to Question 19 emphasize strongly the fact that many boat owners in Cascade County do not associate service with the discount, high volume type of boat dealer. Another relevant factor for the general disregard for the discount, high volume type of dealer in Cascade County, could be that the present service in Cascade County is below par and thus, the boating public has a greater need for service than the discount prices at this time. The discussion relating to Question 5 gives further testimony about the demand for marine service in Cascade County.

²Ninety-five percent confidence interval.
Question 11: "Which of the two types of boat dealers listed in Question 10 would most likely have the highest quality of merchandise?"—This question further blemishes the appeal of a discount, high volume type of boating dealer in Cascade County. Management thought respondents would be equally divided in their choices. Of the 56 respondents who responded in a definite manner, 47 thought the conventional dealer would have the highest quality merchandise, while only three thought the discount dealer carried the highest quality merchandise. The remaining six respondents stated that quality would be equal. It can be stated that between 71 percent and 91 percent of registered boat owners in Cascade County think the conventional type of boat dealer has higher quality merchandise than the discount dealer.\(^3\)

From the responses to Question 5 and Statements 17.C, 17.E, 17.G, and 17.H, it is apparent that quality was ranked above price by most of the respondents. The results for Statements 17.C, 17.E, 17.G, and 17.H, are shown in Table 12.

The information in Table 12 and the response to Question 11 make it unequivocally clear that L and S must appear in the boat owner's mind as having quality products. The easiest way to insure this quality reputation, according to boat owners, is for L and S to drop the "discount" image.

\(^3\)Ninety-five percent confidence interval.
TABLE 12

STATE OF AGREEMENT WITH QUALITY RELATED STATEMENTS

<table>
<thead>
<tr>
<th>Statement</th>
<th>Average Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.C. &quot;The bitterness of poor quality remains long after the sweetness of low price has disappeared.&quot;</td>
<td>4.37</td>
</tr>
<tr>
<td>17.E. &quot;You may well short-change yourself if you hunt (strictly) for bargains. Know what you want in a boat rig first, then shop around among the different models on the basis of quality; not price.&quot;</td>
<td>4.06</td>
</tr>
<tr>
<td>17.G. &quot;I am presently more interested in high quality and good taste of marine products than ever before.&quot;</td>
<td>3.76</td>
</tr>
<tr>
<td>17.H. &quot;Excellence and good taste of marine products are more important than price.&quot;</td>
<td>3.71</td>
</tr>
</tbody>
</table>

*Disagree Strongly, 1.0; Disagree, 2.0; Neither Agree or Disagree, 3.0; Agree, 4.0; Strongly Agree, 5.0.

Question 15: "Which of the following would make you the happiest?"—This question was designed to determine the respondent's knowledge of priorities on purchases involving trade-ins. Management stated in September 1971 that it was felt L and S had lost several sales because customers did not realize the net difference was more important than the trade-in allowance on used rigs. Sales were lost but the results to this question and the reasons for purchase choice in Question 19 point to other causes for these lost sales.

4L. R. Larsen, taped interview on September 18, 1971.
Management's hypothesis and the results from the respondents for Question 15 are given in Table 13.

**TABLE 13**

**RESPONDENTS' KNOWLEDGE OF PRIORITIES ON PURCHASES INVOLVING TRADE-INS**

*(Figures in percent)*

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesis</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest trade-in allowance would make me happiest</td>
<td>80.0</td>
<td>9.4</td>
</tr>
<tr>
<td>Lowest net difference would make me happiest</td>
<td>20.0</td>
<td>57.8</td>
</tr>
<tr>
<td>The above choices would make me equally happy</td>
<td>0.0</td>
<td>32.8</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

On the pre-test, a question similar in most respects was used and possibly can explain the 32.8 percent who chose the third response. The pre-test question asked respondents to rank the possible choices in order of importance if one was going to trade his present boat in on a new one. The choices were: (1) "amount you receive for your used rig," and (2) "difference you have to pay." Eleven of 12 respondents chose the second option, and of these eleven, three chose the third option for Question 15, thus making the pre-test percentages on Question 15 basically the same as the entire respondent sample.
The switch over could have been caused by using "happiest" instead of "most important". It may be that, even though Cascade County boat owners do realize that net difference is the most important item, they are "happier" talking about how much they got for that "bucket of worms" they traded in. If it is assumed that this type of switch over occurred throughout the respondent sample, it can be stated that between 80 percent and 96 percent of owners of registered boats in Cascade County know that the net difference is most important when it comes to dealing with trade-ins. However management wants to interpret the discussion to this question, they must realize that boat owners in Cascade County are better informed than was hypothesized, when it comes to dealing with trade-ins.

Statement 17.E: "You may well short-change yourself if you hunt (strictly) for bargains. Know what you want in a boat rig first, then shop around among the different models on the basis of quality, not price." This statement was designed to measure the relative strengths of quality and price considerations in purchase discussions, and demonstrates the over-importance that management placed on price as a competitive tool. Management thought the respondents' replies would average 2.00. The average score for the 62 respondents was 4.06 with 30.7 percent of the respondents agreeing strongly, 53.3 percent agreeing, and only 6.5 percent disagreeing.

5 Ninety-five percent confidence interval.
in any manner. The results to this question and Question 11 certainly show that selling the quality aspects of a boat rig is a most competitive tool and probably can be used in Cascade County with very productive results.

Statement 17.F: "Do not sign up immediately with the dealer who offers the lowest priced deals. His reputation and service facilities are worth more to you than his price shaving."

This statement was similar to Statement 17.E except that the relative importance of price and service was measured.

The 61 respondents average response was 3.87 measured against management's prediction of 3.00. Agreeing strongly were 18.0 percent, 65.5 percent agreed, and only 11.5 percent disagreed in any manner. This question again points to the fact that tools of competition besides price competition can be used to sell boat rigs in Cascade County.

Statement 17.G: "I am presently more interested in high quality and good taste of marine products than ever before."

The trend for appreciation of high quality and good taste was measured by this statement. Management predicted that respondents would disagree. The reverse was true. Of the 62 respondents, 24.2 percent agreed strongly, 37.1 percent agreed, and only 9.7 percent disagreed. It is possible that the high average, 3.76, was indirectly caused by the lack of marine service in Great Falls, a comment made by many respondents.

Statement 17.H: "Excellence and good taste of marine products are more important than price."--Management again predicted
general disagreement by the respondents. Only 9.8 percent of the respondents agreed with management while 26.2 percent neither agreed nor disagreed. Ten respondents or 16.4 percent agreed strongly with the statement and 47.6 percent agreed for an average response of 3.71. This statement is similar to Statement 17.E except that good taste has been added and excellence was used instead of quality. The inclusion of good taste (styling) probably was the cause for the slightly lower overall average than Statement 17.E. Substantial evidence that styling while of equal importance to price is less important than quality as a purchase consideration is provided by the results from Statement 17.H and Question 6.

Statement 17.J: "The price of a new rig is as significant as many of its physical characteristics in determining its quality."—Management expected the average respondent to disagree. The average response was 3.18 on the 5 point scale, which indicates a slight inclination toward agreement with the statement. The results are listed in Table 14.

<table>
<thead>
<tr>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree with statement</td>
</tr>
<tr>
<td>Disagree with statement</td>
</tr>
<tr>
<td>Neither agree or disagree with statement</td>
</tr>
<tr>
<td>Agree with statement</td>
</tr>
<tr>
<td>Strongly agree with statement</td>
</tr>
</tbody>
</table>
It was interesting to note that average-wise, the respondents who reported themselves to be knowledgeable or extremely knowledgeable in Question 9 showed a stronger agreement than respondents who reported themselves to be unknowledgeable or having very little knowledge. The averages were 3.46 and 2.81 respectively. It must be cautioned that the positive correlation between the two questions was only 0.155. No important deduction can be made regarding a correlation between the technical knowledge of a boat owner in Cascade County and his use of price as an indicator of quality, because the 95 percent confidence interval for correlation is -0.1 to 0.38.

The sincerity of the respondents is exhibited when the responses to Question 12 and Statements 17.E and 17.J are compared. Respondents were asked in Question 12 to choose between two boats of different price and a possible difference in quality. The higher priced boat was chosen by 62.9 percent of the respondents. Statement 17.E measured the relative strengths of quality and price in purchase considerations and of the 62 respondents, 83.9 percent agreed that the quality was more important than price, and 9.7 percent replied that they neither agreed nor disagreed. Forty-two or 68.8 percent of the respondents to Statement 17.J implied that price is an indicator of quality. Assuming that the "neither agree nor disagree," respondents to Statement 17.E split between quality and price considerations when Question 12 was answered, the expected percentage choosing the more expensive
Management's implications to Statement 17.J are that even though 55 to 80 percent of boat owners in Cascade County think price is an indicator of a boat rig's quality, only 29 to 54 percent of them think price is as significant an indicator of quality as many of its physical characteristics.\(^6\)

Statement 17.L: "When it comes to boats, if a customer wants one, he will get it any way he can."—The purpose of this statement was to obtain information about the shape of the demand curve for boat rigs in Cascade County. Strong disagreement would have indicated an elastic demand curve, while strong agreement would signify the presence of an inelastic demand curve. The average result of 3.03 did not signify a trend for either extreme. However, management's prediction of 2.00 is probably a reason for their present overemphasis on pricing. Pricing is an important factor when the demand curve facing a firm is elastic.

More information is gleaned about the demand curve when Questions 12, 13, and 14 are studied together. It is thought by Howard J. Leavitt, that for those products which price is used by some customers as an indicator of quality, there may be a positively sloped demand curve instead of the

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\(^6\)Ninety-five percent confidence intervals.
traditional negatively sloped curve. He hypothesized that this happens when customers, believing there is a difference in quality, will have more doubts when they choose the lower priced brands than when they choose the higher priced brands.

Leavitt concluded by stating that a higher price may sometimes increase, rather than decrease, a customer's willingness to buy in that a high price may be an attracting instead of a repelling force for particular brands of many different items. Leavitt's thinking does not apply to registered boat owners in Cascade County as indicated by the results to Question 14. Respondents who chose Rig Number Two in Question 12 were equally pleased with their decision as those choosing Rig Number One, even though they indicated a probable quality difference in favor of Rig Number One. Thus, a negatively sloped demand curve of moderate elasticity probably exists for boat rigs in Cascade County.

Because L and S has only three direct competitors, and since a boat rig can be differentiated from other boat rigs in terms of quality, service, style, etc., management does have some control over price. To increase profits, L and S should employ other competitive tools, besides pricing, more fully, and decrease their dependency on pricing as a competitive tool. An informative book, Pricing Decisions in Small Business, is available and directly related to the

subject of this question. It is highly advisable reading.

Question 18: "Does the suggested list or retail price on the window of a new boat rig scare you away from some boat dealers because you think the prices are too high at the dealership." The results to this question are related to the overestimation on pricing and the underestimation of the knowledge of boat owners in Cascade County by management. It was thought by management that the suggested list or retail price on the window of a new boat rig would cause 70 percent of the respondents to shy away from the dealer because of high prices. Nearly the opposite was true; 42 of the 63 respondents or 67 percent answered in the negative. The results imply two phenomena: (1) that the respondents generally were aware that the suggested list price is not the price at which a boat rig is sold when there is no trade-in, and (2) the respondents were less price conscious than hypothesized by the management. The 95 percent confidence range for owners of registered boats in Cascade County is from 52 percent to 78 percent. That is, with 95 percent confidence, it can be stated that between 52 and 78 percent of registered boat owners would have answered Question 18 in the negative.

Question 19: "You have been offered two deals; at Dealer #1 (a conventional, service type of dealer) and Dealer #2 (a discount, high volume type of dealer) for rigs of different

brands but similar color, style, horsepower, length, and accessories, etc."—Management was very accurate in its estimation of how many respondents would take each deal. The hypothesized reason given by management is the basis for discussing this question in this section. Management predicted 60 percent would take the first deal as compared with the respondent percentage of 55.4. The 95 percent confidence range for Cascade County therefore, is 41 to 68 percent.

Management hypothesized in September 1971, that one of L and S's biggest problems was that many customers lost to other dealers were lost because the customers did not realize the net difference was of most importance in a deal involving trade-ins. Instead, management hypothesized these same customers thought the trade-in allowance on their used boat was most important. The respondents' replies and verbal answers to Question 15, strikingly reject that management held hypothesis.

Of the thirty-one respondents who chose the first deal, twenty-nine responded in the comments section. The primary reasons of these respondents for choosing deal number one are listed in Table 15.
TABLE 15

PRIMARY REASONS FOR CHOOSING DEAL ONE IN QUESTION 19

<table>
<thead>
<tr>
<th>Primary Reason</th>
<th>Times Listed as Primary Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Better service&quot;</td>
<td>24</td>
</tr>
<tr>
<td>&quot;Better quality&quot;</td>
<td>2</td>
</tr>
<tr>
<td>&quot;Prices all above board&quot;</td>
<td>1</td>
</tr>
<tr>
<td>&quot;Dealer #2 is a wheeler dealer&quot;</td>
<td>1</td>
</tr>
<tr>
<td>&quot;I do not trust discount dealers for anything over $10.00. I am certain they buy and sell seconds.&quot;</td>
<td>1</td>
</tr>
</tbody>
</table>

Comments and secondary reasons for choosing the first deal were (1) "better services," (2) "higher quality material," listed twice, (3) "reputation," listed twice, (4) "years in business," (5) "built in buyer protection," (6) "probably like boat better," (7) "high volume type dealer does not give service after purchase," (8) "most high volume dealers of past experience tend to forget you once their deals have been made," (9) "good workmanship," (10) "getting service in Great Falls is very hard," (11) "service counts more in the long run than dollars saved on discount prices," (12) "probably end up with better service with no questions asked (experience)," and (13) "for a difference of $150 poor service and down-time for low parts stock could eat up the difference quickly."

Twenty-five respondents chose deal number two and twenty-two commented on their choice. The primary reasons
of these respondents for choosing deal number two are listed in Table 16.

TABLE 16

PRIMARY REASONS FOR CHOOSING DEAL TWO IN QUESTION 19

<table>
<thead>
<tr>
<th>Primary Reason</th>
<th>Times Listed as Primary Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Lesser dollar difference&quot;</td>
<td>20</td>
</tr>
<tr>
<td>&quot;Better brands&quot;</td>
<td>1</td>
</tr>
<tr>
<td>&quot;Sometimes the warranty is better at the discount store&quot;</td>
<td>1</td>
</tr>
</tbody>
</table>

Comments and reservations about choosing deal number two were: (1) "dollar savings at the discount dealer, service at the conventional dealer, services at the conventional dealer," (2) "if dealer number two had a good service shop," (3) "if boats are of equal quality," listed twice, (4) "could probably make any repairs during normal warranty period with money saved," (5) "I've never taken anything back for service, usually do it myself," (6) "assuming that service is equal," (7) "less money, comparable quality," (8) "most people have to have boat repaired elsewhere; does not matter what you do, service is lousy in Great Falls," and (9) "I must be scotch."

The comments and primary reasons convey that the respondents choosing "Deal #1" was service at the conventional dealer or lack of it at a discount dealer. When the responses to this question are studied and cross-referenced with those
of Statement 17.I, it becomes obvious that a quality difference between the two options was not perceived by the respondents. In fact, the twenty-eight respondents who answered both questions and chose "Deal #1" disagreed slightly more with Statement 17.I, than did the twenty-four respondents who answered both questions and chose "Deal #2". The respective averages were 2.64 and 2.67 and the same dollar difference, ($150), existed in both questions. It is worthwhile to mention that three of the primary reasons for choosing "Deal #1" were not because of qualities of the conventional, service type dealer, but instead directed against negative qualities of the discount dealer that were perceived.

Of course, the dollar savings was the main reason for respondents choosing the deal with the discount dealer. Of greater interest is the fact that some respondents chose "Deal #2" with the condition that the discount dealer had service comparable to the conventional dealer.

A note of interest is that all five respondents who were stationed at Malmstrom Air Force Base, chose the deal from the discount dealer. This phenomena can possibly be explained by the fact that the military owner of a boat felt he would not be in the community long enough to benefit from the better service expected from the conventional dealer. It must be stressed at this time that it would be very unwise to use price as the primary competitive weapon to gain the military trade. Quality still remains available as a competitive tool and as previously shown, carries more weight
in buying decisions than both price and service.

**Question 26:** "Which used outboard motor would you purchase?" -- The results of the survey were not significant when all 57 respondents' replies were compared with management's hypothesis. However, when the respondents who stated in Question 23, that they would not or probably would not buy a used outboard motor were eliminated, the results became significant at the five percent level. Table 17 portrays these results.

**TABLE 17**

RESPONDENTS' PURCHASE DECISIONS BETWEEN "AS-IS"
AND REBUILT 1962 OUTBOARD MOTORS
(Figures in percent)

<table>
<thead>
<tr>
<th>Motor</th>
<th>Management's Prediction</th>
<th>First Choice (57 respondents)</th>
<th>First Choice (20 respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;As-is&quot; ($300)</td>
<td>10.0</td>
<td>19.3</td>
<td>30.0</td>
</tr>
<tr>
<td>30-day guarantee ($400)</td>
<td>30.0</td>
<td>29.8</td>
<td>40.0</td>
</tr>
<tr>
<td>Rebuilt ($860)</td>
<td>60.0</td>
<td>50.9</td>
<td>30.0</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

It is evident the merits of rebuilt outboard motors will have to be sold to boat owners in Cascade County who compose the primary market for used outboard motors. The price for "rebuilt" should be kept at 65 to 75 percent of
a new motor of the same horsepower, and the quality and the one-year guarantee on them should be emphasized.

The extreme change in percentages is understandable in that many who buy new outboard motors and inboard/outboard motors do so because of the longer guarantees.

A possible market source for rebuilt motors is the type of boat owner who stated he probably would not buy a used outboard motor. Respondents who selected this response to Question 13 accounted for 25.8 percent of the entire respondent sample and 53.3 percent of them chose the rebuilt option in Question 26. It is possible that a "rebuilt" outboard motor would solve two problems for this type of respondent: (1) lack of funds to buy new outboard of desired horsepower, and (2) the desire for a motor with a one-year guarantee.

The future for rebuilt outboard motors in Cascade County is unknown, but from all indications a large market potential exists if the needs of boat owners in the Great Falls area are similar to those in the Salt Lake City area. In any event, much goodwill will be generated by a few satisfied purchasers of rebuilt motors with a one-year guarantee.

Question 27: "Which used outboard motor would you most likely purchase?"--The management's hypothesis for this question was rejected for the entire sample and also for

---

the sample which contained only those respondents who sig­
nified in Question 23 their next outboard motor would be, or
probably would be, a used one. The results are contained in
Table 18.

TABLE 18

RESPONDENTS' PURCHASE DECISIONS BETWEEN A THIRTY-DAY
GUARANTEE AND A ONE-YEAR GUARANTEE
ON A USED 1970 OUTBOARD MOTOR
(Figures in percent)

<table>
<thead>
<tr>
<th></th>
<th>30-day Guarantee</th>
<th>One-year Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management's</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Predicted Percentages</td>
<td>20.0</td>
<td>80.0</td>
</tr>
<tr>
<td>First Choice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>44.8</td>
<td>55.2</td>
</tr>
<tr>
<td>(58 respondents)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Choice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>57.1</td>
<td>42.9</td>
</tr>
<tr>
<td>(21 respondents)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The data presented in the table, like Question 26,
showed that buyers of used motors on the average are not as
guarantee conscious as the non-buyers of used outboard motors
in Cascade County. This fact is also shown by the results to
Question 25 where the boat owners who stated in Question 23
they would not, or probably would not, buy a used outboard
motor, expected an average guarantee of 7.0 months while the
probable buyers of used outboards expected an average guaran­
tee of 4.5 months.
The expectations of the used-orientated respondents with the results of a two-year study on used outboard motors by Johnson Motors is compared in Table 19. The returns came from a panel of Johnson dealers selected by the Manager of Marketing Research and Planning for Johnson Motors. All sales of used outboard motors during 1969 and 1970 were reported on a special card and sent to Johnson Motors for compilation.

It is noted that none of the panel members guaranteed used outboard motors more than ninety days unless they had been reconditioned or rebuilt. L and S's stated policy is to guarantee all used outboards of dependable quality for one year.

The type of guarantee preferred by the "used-orientated" boat owner becomes obvious when the responses are observed. Even though respondents answered Question 24 knowing they would have to pay according to the protection offered, they heavily favored the option where the dealer pays all costs (see Table 20).
<table>
<thead>
<tr>
<th>Guarantee</th>
<th>Respondent Expectations</th>
<th>1 Year</th>
<th>2-4 Years</th>
<th>5-9 Years</th>
<th>10+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>25.0</td>
<td>30.8</td>
<td>26.7</td>
<td>33.3</td>
<td>58.6</td>
</tr>
<tr>
<td>30 days</td>
<td>10.0</td>
<td>11.5</td>
<td>20.0</td>
<td>29.8</td>
<td>19.5</td>
</tr>
<tr>
<td>60 days</td>
<td>----</td>
<td>11.5</td>
<td>20.0</td>
<td>29.8</td>
<td>19.5</td>
</tr>
<tr>
<td>90 days</td>
<td>30.0</td>
<td>46.2</td>
<td>33.3</td>
<td>7.1</td>
<td>2.4</td>
</tr>
<tr>
<td>120 days</td>
<td>5.0</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>6 months</td>
<td>15.0</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>12 months</td>
<td>10.0</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>24 months</td>
<td>5.0</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Average (days)</td>
<td>135.0</td>
<td>51.9</td>
<td>48.0</td>
<td>33.2</td>
<td>19.7</td>
</tr>
<tr>
<td>Percent of &quot;as-is&quot; sales</td>
<td>8.2</td>
<td>27.5</td>
<td>28.5</td>
<td>35.8</td>
<td></td>
</tr>
<tr>
<td>Weighted average guarantee (days)</td>
<td>34.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent sold &quot;as-is&quot;</td>
<td>31.7</td>
<td>16.6</td>
<td>18.3</td>
<td>17.3</td>
<td></td>
</tr>
</tbody>
</table>

TABLE 20

TYPE OF GUARANTEE PREFERRED BY RESPONDENTS MOST LIKELY TO BUY A USED OUTBOARD MOTOR
(Figures in percent)

<table>
<thead>
<tr>
<th>Type of Guarantee</th>
<th>First Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dealer pays all</td>
<td>61.9</td>
</tr>
<tr>
<td>&quot;50-50&quot;</td>
<td>14.3</td>
</tr>
<tr>
<td>No guarantee</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

It is concluded from the facts presented that:

(1) L and S should cease one-year guarantees on outboards that have not been rebuilt, (2) guarantees should be for a maximum of ninety days on outboards that L and S has ascertained the functional reliability, and (3) any outboard sold with the condition unknown should have no guarantee except that it runs at time of purchase.

Additional Subjects of Importance

Question 7: "What would be most important to you in deciding which dealer to visit when in the market for a new boat rig?"

As management predicted, the brand of motors carried by a dealer is most important to registered boat owners in Cascade County. The brand of motors was named by 62 percent of the 63 respondents as being most important.

When respondents were asked in Question 8, to rank the popular brands, Mercury, as seen in Table 21, was the
most favored choice of the 59 respondents who ranked the brands. Seven additional respondents were undecided.

TABLE 21
RESPONDENTS' RANKING OF OUTBOARD MOTOR BRANDS

<table>
<thead>
<tr>
<th>Brand</th>
<th>Respondent's Overall Ranking</th>
<th>Total Points</th>
<th>Times First Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mercury</td>
<td>1</td>
<td>107.5</td>
<td>32</td>
</tr>
<tr>
<td>Evinrude</td>
<td>2</td>
<td>130.0</td>
<td>13</td>
</tr>
<tr>
<td>Johnson</td>
<td>3</td>
<td>143.5</td>
<td>9</td>
</tr>
<tr>
<td>Chrysler</td>
<td>4</td>
<td>189.0</td>
<td>3</td>
</tr>
<tr>
<td>Homelite</td>
<td>4</td>
<td>----</td>
<td>2</td>
</tr>
</tbody>
</table>

It would seem logical that a dealer who carried the Mercury engine would be the most probable choice when selecting a widely known dealer in Cascade County. This thought was proven true during the pre-test when the interviewees were asked to list without reference, the four boat dealers in Great Falls, and their boat and outboard motor franchises. One point was awarded for correct response(s) in each category for a possible total of twelve points per respondent. The results were as follows: (1) Coast-to-Coast, 27 points, (2) Sports Motors, 24 points, (3) Quality Motors, 17 points, and (4) L and S, 10 points.

The results were not surprising in that they were directly related to the number of years in business. It was interesting to note that in all fifteen instances when
two points were awarded to a firm, it was the motor franchise and not the boat franchise that was remembered.

Since Mercury has enjoyed the longest continuous representation by the same dealer in Cascade County, the main reason for Mercury being the favorite outboard motor is probably that more respondents owned Mercurys than any other brand and they were basically satisfied with them.

**Question 20:** "What factors enhance the prestige (image) of a boating dealer?"—Factors as listed by the respondents are recorded in Table 22.

**TABLE 22**

FACTORS ENHANCING THE PRESTIGE OF A BOATING DEALER

<table>
<thead>
<tr>
<th>Factor</th>
<th>Times Listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good, fast service and quality workmanship</td>
<td>30</td>
</tr>
<tr>
<td>Honesty and integrity</td>
<td>10</td>
</tr>
<tr>
<td>Quality merchandise</td>
<td>9</td>
</tr>
<tr>
<td>Brand names</td>
<td>9</td>
</tr>
<tr>
<td>Cleanliness and neatness of shop, showroom, yard and premise</td>
<td>8</td>
</tr>
<tr>
<td>Knowledge of products by salesmen</td>
<td>7</td>
</tr>
<tr>
<td>Friendliness, whether customer is buying or shopping</td>
<td>7</td>
</tr>
<tr>
<td>Good inventory of boats, motors, accessories, and parts</td>
<td>7</td>
</tr>
<tr>
<td>Good display of merchandise</td>
<td>6</td>
</tr>
<tr>
<td>Reputation</td>
<td>5</td>
</tr>
<tr>
<td>Fair prices and dealings</td>
<td>4</td>
</tr>
<tr>
<td>Stands behind warranties, products, etc.</td>
<td>4</td>
</tr>
<tr>
<td>Interest in customers and their problems</td>
<td>4</td>
</tr>
<tr>
<td>Location and availability to water</td>
<td>3</td>
</tr>
<tr>
<td>Years in business</td>
<td>3</td>
</tr>
<tr>
<td>Many satisfied customers</td>
<td>2</td>
</tr>
</tbody>
</table>
Again, as it has been mentioned throughout this study, it was shown that service and quality were more important to respondents than pricing. The results in Table 22 came from 3.6 percent of the registered boat owners in Cascade County. If the respondents were typical of owners of registered boats in Cascade County, each factor would be thought as a prestige (image) enhancing factor by 27.8 times as many registered boat owners in Cascade County as appears in Table 22.

**Question 21:** "What factors detract or keep a boating dealer from gaining prestige or a good image?"—Detracting factors are listed in Table 23 in the order of importance perceived by the respondents.

**TABLE 23**

**FACTORS DETRACTING FROM THE PRESTIGE OF A BOATING DEALER**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Times Listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor service before or after sales</td>
<td>26</td>
</tr>
<tr>
<td>Dishonesty and lack of integrity</td>
<td>5</td>
</tr>
<tr>
<td>Low quality of products</td>
<td>5</td>
</tr>
<tr>
<td>Unknown or poor brand names</td>
<td>5</td>
</tr>
<tr>
<td>Unfriendliness of salesmen and working staff</td>
<td>5</td>
</tr>
<tr>
<td>Not keeping verbal agreements or standing behind products</td>
<td>5</td>
</tr>
<tr>
<td>Low inventory of merchandise and parts, have to order</td>
<td>4</td>
</tr>
<tr>
<td>Dirty and cluttered shop, showroom, and yard</td>
<td>4</td>
</tr>
<tr>
<td>Poor display of merchandise</td>
<td>4</td>
</tr>
<tr>
<td>High pressure tactics</td>
<td>3</td>
</tr>
<tr>
<td>Lack of interest in customer</td>
<td>2</td>
</tr>
<tr>
<td>Too many fast deals with no service</td>
<td>2</td>
</tr>
</tbody>
</table>
TABLE 23—Continued

<table>
<thead>
<tr>
<th>Factor</th>
<th>Times Listed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of knowledge of products by salesmen</td>
<td>2</td>
</tr>
<tr>
<td>Different deals to different customers</td>
<td>2</td>
</tr>
<tr>
<td>No follow-through on customer relations</td>
<td>2</td>
</tr>
<tr>
<td>Criticizing competitors brands</td>
<td>1</td>
</tr>
<tr>
<td>Conflict of interest with non-marine products</td>
<td>1</td>
</tr>
<tr>
<td>Makes unnecessary repairs</td>
<td>1</td>
</tr>
<tr>
<td>Will not deal attitude</td>
<td>1</td>
</tr>
<tr>
<td>Untrained help</td>
<td>1</td>
</tr>
<tr>
<td>Low quality repairs at low cost</td>
<td>1</td>
</tr>
<tr>
<td>Poor location</td>
<td>1</td>
</tr>
<tr>
<td>No proper maintenance area</td>
<td>1</td>
</tr>
<tr>
<td>Careless handling of customer’s equipment</td>
<td>1</td>
</tr>
<tr>
<td>Unsatisfied customers</td>
<td>1</td>
</tr>
<tr>
<td>Too many cut-rate or big deals</td>
<td>1</td>
</tr>
<tr>
<td>Poor reputation</td>
<td>1</td>
</tr>
<tr>
<td>Tries to steal your trade-in</td>
<td>1</td>
</tr>
</tbody>
</table>

That lack of service by a dealer detracts more from the dealership's image and prestige than any other factor is indicated clearly in Table 23. These results came from 3.3 percent of the registered boat owners in Cascade County. If the respondents were typical of owners of registered boats in Cascade County, each factor would be thought as a detractor from prestige or a favorable image by 30.3 times as many registered boat owners in Cascade County as appears in Table 23.

Question 22: "Comments: Anything regarding the new boat, new motor, or new trailer, and accessories market will be
greatly appreciated."—Comments by respondents were: (1) "It is best to deal with an honest dealer," (2) "Good and honest merchandising," (3) "My next new rig will be one that has good reputation for durability and strength," (4) "Know your dealer," (5) "Local dealers' backing on boat warranties is very important because boats have to be returned to factory for guarantee," (6) "Would purchase best quality only," (7) "Broader training in operation of boat after sales are made," (8) "Most people buy on company reputation and how well they stand behind product," (9) "Will there be parts available if I need them?" (10) "More follow-through on sales needed and not the, 'Do you a favor' attitude," (11) "Good honest service and merchandise," (12) "People should be shown a sample of the internal construction of boats," (13) "A good product with excellent service is most important and I am willing to pay extra for it," (14) "A boating dealer who deals honestly and competitively plus offering good, reasonably priced service is the one who appeals to me," (15) "Make all fiberglass boats of nothing but the best of fiberglass."

Question 28: "Comments: Anything regarding the used outboard motor market will be appreciated."—Comments were: (1) "I would not buy a used motor unless it had a guarantee," (2) "I would never buy 'AS-IS' outboards," (3) "Rebuilt and guaranteed outboards would depend upon the dealer's reputation," (4) "Would not buy "AS-IS" outboard," (5) "Depends upon dealer's reputation," (6) "Normally a motor will indicate any trouble within 30 days of normal operation, so if it
is reasonably priced with at least a 30-day guarantee, I would consider it a safe buy," (7) "Used motors are a bad deal; you should watch yourself," (8) "Guarantee means little," (9) "Know your dealer," (10) "Guarantees are no good," (11) "Length of guarantee would depend on time of year; 30 days in June or July would be sufficient to protect the buyer, whereas 60 or 90 days would be worthless to the person who bought in November," (12) "I think the dealer's reputation is at stake. If he stands behind his product, more people return to purchase used motors. If a person gets stung, he has second thoughts about buying another major product from him," (13) "Should guarantee all used motors and completely check them out before any sale," (14) "I can usually fix anything, but when a large sum of money is involved, I'll take the guarantee," (15) "Would not buy any used boat motor; guarantee means nothing anymore," (16) "Having parts and service for older motors," (17) "I feel dealers could be a little more honest or at least knowledgeable as to how much horsepower (h.p.) is needed for one's need," (18) "I would not normally buy one. Warranties are worthless. If a dealer wants my business he will take care of me," (19) "Good, honest statement of fact that engine was rebuilt," (20) "Rebuilt with quality work is more relevant than a guarantee. A product that works is more important than a guaranteed product that does not work or is not reliable," (21) "Rebuild and guarantee all good engines," (22) "One year guarantee is an excellent selling point," (23) "Repairs have been made as stated,"
One of the pre-test questions was, "With what type of rig would you most likely replace your present one?"—During the pre-test, eleven interviewees were asked to describe the boat rig they would most likely buy to replace the one they had. Table 24 compares the replacement rig with their present rigs.

The desire for more power was evident. All eleven interviewees wanted larger motors with the mean percentage increase being 31.4 percent, and the median increase was 25 percent. Three of the eight outboard motor owners wanted an inboard/outboard power unit while none of the three present owners of an inboard/outboard wanted to switch back to an outboard motor.

The facts with length of boat are different. Only four of the eleven interviewees wanted larger boats while one person was undecided whether or not he wanted a larger boat. It was interesting to note however, that four of six interviewees with boats of 16.5 feet or less wanted larger boats. The mean percentage increase was 3.7 percent, and the median increase was 0.0 percent.

The managerial implications to this data are that a customer who has a trade-in will nearly always be getting a larger motor, and if his boat is less than 17 feet, he will probably be getting a larger boat.
<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Present Horsepower</th>
<th>Replacement Horsepower</th>
<th>Percent Increase</th>
<th>Present Length</th>
<th>Replacement Length</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>115</td>
<td>125</td>
<td>13</td>
<td>16</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>65</td>
<td>80</td>
<td>23</td>
<td>19</td>
<td>16</td>
<td>-19</td>
</tr>
<tr>
<td>3</td>
<td>140</td>
<td>165</td>
<td>18</td>
<td>18.5</td>
<td>18</td>
<td>--</td>
</tr>
<tr>
<td>4</td>
<td>120</td>
<td>180</td>
<td>50</td>
<td>19</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>60</td>
<td>75</td>
<td>25</td>
<td>16</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>30</td>
<td>40</td>
<td>33</td>
<td>14</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>7</td>
<td>35</td>
<td>50</td>
<td>43</td>
<td>16</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>65</td>
<td>120</td>
<td>85</td>
<td>15</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>155</td>
<td>175</td>
<td>13</td>
<td>16.5</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>10</td>
<td>40</td>
<td>50</td>
<td>25</td>
<td>15</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>140</td>
<td>165</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>0</td>
</tr>
</tbody>
</table>
CHAPTER IV

CONCLUSIONS

Results of Paper

It is shown in this paper that L and S's management has a significant lack of knowledge and understanding of registered boat owners in Cascade County. The results which apply only to registered boat owners in Cascade County may be stated as follows.

Good service is a better competitive tool than low prices! Goods must be sold at a profit; not just enough to recover retailer cost, but enough to cover all overhead and after-sale expenses. The latter must include enough to allow L and S to back up its products by paying for warranty work, by providing extra services needed during guarantee periods, and "good will" services needed after the guarantee period. Neither short run nor long run profits are made until provision is made for all these items. It is necessary to remark that customers will not automatically reward enterprise and service. Management must constantly sell itself, the dealership and its service to customers.

Quality is more important than price as a competitive tool! Four basic principles of this competitive tool are:

(1) know your product thoroughly, (2) talk in terms of the prospect's interest, (3) tell why your product offers more
value, and (4) get the prospect's agreement with you when discussing each feature.\(^1\) Two facts necessitating these principles are that management will have to sell quality because it will not always sell itself and customers must constantly be educated on the difference between price and value.

A conventional, service type of boating dealer is preferred over the discount, high volume type of dealer! This favoritism occurred because boat owners associate: (1) service with a conventional dealer and lack of service with a discount dealer, and (2) higher quality products with a conventional dealer.

L and S has overemphasized price as a competitive tool! The results show that probably a negatively sloped demand curve of moderate elasticity exists. With this probable fact and the fact that differentiation of products is possible, price competition should be de-emphasized as a competitive tool. Good service and high quality products should be emphasized instead because these two considerations were shown to be more important to boat owners.

Boat owners will be active in their shopping! Most boat owners who buy from dealers will visit more than one dealer and are more knowledgeable in the technical and trading phases of boat ownership than hypothesized by management. These two remarks make it apparent that the burden

is placed on the dealer to use all the selling expertise he has.

Selling rebuilt motors with a one-year guarantee should be continued! The size of market is an unknown factor but much "goodwill" could result from happy owners of rebuilt motors. The price of rebuilts should be raised to the level where they are 65 percent to 75 percent of the cost of new outboard motors with equivalent horsepower.

Guarantees on used outboards that have not been rebuilt should be no longer than 90 days! One-year guarantees on such outboards should definitely be ceased and only outboards whose functional reliability has been proven should be sold with a guarantee.

Few boat owners own a snowmobile! Because it would require much publicity to attract a generally new clientele, picking up a snowmobile line is not recommended. Since most families probably do not have two recreational vehicles and L and S is a fledging business, diversification into any recreational vehicle is not recommended.

**Areas Needing Further Study**

Many areas for possible further study exist. Three of the more interesting and productive areas would be, (1) a regional feasibility study for the production of rebuilt outboard motors in Great Falls, (2) a further study of the demand curve in Cascade County, including the possibility of a "kinked" demand curve, and (3) a study involving the
possibility of a difference between military and non-military boatowners with a resultant possibility of using the concept of price discrimination between military and non-military customers.
APPENDIX A

Questionnaire

Dear Sir:

My name is David L. Hanson and I am a student at the University of Montana's Graduate School of Business. As part of a requirement for my Master's Degree, I am doing a survey of registered boat owners in Cascade County, selected at random from the Montana's State Board of Equalization listing of registered boats and their owners. From the replies of the boat owners included in the sample (100), I shall make recommendations to a boat retailer for greater boatowner satisfaction in Cascade County.

Enclosed is a questionnaire, to be completed by the head of household, that can be answered with check marks, numbers, or, at most, a few lines. I would appreciate your filling in the questionnaire and returning it to me in the postage paid, self-addressed envelope. Please be completely candid; your identity will not be revealed to anyone else. I will value your honest reply. Approximately 15 minutes are required to fill out the questionnaire.

The printing and mailing costs are paid totally by myself. Since I am on a limited budget, you can understand my interest in getting as many replies as possible. So won't you take a moment now, while this letter has your attention, and fill out the questionnaire so that I receive it no later than March 25.

Thank you very much. Again, I repeat, the information given to me will in no way be associated with an individual. It will be presented in combined form in my professional paper.

Sincerely yours,

David L. Hanson

58
SURVEY OF BOAT OWNERS IN CASCADE COUNTY

To be completed by head of household if possible.

1. Do you own a snowmobile? ___ Yes ___ No

(Please answer Questions 2, 3, and 4 about the largest or only boat you own. If you no longer own a boat continue with Question 5.)

2. Was the boat bought from a boat dealer or an individual?
   ___ Boat dealer ___ Individual

3. How many boat dealers did you visit when you were in the market for your boat? ______

4. Where did you purchase the boat? ___ (City) ___ (State)

5. What would mean most to you in the long run?
   (Check only one)
   ___ #1 - A low price for a new boat rig (5% less than available elsewhere)
   ___ #2 - Good service by a dealer from whom you bought a new boat rig
   ___ #1 and #2 - Are of equal importance to me

6. Would you please rank, in order of importance to you, the following 8 purchase considerations concerning new boat rigs. (Please rank 1st, 2nd, 3rd,...,8th by putting appropriate number on blank following each consideration.)

   Construction of boat
   Price of boat rig
   Styling of boat rig
   Dealer's general reputation
   Dealer's service facilities
   Dealer's store location
   General reputation of boat (manufacturer)
   General reputation of motor (manufacturer)

7. What would be most important to you in deciding which dealer to visit when in the market for a new boat rig?
   (Check only one)
   ___ The brand or brands of boats a dealer carries
   ___ The brand or brands of outboard motors a dealer carries
8. What make of outboard motor would you most likely choose if you had to select a favorite brand today? (Use 1, 2, 3 and 4 for rank.)

___ Chrysler     ___ Mercury
___ Evinrude     ___ Undecided
___ Johnson

9. How complete is your technical knowledge of marine products?

___ Not at all knowledgeable
___ Very little knowledge
___ Knowledgeable
___ Extremely knowledgeable

10. What type of boating dealer would most appeal to you?

___ Conventional, service type
___ Discount, high volume type

11. Which of the two types of boat dealers listed in Question 10 would most likely have the highest quality of merchandise?

Answer Question 12 Assuming that you have no trade-in.

12. If you had decided to buy a new boat rig from a certain dealer and the dealer had two rigs of similar color, style, horsepower, length, and accessories, but different prices and a possible difference in quality, which rig would you most likely (ML) buy and which rig would you least likely (LL) buy? Fill in appropriate abbreviation for both rigs.

_______ Rig #1 at $2495  ________ Rig #2 at $2295

13. In reference to Question 12, which one of the following statements would best describe your feelings in regard to the relative quality of Rig #1 and Rig #2?

___ Rig #1 certainly has less quality than Rig #2
___ Rig #1 probably has less quality than Rig #2
___ Rig #1 and Rig #2 have the same quality
___ Rig #1 probably has more quality than Rig #2
___ Rig #1 certainly has more quality than Rig #2
14. Again, in reference to Question 12, choose the statement that would best apply to you at the time of your decision to buy Rig #1 or Rig #2. Assume that you buy the rig that you listed as your most likely buy.

___ I would have serious doubts as to whether I made the right choice.
___ I would have doubts as to whether I made the right choice.
___ I would have few doubts with my decision.
___ I would have no doubts at all as to whether or not I made the right choice.

**ANSWER QUESTION 15 ASSUMING THAT YOU HAD BOUGHT A NEW BOAT RIG AND HAD A TRADE-IN.**

15. Which of the following would make you the happiest?

___ Knowing that you got the highest trade-in allowance on your old boat rig that was offered by any dealer for an equivalent boat rig.
___ Knowing that you traded for the lowest net difference possible for an equivalent boat rig.
___ The above choices would make me equally happy.

16. Who do you think would be the best customer of a boating dealer?

___ The one who pays $3000 for a boat rig, is well taken care of; is taught to and knows how to take care of his rig and operates it properly.
___ The man who gets the best deal in town, $2850 for the same boat rig from the same dealer, but gets only lip service in lieu of actual service.
___ Undecided.

17. Here is a list of 14 statements (A through N) that I would like to get your opinion about. Please indicate your agreement or disagreement, with each statement, by placing the appropriate number (1, 2, 3, 4 or 5) on the line beside each statement. Below are listed the possibilities for each statement.

1 - Disagree strongly
2 - Disagree
3 - Neither agree or disagree
4 - Agree
5 - Agree strongly

___ A. "The buyer soon forgets a low price for a new boat rig if service is unsatisfactory."
B. "Unusually good service by a boat dealer is not forgotten."

C. "The bitterness of poor quality remains long after the sweetness of low price has disappeared."

D. "The bitterness of poor service remains long after the sweetness of low price has disappeared."

E. "You may well short-change yourself if you hunt (strictly) for bargains. Know what you want in a boat rig first, then shop around among the different models on the basis of quality, not price."

F. "Do not sign up immediately with the dealer who offers the lowest priced deals. His reputation and service facilities are worth more to you than his price shaving."

G. "I am presently more interested in high quality and good taste of marine products than ever before."

H. "Excellence and good taste of marine products are more important than price."

I. Two new boat rigs of the same length, size of motor, styling, etc., are available from different dealers. One sells for $2500 and the other sells for $2350. "The rig that sells for $2500 at a conventional, service type of dealer is of higher quality than the one that sells for $2350 at a discount, high volume type of dealer."

J. "The price of a new rig is as significant as many of its physical characteristics in determining its quality."

(Answer Question K assuming that all available rigs are at one dealer and that all available rigs have the same length, size of motor, styling, accessories, etc.)

K. "To reduce the risk of choosing a marine product of lesser quality, I would choose the higher priced boat."

L. "When it comes to boats, if a customer wants one, he will get it any way he can."

M. "A boat is a boat as far as quality goes."

N. "People like to be sold on boats. They do not like to go out and buy them."
18. Does the suggested list or retail price on the window of a new boat rig scare you away from some boat dealers because you think the prices are too high at the dealership?

_____ Yes  _____ No

(For Question 19 assume that you are in the market for a new boat rig and that you have a trade-in.)

19. You have been offered two deals; at Dealer #1 (a conventional, service type of dealer) and Dealer #2 (a discount, high volume type of dealer) for rigs of different brands but similar color, style, horsepower, length, and accessories, etc.

A. Deal #1 with Dealer #1 prices his new rig at $3000 and gives you $1250 as a trade-in allowance.

B. Deal #2 with Dealer #2 prices his new rig at $2700 after being discounted $300 from $3000 and gives you $1100 as a trade-in allowance.

What deal would you take?   ____ Deal #1  ____ Deal #2

Would you please state your reason in as few words as possible.

__________________________________________________________________________

__________________________________________________________________________

20. What factors enhance the prestige (image) of a boating dealer? To save space, please list on back of this questionnaire.

21. What factors detract or keep a boating dealer from gaining prestige or a good image? To save space, please list on back of this questionnaire.

22. Comments: Anything regarding the new boat, new motor, or new trailer, and accessories market will be greatly appreciated. Again, to save space would you place your comments on the back of the questionnaire.

(Please answer the following questions about your thoughts concerning the purchase of a used outboard motor.)

For the following questions the following definitions and conditions apply.

"AS-IS" - Motor will run, condition unknown. No guarantee or recourse to dealer unless specified.
"REBUILT" - Torn down and many parts replaced or reworked. Motor completely refinished to look new and performs as well as a new motor.

"GUARANTEE" - Covers mechanical power train which consists of the pistons, rings, rods, lower unit gear train, main shaft, etc. Does not cover ignition system and water pump which are guaranteed to run properly when sold.

23. Will the next outboard motor you buy be a used one?
   ____ Yes  ____ Probably  ____ Probably not
   ____ No  ____ I would not buy a used outboard motor

(Answer Question 24 keeping in mind that you would have to pay according to the amount of protection offered.)

24. What type of guarantee (if any) would you best like on used outboard motors?
   ____ A guarantee where the boat dealer pays all the costs incurred for the items that are guaranteed.
   ____ A "50-50" guarantee which means the customer pays for 50 per cent (at retail prices) of the parts and labor costs for the items that are guaranteed.
   ____ No guarantee at all.
   ____ Other (Please specify) ________________________________

25. How long of a guarantee would you reasonably expect if you bought a used 1970 outboard motor?
   ____ No guarantee
   ____ A guarantee of _______ months

(fill in number)

(For Question 26 assume you are in the market for a used 75 h.p. outboard motor and you have been shown a 75 h.p., 1962 model that sells at a "Blue Book" price of $300 "AS-IS". The price of a new 75 h.p. motor is $1475.)

26. Which used outboard motor would you purchase? (Mark 1, 2, and 3 for order of purchase.)
   ____ The 1962 model "AS-IS" at a "Blue Book" price of $300
   ____ The same kind of motor except that it has a 30 day guarantee and sells for $400
   ____ The same kind of motor except that it has been rebuilt, has a 1 year guarantee and sells for $860
(For Question 27 assume you are in the market for a used 115 h.p. outboard motor and you have been shown a 115 h.p. 1970 model. The price of a new 115 h.p. motor is $1770.)

27. Which used outboard motor would you most likely purchase? (Check one only)
   ___ The 1970 model at a "Blue Book" price of $1150 which includes a guarantee of 30 days.
   ___ The same motor except that it has a 1 year guarantee and sells for $1300.

28. Comments: Anything regarding the used outboard motor market will be appreciated. Again, to save space would you place your comments on the back of the questionnaire.

29. What is the age of the household head?
   ___ under 25   ___ 25 - 34   ___ 35 - 44
   ___ 45 - 54   ___ 55 - 64   ___ 65 or over

30. What is the occupation of the head of household?

31. Which of the following best describes your total family income?
   ___ under $5,000   ___ $10,000 - $14,999
   ___ $5,000 - $7,999   ___ $15,000 - $24,999
   ___ $8,000 - $9,999   ___ $25,000 and over

32. Who filled out this questionnaire? (Check only one)
   ___ Household head, male
   ___ Household head, female
   ___ Spouse of household head, female
   ___ Other (Please specify) ____________________________

THANK YOU FOR YOUR TIME TAKEN TO FILL OUT THIS QUESTIONNAIRE. MAY I REMIND YOU THAT YOUR RESPONSES WILL IN NO WAY BE CONNECTED TO YOU. YOUR COOPERATION HAS BEEN IMMEASURABLY HELPFUL IN THIS STUDY. PLEASE RETURN YOUR COMPLETED QUESTIONNAIRE TO ME BY MARCH 25 IN THE SELF-ADDRESSED, STAMPED ENVELOPE PROVIDED.
Dear Sir:

Please disregard this notice if you are one of the 45 who have already returned the "survey of registered boat owners" in Cascade County. Thank you very much for returning the questionnaire. If you have not already done so would you please do so at your earliest convenience as I am trying to eliminate as much as possible, any bias from non-response to my survey.

If you have any questions regarding the survey please feel free to call me at 453-2565 during the evening or call 731-3773 during the day. I will be more than glad to deliver another copy of the survey to you if you have misplaced the one originally sent.

Again, thank you very much for your time and cooperation. Final results of the survey will be available on June 12, and I will be glad to show them to you if you signify so on the questionnaire.

Sincerely yours,

David L. Hanson

David L. Hanson
APPENDIX C

Results to Questions and Statements

Question #1. 66 Respondents

4 Yes

62 No

Question #2. 66 Respondents

44 Boat dealer

1 Inherited

20 Individual

1 Homemade

Question #3. 61 Respondents

12 None

18 Three

16 One

7 Four

8 Two

Question #4. 63 Respondents

56 Great Falls

7 Other

a. Vaughn, Montana
b. Polson, Montana
c. Lakeside, Montana
d. Kalispell, Montana
e. Lewiston, Idaho
f. Tacoma, Washington
g. Denver, Colorado

Question #5. 64 Respondents

7 Low price

37 Equal importance

20 Good service
Question #6.  64 Respondents (total points - first choice)

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<th>Category</th>
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<td>Construction</td>
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<td>Price</td>
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<td>Styling</td>
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<td>Dealer's reputation</td>
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<td>Dealer's service facilities</td>
<td>323 - 1</td>
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<td>Boat reputation (manufacturer)</td>
<td>240 - 9</td>
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<td>Motor reputation (manufacturer)</td>
<td>251 - 6</td>
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Question #7.  63 Respondents

- 24 Brands of boats
- 39 Brands of motors

Question #8.  66 Respondents

- 7 Undecided
- 59 Ranked choices (total points - first choice)
  
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<td>Mercury</td>
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<td>Homelite</td>
<td>none - 2</td>
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Question #9.  66 Respondents

- 4 Not at all knowledgeable
- 25 Very little knowledge
- 31 Knowledgeable
- 6 Extremely knowledgeable

Question #10.  63 Respondents

- 47 Conventional
- 16 Discount
Question #11. 59 Respondents

47 Conventional 1 Big dealer
3 Discount 2 Does not know
6 Equal

Question #12. 62 Respondents

39 Rig #1 at $2495 23 Rig #2 at $2295

Question #13. 60 Respondents

0 Certainly less 38 Probably more
0 Probably less 13 Certainly more
9 Same quality

Question #14. 61 Respondents

0 Serious doubts 27 Few doubts
4 Doubts 30 No doubts

Question #15. 64 Respondents

6 Highest allowance
37 Lowest net difference
21 Equally happy

Question #16. 65 Respondents

54 $3,000; service
3 $2,850; lip service
8 Undecided
Question #17.

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Question #18. 63 Respondents

21 Yes
42 No

Question #19. 56 Respondents

31 Deal #1, conventional
25 Deal #2, discount

Question #23. 62 Respondents

6 Yes
16 Probably not
21 No
4 I would not
15 Probably
Question #24. 59 Respondents

38 Dealer pays all
38 No guarantee
8 50-50
5 Other
a. Rebuilt
b. Rebuilt
c. Customer pays first $25.00
d. Guarantee means little
e. No cost for 30 days

Question #25. 60 Respondents

12 No guarantee
48 Guarantee
1 month (4)
3 months (13)
4 months (1)
5 months (1)
6 months (8)
10 months (1)
12 months (17)
15 months (2)
24 months (1)

Question #26. 57 Respondents (total points - first choice)

"AS-IS" ($300) 128.5 - 11
30-Day ($400) 113.0 - 17
1-Year ($860) 99.5 - 29

Question #27. 58 Respondents

26 30-Day ($1150) 32 1-Year ($1300)

Question #29. 63 Respondents

1 Under 25
14 45-54
15 25-34
15 55-64
12 35-44
6 65 or over
Question #30. 59 Respondents

9 Skilled
7 Semi-skilled
10 Professional
7 Clerical, sales
9 Manager, proprietor

6 Service workers
1 Farmers, farm labor
3 Factory labor
7 Retired

Question #31. 60 Respondents

3 Under $5,000
2 $5,000 - $7,999
8 $8,000 - $9,999

19 $10,000 - $14,999
24 $15,000 - $24,999
4 $25,000 and over

Question #32. 63 Respondents

59 Household head, male
1 Household head, female
1 Spouse
2 Other

a. Son of household head and owner of boat
b. Son of household head
SOURCES CONSULTED

BOOKS


MAGAZINES


**MISCELLANEOUS PUBLICATIONS**


INTERVIEWS

Hanson, L. L. Private interview in October, 1971, at the Leslie L. Hanson Land Development Company, Glasgow, Montana.

Kisch, J. Private interview held at Harbor Boat Sales, Santa Barbara, California in October, 1971.


McCarter, J. Private interview held at Wright Marine Sales, Inc., Ventura, California in September, 1971.


Reid, W. Private interview held at Reid Bros. Auto Marine, Santa Maria, California in October, 1971.

Smith, W. Private interview held at Ventura Yacht Sales, Ventura, California in September, 1971.