School of Journalism

UNIVERSITY OF MISSOURI-COLUMBIA September, 2010

**WBUZ'S SALES DILEMMA** \*

Brewery Or Hospital Commercials?

WBUZ's general manager John Glover was spending his evening watching the Springfield Hornets, the Class AA affiliate of the Minneapolis Twins. Glover was having a good time, primarily because the Hornets were winning; so he bought his third beer from a young vendor and slouched down to enjoy the game. The Hornets were also a big winner for WBUZ-AM, which broadcast all of the Hornet's games, as it had for the past 22 years.

WBUZ was doing very well in the ratings. It had gotten a solid 4.5 12+ share 6:00 a.m.-12 Midnight, Monday-Sunday, in the latest winter ratings, which gave the station an overall number-three rank position in the market. In the most recent summer rating book, WBUZ had tied for first place with a 7.0 12+ share, due largely to its broadcasts of the Hornets. WBUZ was the town's leading news and sports radio station; its main competitors were a Contemporary Hit and a Country Music station.

A major sponsor of the WBUZ baseball games was Barrel Brewery, the largest company in Springfield, a town of 95,000. The brewery employed more people than any other single employer in Springfield. The brewery owned the Hornets and was consistently the largest advertiser on WBUZ, including partial sponsorship of the Hornets broadcasts and regular spot schedules throughout the year.

John Glover had been general manager of the station for the past ten years. He modeled the programming of the station after KMOX, the AM news-talk powerhouse in nearby St. Louis. Glover did all that he could to see that the station got heavily involved in the community. He was proud of the station's solid reputation for community leadership and for being Springfield's most credible source of news and information.

Unfortunately, one of the biggest social problems in Springfield was a higher-than-national-average alcoholism rate. Considering the high alcoholism rate, Glover sometimes felt uneasy that the station's largest advertiser was the local brewery. However, he was grateful for the revenue from Barrel Beer.

The previous day, Andrew Hargrove, the executive director of the town's largest hospital, Springfield General, had visited Glover at the station with a business proposition. Glover re-played the conservation in his mind as he watched the Hornets score another run.

*Hargrove: "How's business?"*

*Glover: "Never been better, actually. How's your business?"*

*Hargrove: "We're doing very well, thanks. The healthcare market in this town is quite competitive, but we're still number one."*

*Glover: "What can I do for you today?"*

*Hargrove: "We'd like to run a campaign on WBUZ to alert people about the high alcoholism rate in Springfield. The campaign will perform a major community service and will promote our hospital's excellent de-toxification facilities."*

*Glover: "Sounds like a great public service to me."*

*Hargrove: "However, there's one stipulation. I want you to stop accepting Barrel Brewery advertising. We can't run an effective health campaign with those beer ads on the same station."*

*Glover: "Are you serious? Barrel Brewery is our largest advertiser. If I got rid of the beer ads, I'd not only lose advertising revenue, I'd lose the baseball broadcasts, which give me great ratings. I simply can't afford that."*

*Hargrove: "I understand that you may lose some money, but we're willing to make it worth your while."*

*Glover: "What do you mean, make it worth my while?"*

*Hargrove: "Let's face it, we're conducting the campaign to serve the community, but we're also doing it to get alcoholics where they belong, in our de-tox center. We know you have the largest audience in town, and naturally we want to reach the most people. We also know that you are committed to public service and that your audience believes in WBUZ. We're willing to pay at least three times your normal price for commercials on WBUZ."*

*Glover: "But I don't know whether that will generate as much revenue as the brewery advertising does. Also, I need the baseball ratings."*

*Hargrove: "Well, if you aren't willing to take our public service business, some other stations will be delighted. Also, if the community knew you're more interested in money than in serving the public, wouldn't this hurt your image?"*

*Glover: "Well, I do have to make a living, but I also have to think about my station's image and credibility. Maybe we can work something out."*

*Hargrove: "I hope we can."*

"Strike three, you're out," hollered the umpire. Glover snapped out of his thoughts and back to the baseball game. He scanned the ballpark and thought, "I sure would hate to lose baseball." As he weighed Hargrove's proposition and implied threat, he felt torn and anxious. He understood the benefits of going either way, but he couldn't see how he could get out of making a decision for one alternative or the other – the brewery or the hospital. This was one of the most difficult decisions he had faced since becoming the general manager of WBUZ.

AUTHOR'S NOTE

While the incidents in this case are not factual, they do represent a composite of actual situations at some companies. This case was prepared to use as a teaching tool.

ASSIGNMENT

1. You are John Glover. How are you going to respond to Andrew Hargrove?

 \* This case was prepared by Charles Warner