

# Memo

**DATE:** April 4, 2013  
**TO:** Mr. Anders Ide  
**FROM:** Rebeca Castorena, Shauna Evans, Jacob Spacone  
**SUBJECT:** The Big Order with New Bodies Gym - Suggested Alternative Product

The purpose of this document is to detail the problem with New Bodies Gym's order and to justify our given response and solution. We have dealt with the situation in such a manner that it takes into consideration the best interests of both parties involved.

## The Situation

We received an order from Mr. Greg Waller at New Bodies Gym. The order consisted of the following:

- 2 Lifecycle Trainers (\$1,295 each)
- 4 Pro Abdominal Boards (\$295 each)
- 3 Tunturi Muscle Trainers (\$749 each)
- 3 Dual-Action StairClimbers (\$1,545 each)
- Total: \$10,652

We determined that the three Dual-Action StairClimbers would be inadequate for the needs of New Bodies Gym, as they are intended for home-use only. We telephoned Mr. Waller on Monday morning to discuss the problem, but were unable to get a response. We sent him a email which relayed to the possible substitution of the Dual-Action StairClimbers with the LifeStep StairClimbers. Then we explained that the LifeStep would be better for gym-use and that there was an additional cost.

## Our Solution

Our solution to the problem with Mr. Waller's order was recommending that he take the option of switching the Dual-Action StairClimbers with our LifeStep StairClimbers. To persuade Mr. Waller to replace the equipment, we stated the features and benefits the LifeStep StairClimber so he knew the equipment it was worth investing in, even though it is notably more expensive. The features of the LifeStep StairClimber are as follows:

- A state-of-the-art electronic system that provides a vast selection of computer-controlled interval training.
- An electronic screen that supports personal fitness goals and provides users with metrics about the upcoming levels, step height, elapsed time, and calories burned.
- A five-year warranty for the replacement of broken or worn-down equipment.

We not only informed Mr. Waller of the cost of the LifeStep StairClimber, but also highlighted the additional five-year warranty that comes with the product. In the end, the higher quality and the warranty justifies paying the increased price. Overall, our customer service and the high performance of our best commercial gym equipment will assist in developing a long term relationship with New Bodies Gym.

## Solution Justification

This solution will meet the needs of both Precor and New Bodies Gym. Our recommendation about the substitution of the Dual-Action StairClimbers for the LifeStep StairClimbers shows our understanding of the needs of a customer running a commercial gym. Furthermore, our offer of free expedited shipping ensures that our solution will not be of any detriment to Mr. Waller's schedule, without excessively lowering our profit margin. Mr. Waller will be satisfied with this solution, knowing that we are ultimately looking out for his best interests.

## Email Response Justification

For our response we decided to respond in an email format to our customer, Mr. Waller. We organized the email in an indirect format in order to give the justification of our reasoning before revealing the negative news. In addition, this indirect method of writing allows the reader to come to a conclusion before we disclose the negative news. This approach is more effective when the reader may be skeptical of any recommendations. When constructing the message we also kept these things in mind (Note: the email sent to Mr. Waller is attached):

- **Subject Line:** The subject line we used does not give away our negative news, instead it intrigues Mr. Waller to open the email and read further.
- **Opening Statement:** The statement in the beginning of our message welcomes Mr. Waller into the Precor family and expresses our appreciation for his business. This sets a friendly tone for the email, helping to give the impression that our recommendation is for his benefit and not just ours.

- **Evidence:** Within the body of the email, we provided Mr. Waller with detailed information as to why the LifeStep StairClimber better suits his needs. We emphasized that the Dual-Action StairClimber was not for gym-use but for home-use instead. Furthermore, we incorporated a bulleted list consisting of features of the LifeStep StairClimber to prominently inform Mr. Waller about this investment.
- **Negative News:** After listing the features of the LifeStep StairClimber, we delivered our negative news about the higher pricing. We explained that due to the increased features and the longer warranty, it justified the price of equipment. In order to turn this negative news positive, we offered him free expedited shipping if he decides to order the LifeStep StairClimbers. This would ensure that regardless of the substitution, the shipment would arrive on the initial deadline.
- **Customer Benefits:** We made sure to explain the benefits of the recommendation to Mr. Waller. The LifeStep would be a better long-term investment and would enhance customer satisfaction at New Bodies Gym. This also makes the negative news not seem so negative.
- **Call to Action:** We let Mr. Waller know he could contact us for any questions he has regarding his order. Then closed with a statement that politely and clearly requested that when ready, he notify us of his decision so we could ship the order immediately.
- **The “You” Attitude:** We made sure we spoke in terms of how things affected Mr. Waller and New Bodies Gym, rather than being ambiguous. This expresses the idea that we understand how this decision will affect and benefit them.
- **Contact Information:** We made sure to give contact information for his convenience. If he had any lingering questions he was able to contact us through various media.
- **Chart:** In the interest of providing full information, we attached a chart that let Mr. Waller compare prices of the two shipments. This showed Mr. Waller how much money he would invest purchasing the LifeStep StairClimbers, enabling him to make a more educated decision.

## Conclusion

In summary, we are confident that both our solution and our written response to Mr. Waller from New Bodies Gym were appropriate. Our solution not only accomplished the needs of the customer, but benefited our company as well.

## Attached: Email Response

To: "Greg Waller" <gwaller@aol.com>  
From: "Precor" <customerservice@precor.com>  
Date: 3/18/13  
Subject: Additional questions about your order with Precor

Hello Mr. Waller:

On behalf of Precor, I am excited to welcome you into the Precor family where our goal is to be the world's most well-respected line of fitness equipment. As a result, we want to ensure that you are as satisfied as possible with your order.

We are delighted to inform you that we have received your order of the twelve machines and are ready to ship the equipment as listed at the bottom of this message. However, we do need to provide you with some additional information before shipping your order.

We know that choosing the best equipment for a gym can be rather challenging, especially when you are trying to increase your customer satisfaction. Our Dual-Action StairClimber is our home-use model. We recommend our LifeStep StairClimber, which is designed for heavy use. The features of the LifeStep StairClimbers include the following:

- A state-of-the-art electronic system that provides a vast selection of computer-controlled interval training.
- An electronic screen that supports personal fitness goals and provides users with metrics about the upcoming levels, step height, elapsed time, and calories burned.
- A five-year warranty for the replacement of broken or worn-down equipment.

Substituting the three Dual-Actions for LifeStep Stairclimbers would, however, change the price of your order. While the Dual-Action climbers are \$1545 each, the LifeStep climbers are \$2395. In all, this would add an additional \$2550 to your bill. We are ready to ship your order when you wish, but we would advise that you substitute the three Dual-Action StairClimbers with three LifeStep StairClimbers. Due to the longer life and increased features of the LifeStep model, we know they will be of better worth to you at New Bodies Gym. If you do replace all three climbers with the LifeStep, we would be willing to pay for expedited shipping so that you will receive your order on its initial deadline.

Feel free to ask any questions and please let me know when you have made your decision. We will be ready to ship your order immediately.

Regards,

Robert Paulson

Precor Service Advisor  
[www.Precor.com](http://www.Precor.com)  
Email: customerservice@precor.com  
Mobile: (602) 555-0704

Attached: Order Receipt

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| <b>Current Order:</b><br>2 Lifecycle Trainers (\$1,295 each)<br>4 Pro Abdominal Boards (\$295 each)<br>3 Tunturi Muscle Trainers (\$749 each)<br>3 Dual-Action StairClimbers (\$1,545 each) | <b>Recommended Order:</b><br>2 Lifecycle Trainers (\$1,295 each)<br>4 Pro Abdominal Boards (\$295 each)<br>3 Tunturi Muscle Trainers (\$749 each)<br>3 LifeStep StairClimbers (\$2,395 each) |
| <hr/> <b>SubTotal: \$10,652</b><br>+ Standard Shipping (\$0)  | <hr/> <b>SubTotal: \$13,202</b><br>+ Expedited 1-day Shipping <del>(\$1000)</del> (\$0)  |
| <hr/> <b>Total: \$10,652</b>  | <hr/> <b>Total: \$13,202</b>   |