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KICK'N GO: A PRODUCT MANAGEMENT AND SOCIAL RESPONSIBILITY DILEMMA

Arch G. Woodside, University of South Carolina
Louis E. Boone, University of Tulsa

Product recall and modification decisions are serious concerns for many commercial and noncommercial enterprises, e.g., automobile firms, pharmaceutical houses, and food processors. Such firms are faced with the dilemma of the desire to sustain monetary profits versus the need to act socially responsible. Difficult choices usually must be made within a short time span which have long-run impact on stock-holder equity, public and customer satisfaction, and government actions.

The Kick'N Go exercise involves five players acting as members of the Honda Corporation of Japan. The players are faced with three decisions with four to five alternatives per decision. Each student is given a role to play in the decision process.

The case is based upon an actual product which was related to the deaths of two children in the United States in 1976 [1]. The product is Kick'N Go a new kick-powered rear-wheel scooter manufactured and marketed by Honda. The accusation was made that Honda had placed a dangerous toy in the hands of children. The description of the five roles played are fictitious.

OBJECTIVE S

The Kick'N Go experiential exercise is designed to provide students with a behavioral learning experience to (1) increase their perceptions of the ramifications of the decision alternatives in a product management and social responsibility dilemma; (2) learn to resolve conflicts in such dilemmas; and (3) act less socially irresponsible.

ADMINISTRATION

No advance preparation is required of the participants. The attached description of the marketing program for Kick'N Go and the events that led to the present situation may be distributed to the participants prior to the exercise or it can be read by all participants at the beginning of the period.

Once the description of the Kick'N Go situation has been read, the participants are informed that they will each re-

ceive a role in the Honda organization and that each should assume the identity of the role described. The participants are then divided into groups of five and each received a role. Each group is then instructed to discuss the situation and complete the attached “Honda Kick’n Go Decision” form (one form for each group) within a specified time period (usually 30 to 45 minutes).

Once the Decision Form is completed, discussion follows along the topics suggested in the attached Instructor’s Notes. The students are led into a discussion of choices made and social responsibility and irresponsibility. Copies of the Nason and Armstrong article [2] on this subject are given to the student participants and discussed.

THE KICK’N GO EXERCISE

In the spring of 1976 two children were killed when riding their new kick-powered rear-wheel scooter, Kick’n Go by Honda. Honda executives immediately stopped all television advertising for the product; and a few days later, all production of Kick’n Go was also stopped. The accusation was made that Honda had placed a dangerous toy in the hands of children.

The Product

Kick’n Go is a unique scooter with a kick-powered gear in the rear wheel. The product is called Roller-Through Go-Go in Japan and Kick’n Go in the United States.

The product was developed in Akuto, a subsidiary of Honda based upon Honda’s company wide “idea contest.” The main purpose of the “idea contest” is to improve morale among Honda employees. Akuto is responsible for creating actual models of design winners.

Test Market

Honda decided to test the product in March, 1974. A total of 2,000 Roller-Through Go-Go’s were placed in a few Tokyo department stores. All 2,000 were sold in less than a week. Full-scale production and marketing of the product were decided based on these test results.

Other reasons prompted Honda executives to decide on full-scale marketing of the scooter. Honda’s total sales had

declined in Japan in 1973/1974. This decline had particularly affected Honda's sub-contractors. The product provided a means of keeping plant production close to full capacity. The product also was believed to be a way to have children learn about Honda and develop a favorable attitude to Honda products at an early age; thus, increase the likelihood of the children purchasing Honda cars and motorcycles in adult life.

Advertising Plan

In Japan, Honda spent \$1,000,000 in one year on Roller- Through Go-Go with close to 90% of these funds spent on television commercials. One of the commercials featured a small boy accompanied by his jogging dad while the boy rode the scooter. The boy tired from the workout rides on his father's back for the trip home. The father carries the scooter on the trip home. Dentsur Advertising was the agency handling the scooter account.

The main narration of the television commercial in 1975 was: "Dad, are you going to have a good time with the kids today?"

Product Demand

During the advertising campaign over 1,000,000 Roller- Through Go-Go's were sold in Japan at close to \$30 each. At the same time 200,000 were sold in the United States.

Mr. Sho Shinmi, sales promotion manager of foreign sales offered five reasons perceived that caused the rapid adoption of the product:

1. The product is a challenge to children since its somewhat difficult to steer. Children need to practice to control the scooter well.
2. Children like the mechanical feature of the gear chain and it's educational.
3. The use of the product is healthy.
4. Use of the product is a way of making friends.
5. The product's price is reasonable.

Present Situation

In 1976, Honda was preparing for a major marketing launch of a larger more powerful model of the scooter. In the United States the new model would be called Kick'n Go VII. Some

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Honda executives were discussing the idea of developing an adult version of the scooter. Then, the two children were killed riding their Roller-Through Go-Go's.

The product was always shown in use in safe areas, e.g., parks, and never on streets in the advertising campaign. However, parks and playgrounds with enough space for using the scooter are just not available enough in larger cities in Japan and the United States.

Questions

Choose one of the alternatives for each of the three decisions on the attached Decision Form. Consider the following four questions.

1. Should Honda's management decide to continue to produce the scooter? Should marketing the product be limited to Japan?
2. Should the advertising program for the scooter be started again? Should advertising expenditures be expanded?
3. Should Kick'n Go VII be marketed?
4. What changes should be made to the production and marketing programs of the kick-powered scooter? Develop your own marketing program for this product for Honda if you believe the product should be continued.

ROLES OF PLAYERS FOR KICK'N GO

Honda - Chairman-of-the-Board (Mr. Mo Yuko)

You have a responsibility to the stockholders of the Honda Corporation. The Kick'n Go has provided a substantial return on investment and average net profit is currently \$5.00 per unit. (Average net profit of the higher priced Kick'n Go VII is \$7.00.) Deep down, you believe the product should be marketed with the public being given an educational program on its safe use. However, you are concerned about a possible backlash reducing motorcycle and car sales if more deaths are associated with the scooters. You believe the Honda Corporation is a socially responsible firm. Initially you are uncertain what to do about the scooter.

Honda - President (Mr. Liro Shumato)

You have long recognized the need for Honda to be a socially responsible firm. You believe that Honda may have moved too fast in marketing Kick'n Go.

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You are next-in-line to be Chairman-of-the-Board at Honda. You have the most to lose from a wrong decision at the meeting today. Profit growth is an important measure of your success. The Customer Service Manager has sent a letter to you threatening to release information to the press on the product's dangers if it is not recalled.

Honda Vice-President-Marketing (Mr. Lott Tohi)

You are excited about the success of Honda's Kick'n Go. You feel personally responsible for successfully marketing the product in the United States. You feel that if production must be limited or stopped, this decision should not include the U. S. market. Kick'n Go VII is your baby!

Honda - Head Engineer (Mr. Mohi Shinomhiti)

You feel that you need time for your staff to perfect the Kick'n Go scooter. Your position is that Kick'n Go VII needs two years of further research and development. You have felt that the scooter may require too much skill for children to operate. You have lost a few nights sleep from your concern about the product.

Honda - Customer Service Manager (Mr. Arki Tillihoto)

At present, you do see the possibility of serious negative public reactions if more deaths are linked to the scooters. You feel that marketing these scooters is a mistake. You have threatened to release a letter pointing out the product's dangers to the press if the Chairman-of-the-Board does not recall the product. The President of Honda has a copy of your letter.

You don't want to jeopardize your job but the social responsibility of marketing the product is a real concern for you.

LETTER FROM CUSTOMER SERVICE MANAGER IN KICK'N GO EXERCISE

October 2, 1976

Mr. Mo Yuko
Chairman of the Board
The Honda Corporation
Ginza Blvd.
Tokyo, Japan

Dear Mr. Yuko:

The development of the Kick'N Go scooter and its subsequent association with the deaths of the two children have seriously tarnished the fine reputation of our distinguished firm as a social responsible Japanese corporate citizen. It is my belief that the strong negative reaction on the part of the general public is warranted.

While the product has been shown to be safe as well as a means of exercising body muscles in more mature children aged twelve or more, our consumer profile clearly shows that its primary appeal is to children aged ten or less. Indeed, our major age segment appears to be eight-year-olds.

Mr. Chairman, young children simply do not possess the necessary strength, coordination, nor the judgment to control their Kick'N Go's on the sidewalks and in parks. Inevitably, they will use the scooter in their neighborhood streets and inevitably --more children will die. In short, we have seriously erred in marketing this product and it must be halted now.

My career in industry, indeed my whole life, has centered around the Honda Corporation. I love my firm and would never knowingly harm its reputation. Yet sometimes men must be held accountable by higher authority. And unless Kick'N Go is recalled, I shall be compelled to voice my grave concerns by releasing this letter to the news media.

Respectfully,

Arki Tillihoto
Customer Service Manager

AT:jkh

DECISION FORM

Names of group members: _____

_____ Date: _____

Honda Kick'n Go Decisions

1. Marketing Roller-Through Go-Go in Japan (please check one):
 - _____ a. Honda should continue to market the product with advertising.
 - _____ b. Honda should continue to market the product with no advertising.
 - _____ c. Honda should continue to market the product with a product safety education program.
 - _____ d. Production of the product should be stopped but Honda should market all existing units of the product.
 - _____ e. The product should be recalled and marketed only after design modifications have been successfully made.
2. Marketing Kick'n Go in the United States (please check one):
 - _____ a. Honda should continue to market the product with advertising.
 - _____ b. Honda should continue to market the product with no advertising.
 - _____ c. Honda should continue to market the product with a product safety education program.
 - _____ d. Production of the product should be stopped but Honda should market all existing units of the product.
 - _____ e. The product should be recalled and marketed only after design modifications have been successfully made.
3. The major marketing launch of Kick'n Go VII in the United States (please check one):
 - _____ a. The plan should be actuated.
 - _____ b. The plan should be actuated with a major education program on the product's safe use.
 - _____ c. The plan should be delayed to permit further testing and design modifications.
 - _____ d. The plan should be abandoned.

INSTRUCTOR'S NOTES ON KICK'N GO

Many different topics should be covered in class discussions of Kick'n Go including the possible information processing stages used in the buying center in deciding to purchase and use the product, effects of the advertising program, consumerism and government regulation issues.

Basic Issue

Should marketing of the kick powered scooter be discontinued because of the recent killings of two children? If not, what changes to the marketing program should be made based on the deaths, if any?

Some enterprising students may present figures on accidents per 1,000 bike and tricycle riders to support the continuation of marketing the scooter. Inevitably, children ride their Kick'n Go's on the streets. Honda's final decision was to continue advertising, but to stress heavily that Kick'n Co must be used in safe car-free areas and to limit production and distribution.

Information Processing

What are the stages in processing information and making the decision to purchase Kick'n Go? Is Mr. Shinmi correct in his perception of the reasons for the rapid adoption of the product? What other reasons are likely to affect purchase? Besides class discussion of these questions, the market segmentation of the family which would own a Kick'n Go could be developed. Buyer attributes could be incorporated in the information processing stages in the development of a decision diagram of acceptance! rejection of the product. Family income would be one buyer attribute variable affecting purchase of the product. Influence of peers may be one stage in information processing.

REFERENCES

1. Link, Luther, "Honda's Non-Research Kick'N Co Goes Over Big," Advertising Age, Vol. 47, No. 20, (May 17, 1976), p. 37.
2. Nason, Robert W. and J. Scott Armstrong, "Role Conflict: Society's Dilemma with Excellence in Marketing," Wharton Quarterly (Fall 1972), pp. 13-16.