

## Green Earth

*Topic:* Pricing (Price vs. Value), Advertising (Deceptive)

*Characters:* Carol Meyers, Director of Membership at Green Earth  
Jeffrey Smith, Staff person in Membership Renewal Department  
Stella Latham, Director of Fund Raising at Green Earth

After graduating from college, Carol Meyers, a concerned environmentalist, was very pleased to get a position at Green Earth, a large nonprofit organization dedicated to restoring the earth's ecology. After doing very well in a variety of positions in the membership division, Carol was promoted six months ago to Director of Membership. Her responsibilities include supervising the new membership campaign, a concerted effort that takes place around July of each year.

One day in February, Carol gets a call from Jeffrey Smith in the Membership Renewal Department. Jeffrey says he has received a letter of complaint from a member who received a regular renewal notice. When Carol reads the letter, she learns that when she sends out her direct mail advertising for new memberships in the summer, those who respond and become members gain a membership only for that calendar year. In December, these new members receive renewal notices for the following months. Carol checks the wording of the letter sent to potential members, which has been used for the last several years, and finds no mention of the calendar year as the basis for the year's membership.

Carol takes the letter of complaint to her supervisor, Stella Latham, who is Director of Fund Raising. Stella reads the letter and says to Carol, "Look, Carol, Green Earth is one of the most successful environmentalist groups in the world. Sure, the first years' membership is not quite a full year. But it is much easier to send out renewal notices at the beginning of the year to everyone. It saves a lot of record keeping, and therefore a lot of money. Think of the good we do for the environment with that money. Also, by having a short first-year membership, we save money on our quarterly newsletter—most members just get one or two issues. That money goes for good causes. And members don't mind—if they even notice. This is the first complaint we've received in the eight years I've been here." When Carol suggests postponing the new membership drive until November so that new memberships can start at the beginning of the calendar year, Stella responds "People don't think about the environment in November—they're thinking about Thanksgiving dinner and spending money on Christmas gifts. They're spending their time indoors. We have found that in the summer, people are outdoors, enjoying the environment. They are more sensitive to and concerned about environmental issues. We get a much better response rate in the summer than at the end of the year. And the greater the membership, the more we can do for the environment."

Carol must decide what actions, if any, to take. After all, as Director of Membership, she is responsible for decisions regarding new memberships and renewal of memberships. She is, however, evaluated on the revenues she brings in. And it is all for a good cause.

*Author:* Judy Cohen, Assistant Professor of Marketing, Rider College