You are working for the Collegetown-based California Happy Valley Beverage Corporation, marketers of California Sunshine Filtered Water. The product has a colorful label and sells well throughout the state, especially among environmentally-conscious consumers.  A member of the Collegetown City Council, with a reputation and record for activism, ran across several controversial articles about filtered water production and distribution and proceeded to raise a ruckus, questioning the integrity of Happy Valley Beverage Corporation and the suitability and value of its bottled water product.

The city council has written a pointed letter to your corporation and copied it to the local newspaper, mirroring these concerns. On the attractive bottle label, you and thousands of other consumers can read the statement that says, “Every drop of this healthy, refreshing beverage is guaranteed to be filtered in conformance with all applicable California and federal government regulations.”  What the label does not explicitly state, however, is that the water is actually tap water from the town's municipal system, a fact that has now been exposed.

As a newly minted MBA who has only recently assumed the Director of Marketing and Community Relations position, you have been assigned the privilege of answering the letter.  Even though you have two other “rookies” who can assist in the research and composition, the responsibility for the content rests with you. In order for your assistants to do a good job, you have to supply them with some of the basic arguments that will uphold your company's reputation and stem the tide of this public relations brouhaha.  Your Activity responses should be both grammatically and mechanically correct, and formatted in the same fashion as the Activity itself.  If there is a Part A, your response should identify a Part A, etc.  In addition, you must appropriately cite all resources used in your response and document in a bibliography using APA style.  (100 points) (A 4-page response is required.)

Part A    Find at least three (3) journals and/or news articles that might help you outline a response to why consumers should pay for bottled tap water and to determine what other defenses your company could use against this type of consumer activism. You will use this research in Part B. Present your research in the form of an annotated bibliography.

Part B    Write a 2-page memo to your “rookie” associates explaining the company’s present circumstances. Note that your memo will likely be used as the basis of your company’s response to the accusations of the Collegetown City Council. Include responses to the following issues in your memo and support them with the research that you found in Part A.

1.    Why will/should people pay for a bottle of water?  Give a minimum of three (3) reasons supported by the research.

2.    What are the corporations’ best defenses in the face of this kind of consumer criticism?  Give at least three (3) defenses with an explanation of why each reason is important.