

Current event

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1. What are the tradeoffs of CVS decision to discontinue its sale of tobacco and tobacco related products in its stores? CVS will forgo about \$2 billion that would have been revenue from tobacco and related products sales. On the other hand, it will gain a competitive edge over its competitors in getting partnerships with insurers, hospitals, and physician groups (Martin & Esterl par. 7). The move to stop selling cigarettes from its stores will help the pharmacy show its commitment to good health and healthcare and earn it a good reputation with the federal government.

2. Explain how CVS is positioning itself to become a distribution channel for healthcare.

By stopping the sales of tobacco and related products, the pharmacy hopes to get contracts with hospitals and physician groups. This way, the pharmacy will be placed above other pharmacies in distributing pharmaceutical products prescribed by other physicians and sold over the counter to individual customers and organizations. The pharmacy hopes to providing basic health services to citizens taking advantage of the shortage of doctors in the country (Martin & Esterl par. 2).

3. Speculate on how CVS decision might affect how consumers perceive the store. How do you think CVS wants itself to be perceived?

CVS wants to be perceived as a store that really cares for the health of the public and patients. It also wants to be perceived as an organization that places the health of Americans above the profits it makes. Furthermore, the store wants to present itself as a convenient alternative to the hospital and doctor's office.

4. In your own words, describe the partnership between Coca Cola and Green Mountain Coffee Roasters.

The partnership between Coca Cola and Green Mountain Coffee Roasters is one that is symbiotic; the two organizations benefit from each other. While Coca Cola benefits by having a stake in GMCR, the latter benefits from the cash investment it has received from Coca Cola's purchase of shares which translates to capital. Coca Cola also benefits from the partnership in that it hopes to make more sales of its products by targeting customers at an "at home" environment. Coca Cola being a strong brand commands a lot of respect internationally. This being the case, Green Mountain Coffee Roasters' partnership with Coca Cola will strengthen the brand which may translate to more sales and profits.

5. Explain what Coke CEO Muhtar Kent meant when he said "this is not a zero-sum game".

In a zero sum game, when one party loses, the other party gains by the amount that the first party loses. In other words, the sum of one party's profit and the other party's loss is zero. Muhtar Kent is explaining that the relationship between Coke and Green Mountain Coffee Roasters is not one based on competing interests but rather is meant to be complementary. In other words, a win for coca cola will be a win for Green Mountain Coffee Roasters and vice versa. Similarly, a loss for Green Mountain Coffee Roasters will be a loss for Coca Cola.

Works Cited

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