North land winery case study

Business

Given the popularity of this flavor in North American foods amp; beverages, this wine would be expected to pair well with many Canadian palates, particularly red meat dishes. Ideally this product would be a key seller to help develop a name for NIL and give it more exposure. Nil's latest addition is the ice-like wine " Cold Burn", something similar to the Jacobs Creek line " Cool Harvest". This is believed to have some potential with Canada having such a cold annual climate, however for the same reasons there Is expected to be a high degree of competition emanating from AN vineyards.

This case study will evaluate 2 obsoleteness to achieve market presence In Canada as well as the drawbacks and or's of Integrating the NIL brands. It Is paramount to determine the point when the cost of the 2 options become equal, the " no difference point", and ultimately a decision can be reached based on evidence and logic. The 2 methods considered for expansion are: Option One – " Wine Representatives" Pre-selected sales reps work under commission for the winery to deal business with a defined set of wine retail outlets shelving the NIL labels. Costs for the reps would be proportionate to the turnover of product volume.

Commission would be 10% of sales.

Pros I Cons I Smaller Initial outlay I More training required I More direct communication to retail I Product knowledge Sis MUST I Higher control over marketing of goods I Risk of being dependent I Knowledge of local market I May clash with Canada's ethics of trade I Stronger networks I I Better employee incentives I I Labor costs always stay proportionate to sales I Option Two – " Open their own sales office" Office set up and ongoing communications $100, 000; per employee costs would be $25, 000 as base salary plus 5% commission as incentive compensation.

Each employee could be expected to generate $1, 000, 000 in sales. The following rule Is the basis for comparison between the two and the unknown rabbles can be grouped using general arithmetic: Cost of sales reps = Cost of own office No-of employees * 10% of gross sales = Cost of set up ; ongoing communication * No. Of employees * (Employee Base Salary + 5% of gross sales) No. Of employees * (u II selling Price volume AT sales) = SSL + No.

T employees * Selling Price * Volume of Sales) $100000 + No. Of employees * $25000 = No. Of employees * Volume of sales * Selling Price * (0. 10 – 0. 05) $2, 000, 000 + No. Of employees * $500, 000 = No.

Of employees * Volume of sales * Selling Price " Indifference point" occurs when both sides are equal. As the figures used are annual, the ratio of LASH to RUSH * 1 year will determine the amount of time it takes for costs with sales representative to match a sales office.

The longer this takes, the more justifiable it is to run with option 1 . As there are a number of variables NIL should first research current and future demand which will provide a good indication of turnover. Sales representatives can be kept too minimum of 1 rep per district of stores per km. Selling price should be the final and dependent variable.

After conducting research it was found that Eastern Canada has established " alcohol striation systems and multiple demographics" that favor wine sales.

As the greater Toronto statistical area has " well-developed alcohol retail channels, Chamber of Commerce and media networks", it is reasonable to assume expansion would be a worthwhile and strategically sound choice of action on a corporate level. It adheres to D; D concepts in that logistics of products can be Justified with large volumes of sales. BACK level standards are 0. 8 which is 0. 3 higher than NEWS.

This indicates the average driver has the freedom to consume higher amounts and proves no drawback on the amount of liquor traded in the overseas location.