Shoes for moos essay

Executive Summery Jim Wells' must determine how to promote and distribute a new product, which is a shoe made for cattle suffering from hoof disease. The target market is predominantly dairy cattle however, beef, show, research and breeding cattle were all potential users of moo shoes. Together Wells' and his brother-in-law have $25000 they can invest into this business venture without risking their personal property. Wells' has chosen Kaufman Footwear to work with in producing the shoes, as they are a company with an excellent reputation for quality.

Kaufman has determined a production price of $19. 0 per shoe. There are a few alternatives and promotional options that are considered. The three distribution alternatives considered are direct mail, local dealers, and using a mix of the both options. With the direct mail alternative, the Foundation for the Mentally Handicapped has offered to take care of all of the shipping for an additional fee of $0. 67 for packaging on top of $2. 00 postage fee. Shoes for Moos will not have to carry any inventory under this method because Kaufman has agreed to carry a minimum of 100 units.

This method provides a one- to-one relationship with customers. The second alternative is to develop dealers in each area where customers are able to purchase shoes from. This allows customers the chance to visually see the product before purchase. Under this method Wells' will have to consider hiring a sales representative to obtain shelf space in each of the dealer locations. The promotion alternatives that are considered are trade shows, magazine advertisements, and printing flyers. It is recommended that Shoes for Moos use the direct mail method to distribute moo shoes to the target market.

After considering the criteria as well as alternatives the direct mail distribution method as the lowest fixed costs and provides a one-to-one relationship with customers. Problem Statement Shoes for Moos is a potential business enterprise between Jim Wells and his brother- in-law to distribute footwear Wells' designed specifically to prevent hoof disease, a common disease among cattle. Hoof disease often occurred during the spring and winter, at this time the fields were wet and the disease became highly contagious. The decision Wells' and his brother-in-law face are whether or not to go through with this venture.

Jim Wells knew that there was a need for this product, but if he was nsure of the price he would need to charge to make a profit, as well as how to promote and distribute it. Together Wells and his brother-in-law had about $25000 to invest in this venture. Internal Analysis/ Issues Jim Wells' is the owner of Wells' Work and Casual Wear in Elmira, Ontario. This provides Wells' with an advantage in the following ways; he has management from his store. Wells' has gained knowledge from his current customers, local farmers, and veterinarians that there is a need for this particular product.

However, Wells' had no current experience with foot ware nor did he have any experience istributing products for cattle. He has decided to hire Kaufman Footwear produce the product as they have an excellent reputation for quality across Canada. Kaufman also had strong research and development and production capabilities. Kaufman has agreed to charge $19. 00 per unit for the production process. As determined by Wells' research, there are only two current competitors in the market, which are positioned differently than Moos. One competitor was seen a poor quality, and the other was used only for medical reasons and very expensive.

This meant moo shoes had the potential for market share and a high growth rate. Wells has the flexibility to price and position his product the way in a number of different ways. External Analysis Customer Analysis The potential buyers of moos shoes are owners of dairy, beef, show, research, and breeding cattle. It was expected that most sales would be made to dairy farmers. It was illegal to sell milk from cows that were infected by hoof disease. Due to the high price of antibiotics (exhitbit-l), when cattle became infected they were often slaughtered.

When cattle were not treated milk production would decline by 20 to 80 percent causing farmers thousands of dollars in loses per year (exhibit-2). Shoes for Moos would prevent the disease from occurring and stop the spread for those that have been infected saving farmers huge losses in profits. Depending on the distribution method chosen, customer would either be able to purchase through dealers, or order the shoes by direct mail. The shoes would be a one-time purchase and the cattle would be able to re-wear the shoe each wet season.

The consumer's level of involvement is minimal with either distribution method. The product is standard to all cattle. There are 500 potential dealer outlets in the province of Ontario alone in which Shoes for Moos could be sold and approximately 1. million dairy cows across Canada. Competitor Analysis There are two current competitors in the market. The first competitor was a United States company who sold individual hoof shoes offered in a variety of colors via direct mail. Their product was advertised in a catalogues and the price point was $21. 80 USD.

There were some concerns regarding the effectiveness of this product due to the design of the shoe, and in some cases it often worsened the infection. The second competitor sold hydrotherapy boots offered in pairs that were intended for clinical use only. Their price point was approximately $400 USD and was not enerally available to individual farmers. Cows who wore these boots would not be allowed to wonder the herd due to the high price of the product. Neither of these two In order to compete with Shoes for Moos, the first competitor would have likely have to redesign their product to make it more effective.

Due to the high price of the second competitor and its clinical status they would not likely be able to react to and compete in price with Shoes for Moos. Shoes for Moos must consider a reasonable price point to sell at considering farmers will not likely buy at a high rate yet they will ave to cover the costs of production they owe to Kaufman. A barrier to exit that Shoes for Moos face would be their partnership with Kaufman. Market/Industry Analysis As research has shown, the number of dairy farms has decreased across Canada over the past 2 decades at a rate of about 45%.

With that being said, there has also been a decline in market share leaving less room for small, un-established companies. However, according to The Atlas of Canada approximately 75% of farms are located in Ontario and Quebec. This is a considerable opportunity for Shoes for Moos being an

Ontario based company and their competition is positioned in the United States. The demand for this product is influenced by the cold/wet seasons, therefore within the Canadian market there is a recurring demand every year. If distribution channels were to extend across Canada, the product would be beneficial due to the climate.

There are 500 potential dealer outlets where moo shoes can be sold in the province of Ontario alone. Given that the number of farms is significantly declining, the key to success in this market gain market share and keep competition from entering. Criteria There are two major distribution methods to be considered. The first was to sell the shoes by direct mail. This allowed Wells' to maintain a one-to-one relationship with customers and he would have full control of the product and his advertising. This method was fairly cheap which he averaged to cost about to cost about $2. 00 for postage.

For an additional cost the whole shipping process could be handled by the Foundation for the Mentally Handicapped for with added variable packaging costs of about $0. 67. The second alternative would be to establish dealers in each area. This alternative was would allow the product to get more geographic exposure, however dealers would require a minimum of 40 per cent markup on each shoe. Shoes for Moos cannot afford to sell individual shoes to dealers at a 40 per cent discount. Wells would need to ensure that he could sell to dealers in bulk or consider enforcing a minimum order amount.