

Digestive case study essay

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Toucan Collections Case Analysis Problem: Should Toucan Collections accept the contract from the department store, therefore changing the basic business definition of the company? If not, how should it grow its business?

Alternatives: 1. Do nothing, do not sign the contract and continue selling as is 2. Sign the contract, significantly increase the number of replicas, but significantly increase promotions of Toucan's authentic core products 3.

Do not sign the contract but grow business through brand extension with new product Recommendation: REJECT: Toucan Collections has maintained a great annual growth rate of around 20% in the last decade, which has attributed to their \$25 million gross sales. Competition has increased tenfold in the last few years, and these competitors are targeting customers through a variety of channels. If Toucan does nothing to change their marketing style and keep up with the competition, they will get swallowed within the seller market.?

Alt 1 (Do nothing) REJECT: On paper, this contract sounds to have great potential, providing a possible 16% increase in sales and reliable income. But the possibility that the company would only continue with the \$750, 000 purchases needs to be looked at since it would not increase revenue enough to outweigh the possible consequences of the contract. A positive is that they would be following the industry trends and keeping up with their competitors.

However, the case states that Toucan has (worked hard for) and developed a reputation of trust and quality. By following the contract and triple-ing its replica production, they would be shying about from the base definition of

their business. They are known for trust and quality, but are shifting to replicas? This would send a very bad message to its core target market. Replicas make up a very small portion of their net sales, so expanding in this area seems to be inconsistent with achieving their overall goals.

However, since the replica market is bought by consumers gift shopping and decorating it should be acknowledged that there is potential to further tap into this market since it will always be present. The other positive option with doing the contract is that they increase their marketing efforts towards highlighting Toucan's core, reputable products. They could explain that the company in which they would be doing business with is also a reputable business, and will be carrying Toucan's authentic products as well.

As long as Toucan lets the public know that it is not straying from its core market simply expanding the markets that they sell to, the trust that has been built up should not be tarnished. They will understand that the Toucan will continue to supply quality, unique authentic products as well as replicas, and they have the choice of what to choose from. But, all this is contingent on the fact that they have enough resources to triple their replica production and can handle the dealing with a mass market, while not reducing resources to core products?

Alt 2 (Sign contract) (ACCEPT) One possibility is po? Alt 4 (Do not sign contract) ssibly trying to find another authentic product to sell and extending their product line. They could find another region of the world, or some other product that fits with their brand image, and try to sell that in addition to their other products. This would fit with their business definition and make

more sense with their core customers and future goals. No matter what they do, they should increase their marketing to keep up with the competition's increasing presence.