

Matthew yachts inc



**ASSIGN  
BUSTER**

## MATTHEW YACHTS, INC.

This is an excellent case to address the characteristics of process-oriented vs. repetitive vs. product-oriented production.

1. Matthew Yachts is profitable, thanks to its custom-designed yachts. Its management experience appears to have competitive advantage in custom-designed yachts, hence the higher profit margins. However, since the demand for the “fixed” design is growing, expansion into this area, with its repetitive-oriented layout and procedures (see Table 7. 2 and Figure 7. 1 in text), may be warranted. 2. Establishing a separate facility with its own labor force, costing, and procedures may be a good move. Particularly if this can be done at a low production level that will allow maintenance of production even in periods of recession (or high federal luxury taxes).

## AMAZON. COM

1. Some of the opportunities and disadvantages of selling books over the Internet are summarized here:

Factor

Impact

Causes

Revenue

Increase

?

Convenience

?

Large variety of books

Decrease

?

Customer-specific recommendations

?

Distributor margins

Downward price pressure

<https://assignbuster.com/matthew-yachts-inc/>

? Inability to browse

Inventory cost

Decrease

? Aggregation (major benefit is for low-volume books)

Facility costs

Decrease

? No retail outlets, only warehouses

? No cashiers required

Increase

? Each customer order is picked and packed

Transportation cost

Increase

? Higher outbound transportation costs

Forecasting

Added

? Instant knowledge of customer preferences and tastes

Customer Understanding

Improved

? Track customer history (purchases) and make recommendations to the customer 2. The benefits of using the Internet for book sales are significantly larger now that books can be downloaded online. Amazon is able to ship some products over the Internet, saving the final shipping cost but changing the nature of its business. Amazon will be software intensive rather than book and warehouse intensive. 3. Other downloadable products are software and music. In both instances, Amazon increases the benefits of e-commerce if it either creates CDs or DVDs in response to customer orders or allows

customers to download these products. For other products, like toys and hand tools, limited possibilities exist for postponement. The advantages of the Internet for Amazon in those product categories will continue to be smaller compared to physical retail outlets. 4. The Internet can bring several advantages to traditional bookstore chains: ? Going online allows a bookstore chain to offer the same convenience and variety as its existing operation and at the same time exploit the advantages of e-commerce. ? Chains can structure themselves so retail outlets carry many copies of best sellers for customers and few copies of low-volume books to encourage customers to browse and make impulse purchases. ? Terminals or Internet kiosks can be available so customers can order any low-volume book online. This allows the aggregation of low-volume books at the warehouse. ? Bookstore chains may also reduce inventory costs by using technology that allows a book to be printed in a few minutes on demand. ? Traditional bookstores can offer more delivery options: cash and carry, order and pick up at the store, mail from the store, or drop ship from the warehouse or publisher. ? For those books that the store does not have, but the customer wants to pick up at the store, the chain can ship economically to the store with normal store replenishment shipments.