

# [Corolla case study](https://assignbuster.com/corolla-case-study/)

[Education](https://assignbuster.com/essay-subjects/education/)

In 1988, Calyx & Corolla (C&C) entered the mail order fresh flower delivery industry. C&C revolutionized the model of fresh flower selling by eliminating 3 levels of distribution (distributor, wholesaler and retailer) so that flowers reach consumers on average 7 to 10 days sooner than the standard delivery method. This was accomplished through a premium catalog, a successful relationship with Fed-Ex and exclusive relationships with selected local flower growers. C&C’s catalog is the main form of advertising reaching the customers.

They believe in the importance of showcasing a beautiful product in addition to providing information regarding the flowers and their display that consumers would find interesting and useful. Since 70% of revenue is derived directly from the catalog, it is an important element of their business model. As Fed-Ex is known all over the world for its on-time delivery and reliability, being able to transfer those qualities to overnight flower delivery for C&C was revolutionary.

Establishing exclusive relationships directly with a network of select growers in Florida, California and Hawaii allows C&C to offset weather catastrophes that may affect their supply. The exclusivity contracts means that C&C is not competing for product supply with other mail order flower retailers. Strengths The novel sales model developed by C&C that connects growers directly with the customers allows a product that is 7-10 days fresher than competitors’ to be delivered. In addition the other strengths of their business include:

Profitability - By the third year of operation, C&C’s sales had increased more than 10 fold (from $750, 000 to over $10, 000, 000) and were expected to double again in the next forecasted two years (Exhibit 1). Over that same time period, the gross profit margin was almost 80 percent of sales (Exhibit 1). Greater control over product – By removing the three levels (distributor, wholesaler and retailer) the company has greater control over the quality and presentation of the delivered product.

There is a direct relationship between the two components (grower and customer) which allows for moreaccountabilityand control by C&C. Training the growers to package to strict aesthetic standards is worth the $9 per order premium compared to FTD’s hit & miss product selection of what is ordered compared to what is received. Higher Quality of product – The product typically arrives 7 – 10 days sooner than standard delivery method (i. e.

FTD); therefore, the customer receives a fresher product that not only looks better when it arrives, but lasts a week or more longer than anything that the consumer could buy through a local florist. With a standardized catalog of premium arrangements and flowers and exclusive growers, the customer will receive exactly the superior quality product that was ordered. Weaknesses As a result of eliminating multiple levels, the relationship with the 2 primary components (Fed Ex and the growers) is critical.

Dependency on Fed-Ex – If Fed-Ex ability to deliver is compromised due to weather conditions, competing seasonal delivery, (Christmas), labor relations, etc. , then C&C’s business premise breaks down. Dependency on growers – if the product that the grower supplies is not grown and packaged in accordance with the established specifications, then C&C is not supplying the quality of product as pictured in the catalog and the customer does not receive what was ordered. Opportunities

C&C has identified the targeted demographic as women aged 30 -55, most of whom work and have substantial disposable income. Marketing strategies targeting this specific demographic should be developed. These other business opportunities would be valuable in helping round out the seasonal peaks of the flower industry. Expanding corporate clientele - Potential for expanding with high-end client such as an exclusive hotel chain to do lobby and banquet / corporate events.

This is an excellent twofold opportunity – partnering with hotel chain get the hotel business and expose to a target market that would not necessarily get the catalog at home. The business traveler who misses an event at home such as a birthday or anniversary but has access to flower catalogues in the hotel. Target high-end hotels with high-end customers. Premium business alliances – C&C should continue to develop promotional events at select premium retailers (similar to Bloomingdales) with clients of the target demographic.

These promotional offers should be affiliated with stores where this demographic tend to shop (Tiffany’s, Nordstrom’s, Williams & Sonoma) and can be tied in with products (jewelry, vases) and during selected holidays (Valentine’s Day, Mother’s Day). Ensure targeted customer service follow up after the promotion – a customer buys a vase with free C&C flowers, wowing these new customers with the amazing product quality and superior longevity of the blooms, and following up to offer a promotional price on a seasonal offering to get past the hurdle of the “ first order”.

Instead of mailing a massive catalog blast, refining the catalog mailing list more specifically to the target market to increase the likelihood of making the first sale and continuing to generate loyal, happy, repeat customers, where C&C’s return is 3 times that of mass mailed catalogue recipients (Appendix 1). Television Advertising - Mini strategy in Minnesota to target women in television advertising during programming identified as being watched by the targeted audience. This would include programming such as cooking shows, gardening shows, and afternoon talk shows such as Oprah network.

The TV campaign needs to be targeted to people that buy flowers themselves – namely women. Once they buy as a gift for someone else, information about the continuity programs should be highlighted. Expansion of Fed Ex relationship - to have Fed-Ex exclusively deliver Sundays and holidays for C&C would give them a significant competitive advantage over any other company attempting to enter the market. That would solidify C&C’s role as the market leader in premium home flower delivery and create a significant barrier to entry.