

Marc Rich and Global Commodity Trading

TheCaseSolutions.com
Internal Analysis
 The competitive advantage lies in the low entry strategy and pricing. Advantages pricing strategy, packaging and quality, location and variety of the store.

The 5 P's of Success:
 Product
 Pricing
 Place
 Promotion
 Power!

TheCaseSolutions.com
Internal Analysis
 Both Caseita and Deutsch are family owned businesses. The strength and importance of family is part of the company's philosophy, hence their preference for working together with other family-owned companies. Family values have become also a part of their positive public image.

The CaseSolutions.com
 The CaseSolutions.com is a family owned business. The strength and importance of family is part of the company's philosophy, hence their preference for working together with other family-owned companies. Family values have become also a part of their positive public image.

TheCaseSolutions.com
External Analysis
 PESTLE + 2 of Peter's 5 forces (Industry Competition and Bargaining power of Buyers)

PESTLE
 Political
 Economic
 Social
 Technological
 Environmental
 Legal

PESTLE
 Political
 Economic
 Social
 Technological
 Environmental
 Legal

TheCaseSolutions.com
Power of Buyers and Suppliers
 The major buyers are...
 Competition...
 Bargaining power of Buyers...
 Bargaining power of Suppliers...

SWOT - Summary

Strengths
 Family owned
 Low entry strategy
 Quality products
 Location and variety

Weaknesses
 Dependence on family
 Limited marketing budget
 Limited product range

Opportunities
 Expansion into new markets
 Diversification into related products
 Strategic alliances

Threats
 Intense competition
 Changing consumer preferences
 Economic downturn

Trading Up or Trading Down?
 The consumer pressure to...
 The brand has established a...
 Trading down will...
 Trading up will...

Trading Up or Trading Down?
 The consumer pressure to...
 The brand has established a...
 Trading down will...
 Trading up will...

Marc Rich and Global Commodity Trading

TheCaseSolutions.com
Internal Analysis

This competitive advantage lies in their flexibility, innovation and pricing. Affordable pricing, excellent packaging and branding. Resources were used in a personality of its own.

The 4 P's of Success:
People
Product
Place
Price
Promotion
Potential

TheCaseSolutions.com
Internal Analysis

Both Casella and Deutsch are family owned businesses. The strength and importance of family is part of the company's philosophy, hence their preference for working together with other family-owned companies. Family values have become also a part of their positive public image.

TheCaseSolutions.com
Internal Analysis

This competitive advantage lies in their flexibility, innovation and pricing. Affordable pricing, excellent packaging and branding. Resources were used in a personality of its own.

The 4 P's of Success:
People
Product
Place
Price
Promotion
Potential

TheCaseSolutions.com
External Analysis

PESTLE = 2 of Porter's 5 forces
(Industry Competition and Bargaining power of Buyers)

PESTLE
TheCaseSolutions.com

PESTLE
TheCaseSolutions.com

TheCaseSolutions.com
Porter's 5 forces, bargaining power of Buyers and Industry Competition

Buyer power: The major buyers of coffee are large corporations, governments, and retailers. Concentration between these buyers can either force down the price of coffee, or increase the price of the same. Part of buyer power: Product Differentiation and Substitutes. Goods: "Brand building in this market is a daunting challenge, but ultimately a 'death' sales volume challenge." **Industry Competition:** Many Average Existing Competitors. **Substitutes:** Many areas are by far the biggest-selling category of coffee in the US. However, hard to compare factor for restaurants, large and restaurant who buy, and the coffee sold to other consumers also contributes to competition for Starbucks in terms, making long-term viable world more attributable to U.S. consumers (Gentry, 2002).

SWOT - Summary

Strengths:
- Well positioned
- Complete solution
- Unique service model
Weaknesses:
- Limited resources to compete with the large established brands
- Limited sales, selling in bulk may not be as profitable as selling in smaller quantities
- Dependence on coffee beans from the coffee market which could affect the value of coffee beans for agricultural market.
Opportunities:
- Growth of premium market - increase coffee segment - increase in demand
- Emerging technologies in the production of coffee, stability a security
Threats:
- Large established brands to expand the market - the rapid introduction of U.S. and other brands in the market & are changing habits of consumers.

Trading Up or Trading Down?

TheCaseSolutions.com
Internal Analysis

Trading Up or Trading Down?

Like in the world economy started in 2000 and the increased uncertainty in the market, just because Casella and Deutsch considered going down market or price for some of the times while maintaining the price for others, or producing a more luxury "downside" when the value reducing prices for other sales.
ON THE BASIS OF THE SWOT analysis our team concluded, we believe that trading down would be a mistake.
According to sociological research conducted in the USA, consumers are mainly focused on these 3 dimensions:
1. Is it worth the price premium over a private-label product or brand (better quality)?
2. Does it deliver authenticity and value?
3. When I use this product or service, does it impact me, how to my price about my team, lifestyle, knowledge, or better of subsequent?

Trading

The consumer segment is focused on the premium and the extended time with their coffee market, highly to not remain under the global economy that consumer segment. Trading down will affect the value of the coffee market, reducing the price premium and luxury. This is a mistake for the consumer segment.

TheCaseSolutions.com

TheCaseSolutions.com

Internal Analysis

Their *competitive advantage* lies in their branding strategy and pricing. Affordable pricing, colourful packaging and labeling, flavoursome wine with a personality of its own.

The 6 P's of Success:

People

Product

Package

Price

Promotion

Potential

TheCaseSolutions.com

Internal Analysis

Both Casella and Deutsch are family owned businesses. The strength and importance of family is part of the company's philosophy, hence their preference for working together with other family-owned companies. Family values have become also a part of their positive public image.

TheCaseSolutions.com Internal Analysis - The Value Chain

- * **Inbound Logistics:** Casella owns grape growing acreage, but has supply arrangements with contract growers.
- * **Outbound Logistics:** earlier bottling was done at Casella's facilities, now wine is shipped in bulk to various markets and bottling is done in their proximity.
- * **Operations:** Casella has their own processing facilities;
- * **Marketing:** handled by Deutsch. Appeal to young consumers (21-35). French style bottles+bright colours; Synthetic corks maintain the wine quality; bright and modern labels; the wallaby design establishes connection to Australia
- * **Sales:** the wine is sold to wholesalers and distributors, who sell it to retailers, who sell it to customers.
- * **HR:** Passion for the trade is held in high regard. Value growth and development of their employees, offer opportunities for advancement within the organisation.
- * **Technological Development:** investments in steel tanks and 12-ton fermenter; in 2010 [Yellow Tail] releases convenient 187ml bottles; in 2006-2011 t installed the fastest bottling line in the world.

TheCaseSolutions.com

Internal Analysis - The Value Chain

- * **Inbound Logistics:** Casella owns grape growing acreage, but has supply arrangements with contract growers.
- * **Outbound Logistics:** earlier bottling was done at Casella's facilities, now wine is shipped in bulk to various markets and bottling is done in their proximity.
- * **Operations:** Casella has their own processing facilities;
- * **Marketing:** handled by Deutsch. Appeal to young consumers (21-35). French style bottles+bright colours; Synthetic corks maintain the wine quality; bright and modern labels; the wallaby design establishes connection to Australia
- * **Sales:** the wine is sold to wholesalers and distributors, who sell it to retailers, who sell it to customers.
- * **HR:** Passion for the trade is held in high regard. Value growth and development of their employees, offer opportunities for advancement within the organisation.
- * **Technological Development:** investments in steel tanks and 12 ton fermenter; in 2010 [Yellow Tail] releases convenient 187ml bottles; in 2006-2011 t

TheCaseSolutions.com External Analysis

PESTLE + 2 of Porter's 5 forces
(Industry Competition and
Bargaining power of Buyers)

PESTLE

TheCaseSolutions.com

***Political/Legal:** the US Alcohol and Tobacco, Tax and Trade Bureau regulated wineries to sell via "three-tier" distribution system - winery-->distributor-->retailer-->consumer.

* **Economical:** Dolar sales and volume sales in the "Super-Premium" and "Deluxe" categories grew from 2003-2008; Imported table wines trippled by volume while domestic consumption of table wine had not quite doubled in 2008; Due to the financial collapse in 2008 it became increasingly difficult to deplete the stocks of wine inventory.

PESTLE

TheCaseSolutions.com

* **Social:** the "Baby Boom" generation (born 1946-1964) represented the core market for wine in the US in 2009.

* **Technological:** Enology Service Lab - an analytical laboratory service that conducts chemical, physical, microbiological and sensory analysis on grapes and wines for the industry. By analyzing nitrogen components in the grape itself, they can predict the desirability of the wine. They can also recommend how to maximize the aroma and flavour of the grapes.

* **Environmental:** Over a 2 year period approx. 5% of wine is "lost" through the "breathing" process. Full maturation prior to sale could sometimes take 2-3 years. These additional maturation cycles to create quality wines tend to greatly increase inventory investment costs. Certain wines are naturally (due to the lack of needed farm land) scarce.

PESTLE

TheCaseSolutions.com

***Political/Legal:** the US Alcohol and Tobacco, Tax and Trade Bureau regulated wineries to sell via "three-tier" distribution system - winery-->distributor-->retailer-->consumer.

* **Economical:** Dollar sales and volume sales in the "Super-Premium" and "Deluxe" categories grew from 2003-2008; Imported table wines tripped by volume while domestic consumption of table wine had not quite doubled in 2008; Due to the financial collapse in 2008 it became increasingly difficult to deplete the stocks of wine inventory.

PESTLE

TheCaseSolutions.com

- * **Social:** the "Baby Boom" generation (born 1946-1964) represented the core market for wine in the US in 2009.
- * **Technological:** Enology Service Lab - an analytical laboratory service that conducts chemical, physical, microbiological and sensory analysis on grapes and wines for the industry. By analyzing nitrogen components in the grape itself, they can predict the desirability of the wine. They can also recommend how to maximize the aroma and flavour of the grapes.
- * **Environmental:** Over a 2 year period approx. 5% of wine is "lost" through the "breathing" process. Full maturation prior to sale could sometimes take 2-3 years. These additional maturation cycles to create quality wines tend to greatly increase inventory investment costs. Certain wines are naturally (due to the lack of needed farm land) scarce.

TheCaseSolutions.com

* Possible decrease in situation

Porter's 5 forces (Bargaining power of Buyers and Industry Competition)

Buyer power:

The major buyers of wine from the vineyards are (retailers) liquor stores and restaurants. Competition between these buyers can either force down the price of the wine, or increase the price of the wine.

Part of buyer power: Product Differentiation and Switching Costs. "Brand building in this market is a daunting challenge, but anonymity is death," states Walter Channing, author of *Fortune Magazine*.

Rivalry Amongst Existing Competitors:

Table wines are by far the biggest-selling category of wine in the US. Wineries had to compete harder for retail shelf space and restaurant wine listings, and the dollar compared to other currencies also contributed to competition for California vintners, making foreign-made wines more affordable to U.S. consumers (Seeing Red, 2002).