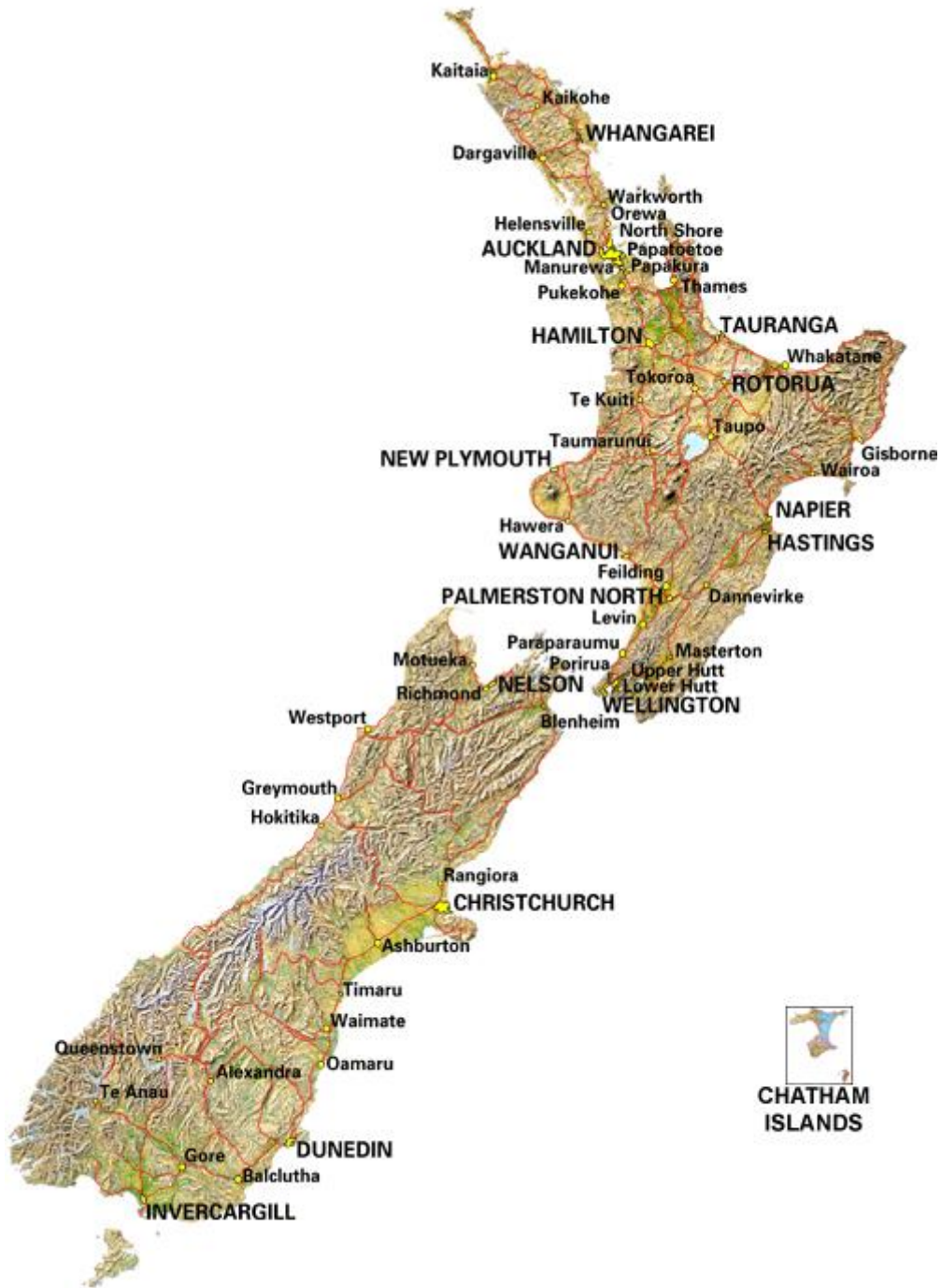


FREDERIC GAUTHIER

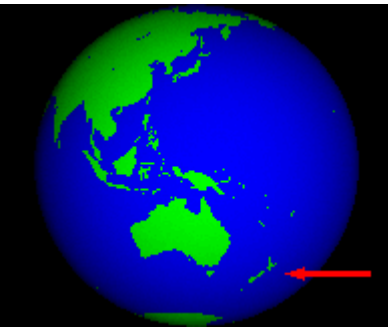
CASE STUDY

INTERNATIONAL LOGISTICS

NEW SOLE AGENT FOR A
CHAMPAGNE MERCHANT
ON NEW ZEALAND MARKET



NEW ZEALAND MAP



STORY DETAILS

PROFILE OF NEW ZEALAND

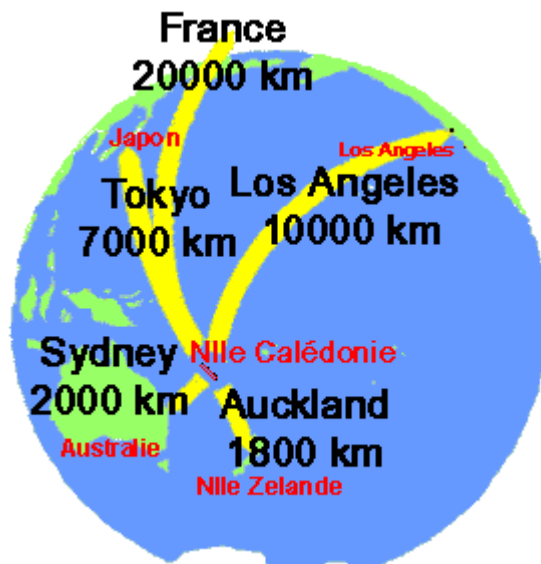
Aotearoa: Land of the Long White Cloud - New Zealand is located in the southern hemisphere. It spans 1600 km from north to south and is approximately 2250km east of Australia. It is made up of the North Island, the South Island, Stewart Island and various surrounding small islands.

New Zealand has a population of approximately 3.8 million people with the official languages being English and Māori.

The National plant of New Zealand is the [Pohutukawa](#) and the National bird is the [Kiwi](#).

Where is New Zealand

New Zealand is an island nation situated in the South Pacific.



New Zealand Business

New Zealand has a market economy with sizeable manufacturing and service sectors complementing a highly efficient export-orientated agricultural sector.

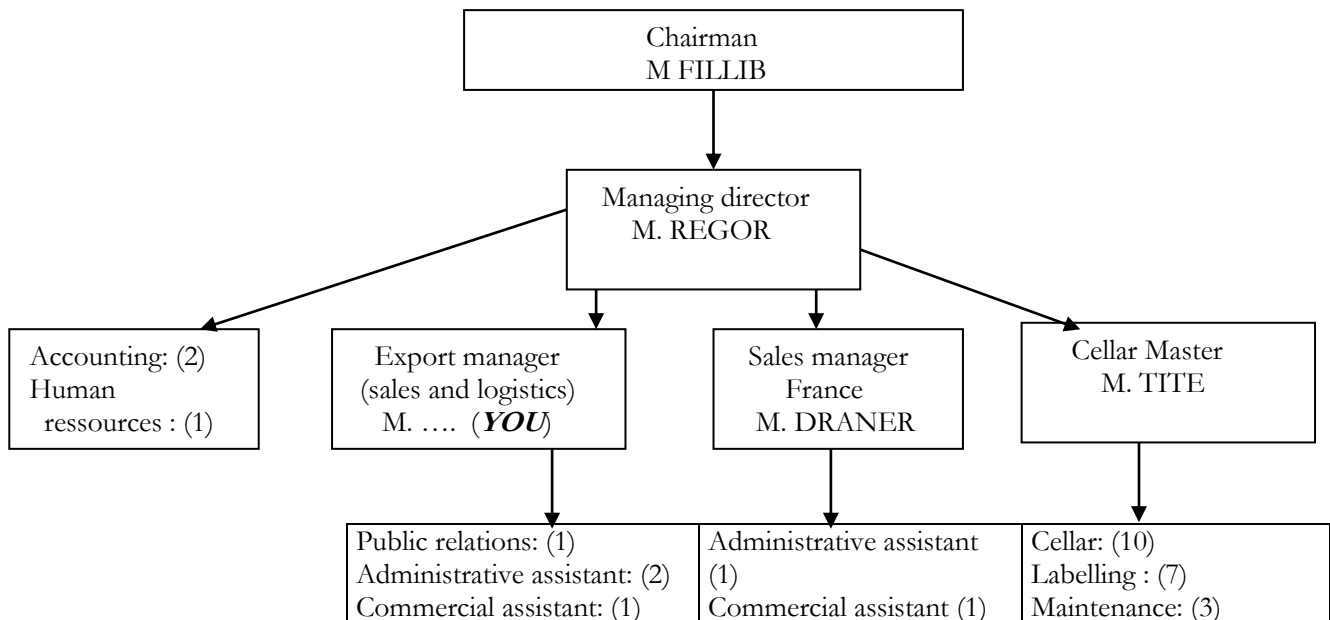
Energy based industries, forestry, mining, horticulture and tourism have expanded rapidly over the last decade. The economy is strongly trade-oriented, with exports of goods and services accounting for around 32 percent of total output. Its largest export markets are Australia, the USA, Japan and the UK. Increasingly, New Zealand companies are focusing on niche markets and applying innovative science and technology-based solutions to generate wealth.

THE WORLDWIDE CHAMPAGNE COMPANY ACC

ACC is a champagne merchant, one of the main leaders on English-speaking markets. The company is family owned and offers an average production of 2 million bottles per year. Two thirds of champagne sales take place in the end-of-year holiday period.

The headquarters are situated in the heart of the French champagne region, in Epernay (about 135 km. East of Paris). The company owns a vineyard of 85 hectares and employs 60 people.

The organisation of the company is as follows



Export sales represent 70% of the total turnover, spread over 70 countries.

New Zealand is among the ten leading markets with about 14000 bottles shipped annually.

NEW ZEALAND INDUSTRY

For a better understanding of the case, Mr YOU, let's have a short overview of the New Zealand wine market.

This market is young and still developing. Many people are still discovering the delights of wine while others are confident and enjoy selecting and drinking different styles.

Consumption of wine is increasing, though on a relatively small scale. Being a producer country, New Zealanders enjoy their own product – particularly white wine. The majority of red wine comes from Australia, as it is able to offer higher value for money in many cases. New Zealanders enjoy the local sparkling wines but these tend to be mainstream and represent little prestige. Though imminently an upper-class product, people still wish to enjoy champagne for many occasions – whether a celebration or simply a desire to indulge.

Imports of champagne to New Zealand have increased by 183% in the period July – October over the same period a year ago. This, is compared to an increase of 15% of total imported wines and 7% in French wines. Champagne now accounts for 2% of the total imported wine product mix.

Previous years were very exciting for New Zealand. The America's Cup was a considerable event, as well as the Olympic games in Sydney.

Champagne stocks are now low and various outlets offer encouraging sales forecasts.

The champagne consuming period is mainly during the end of year period (October, November, December).

ALL WINES CO.:

SOLE AGENT IN NEW-ZEALAND

All Wines Co. is the sole agent of ACC for New-Zealand. ACC is not really pleased with AW although this company holds a significant place on the market and no alternative seems convenient. It is one of the main leaders distributing spirits in the country.

You, as export manager, are under the feeling that the retail price is too low compared with other champagne brands in competition with your own brand on significant champagne markets. This information was checked during your last commercial trip. In your opinion, the brand image is declining.

ACC is the 6th largest champagne company on the New Zealander market. This is quite acceptable considering the size of the company.

Pricelist granted by ACC to ALL WINES CO. (in Euros)

WWCC product	Bottle <i>75cl</i>	Magnum <i>1.5l</i>	Jeroboam <i>3 l</i>	Methuselah <i>6 l</i>
Dry Special	€ 20	NA	NA	NA
Brut	€ 21	€ 33	€ 90	€ 200
Vintage	€ 22	€ 25	€ 154	€ 320
Blancs de Blancs vintage	€ 24	€ 40	NA	NA
Rosé vintage	€ 24	NA	NA	NA
Top Cuvée	€ 30	€ 55	€ 200	NA

(NA: Not Available)

Miscellaneous Information

- Terms of sale: FCA Epernay
- Allowances (*granted to the importer*)
 - One case free for 20 cases of Brut ordered
- Marketing budget 3 NZ\$ per case of 12 bottles shipped.
- 1 NZ\$=0.50 €
- advertising items allocation: 3% of order value
(*shipped with each order*)

Case weights and dimensions

Packaging (per case)	Content <i>Liters</i>	Length <i>Meters</i>	Width <i>Meters</i>	Height <i>Meters</i>	Volume <i>CBM</i>	Net weight <i>Kg</i>	Gross weight <i>Kg</i>
12 bottles	9	0.500	0.340	0.190	0.033	19.50	20.00
6 bottles	4.5	0.338	0.246	0.182	0.017	9.750	10.00
6 magnums	9	0.425	0.330	0.260	0.036	20.00	21.50
1 jeroboam	3	0.530	0.190	0.190	0.019	5.00	7.00
1 mathusalah	6	0.690	0.215	0.215	0.032	10.25	11.00

A DRASTIC CHANGE TO COME

M Soccer is a great supporter of ACC in New Zealand and has the same feeling as ACC about AW. Mr Soccer is a wine journalist and entertains a close relationship with you. This is the reason why you never miss to meet him when travelling to New Zealand.

During your last trip, he mentioned rumours saying that AW is expected to stop their wine activity in the next few months. Bill Colson (brand manager for AW) told you at the same time that he will set up a new company importing and distributing wines with people from AW and, by the way, confirms the truthfulness of the information.

AW wants to succeed this important change in its strategy in order to keep a reputation of reliability. As a matter of fact AW had a very successful end of year as far as sales are concerned. As export manager

you were even obliged to limit their orders request to meet with expectations of other ACC markets.

Mr Soccer has just called to warn you that AW will definitively stop its activity in the next 3 months. He is also delighted to tell you that General Wines Agency (GWA) which just lost the distribution of Champagne Charles (part of a big group which owns Cognac spirits), has decided to satisfy their customers with another brand. They know ACC is aware of the situation and wish to get in touch with ACC.

The GWA Champagne product manager sends you the following memo, suggesting his application.

GWA: OVERVIEW, PRODUCT AND POSITIONNING

The GWA portfolio is fully in accordance with WWCC customers:

- Alsace Jossier
- Bourgogne Patriche
- Bordeaux Tour Blanche
- Toscana Antiri

GWA is very well placed to take advantage of opportunities and drive ACC across the New Zealand market. Not only is GWA's retail reputation staked on fine wine making it an obvious choice for wine lovers and collectors, it also has a very strong position with both regular wine drinkers and the novices. Many of them purchase from GWA as they trust the endorsement of the GWA brand. This is true for both the private individual and the trade customer.

There are several brand values associated with ACC Champagne.

- ♥excellence
- ♥pride
- ♥family
- ♥tradition
- ♥prestige
- ♥independence
- ♥history

These values are the essence of the WWCC brand and must be present at all levels of the marketing plans.

However, one of the key angles we would like to promote in the New Zealand market is one of "discovery". Though ACC has been in the New Zealand market for many years it has led a quiet life. We would endeavour to reveal the true ACC and encourage people to discover the excellence of this champagne. Though continuing to promote ACC as the "quiet achiever" and the Champagne of connoisseurs around the world, we believe there is a huge opportunity to help people uncover the quality and essence of the brand.

ACC's point of difference is a strong portfolio and the fact it is just waiting 'to be discovered'. These brand attributes matched with the history of ACC, including the links with King George VI, make for a unique proposition.

ACC is a brand that exceeds the expectation of the customer.

CHAMPAGNE MARKET OVERVIEW

Competitors:

Champagne Charles is the obvious competitor, together with LVH, also we are confident in converting all existing Charles customers to ACC. Second only to LVH, Charles is the most poured Champagne in NZ on-premises – we intend to regain this position, this time with ACC. Obviously, there are other champagnes that are successful on this market – Orange, Bond, Louvre. However, these wines are positioned at a different price level and do not offer the value that ACC offers. We point out ACC in same segments.

Champagne Black is another well-priced champagne that is slowly gaining distribution, though mainly through traditional retail and grocery.

Champagne Houses

	BOND	ORANGE	LOUVRE	LVH	CHARLES	BLACK
Grocery	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	\$67.95	<i>N/A</i>	\$49.95
Chains	\$74.95	\$82.95	\$79.45	\$66.62	\$59.95	\$51.95
Independent	\$73.71	\$82.70	\$85.45	\$65.95	\$54.95	\$52.95

(in NZD, per bottle)

(N/A = not applicable)

SALES & PERFORMANCE

Pricing

Recommended pricing for the New Zealand market is as follows:

Product WWCC	Bottle 75cl FOB in €	NZ Trade Price (wholesale) in NZD	General Retail in NZD	Promotional Retail in NZD
Dry Special	€ 25.50	\$ 62.50	\$ 79.95	\$ 74.95
Brut	€ 25.50	\$ 62.50	\$ 79.95	\$ 74.95
Vintage	€ 29.00	\$ 74.50	\$ 94.95	N/A
Blancs de Blancs vintage	€ 33.70	\$ 87.50	\$ 109.95	N/A
Rosé vintage	€ 30.70	\$ 78.25	\$ 99.95	N/A
Top Cuvée	€ 57.70	\$ 159.50	\$ 310.00	N/A

ACC is able to offer value for money as the brand sits under NZD 70 at General retail so far yet is of excellent quality. For on-premises, we can promote ACC as the 'house' champagne for the Brut, which will encourage listings for the full portfolio.

Sales forecast

We believe ACC is currently selling approximately 1200 cases on the New Zealand market. GWA would forecast maintaining those sales in the first year of managing the brand, but would deliver considerable growth in the second year on. The price increase will have some bearing on sales.

Year	9 liter case sales (12 bottles)	% increase YOY	% increase vs previous year sales
1	1400	16%	16%
2	1800	28%	50%
3	2100	16%	75%
4	2500	19%	108%

We would not cap the potential volumes based on our considerable success with Champagne Charles, as well as the strong brand proposition ACC offers (please note market conditions/pricing would influence volumes).

GLOBAL LOGISTICS QUESTIONS

Seller, Buyer, Carrier have to prepare their negotiation considering this industry constraints as well as the market constraints.

Seller will include

- General manager
- Production manager
- Marketing manager
- Logistics manager

Buyer will include

- Buyer
- Marketing manager
- General manager

Carrier

- Commercial manager
- Compliance manager

Finance

- Banker of the seller
- Banker of the buyer
- Insurance company
- Liability
transport

PREPARE YOUR STRATEGY
ARGUE YOUR NEGOCIATION

CMA CGM LA TOUR	35	ANW	2003-10-01	2003-11-05	3439	
CMA CGM MANET	39	ANW	2003-10-04	2003-11-12	3440	
P&O NEDLLOYD REMUERA	34	ANE	2003-10-08	2003-11-11	3041	
CMA CGM MANET	35	ANW	2003-10-08	2003-11-12	3440	
COLUMBUS AUSTRALIA	37	ANW	2003-10-11	2003-11-17	3441	
COLUMBUS AUSTRALIA	34	ANW	2003-10-14	2003-11-17	3441	
CONTSHIP AURORA	34	ANE	2003-10-15	2003-11-18	3042	
MARFRET PROVENCE	37	ANW	2003-10-18	2003-11-24	3442	
MARFRET PROVENCE	34	ANW	2003-10-21	2003-11-24	3442	

COLUMBUS NEW ZEALAND	34	ANE	2003-10-22	2003-11-25	3043	
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ANE means Eastbound link.



ANW means Westbound link



Second service

Ports ANTWERP - AUCKLAND

Period 2003-09-30 - 2003-11-30

Vessel	Transit time (days)	Service	Departure	Arrival	Voyage-No.	Details
SYDNEY EXPRESS	34	ANE	2003-10-01	2003-11-04	3040	
CMA CGM MANET	39	ANW	2003-10-04	2003-11-12	3440	
P&O NEDLLOYD REMUERA	34	ANE	2003-10-08	2003-11-11	3041	
COLUMBUS AUSTRALIA	37	ANW	2003-10-11	2003-11-17	3441	
CONTSHIP AURORA	34	ANE	2003-10-15	2003-11-18	3042	
MARFRET PROVENCE	37	ANW	2003-10-18	2003-11-24	3442	
COLUMBUS NEW ZEALAND	34	ANE	2003-10-22	2003-11-25	3043	

Dates in **bold** indicate direct ports of call. The sailing schedule and ports of call are subject to alterations.

40' reefer container sea freight cost = x 3
Other charges unchanged

3) common information

volume capacity for a 20' dry container

	Foot/ft	Kilogram/kg	Lbs/Pound
Millimeter/mm			
Internal	Length 5895	19' 4 1/8"	Weight Max. Gross 30480 67200
	Width 2350	7' 8 1/2"	Tare 2250 4960
	Height 2392	7' 10 1/8"	Max. Payload 28230 62240
Door Opening	Width 2340	7' 8 1/8"	
	Height 2292	7' 6 1/4"	

Volume capacity for a 40' reefer container

External dimensions L.12192 x 1.2438 x H.2896

Internal dimensions L.11430 x 1.2250 x H.2520

Maxi load 26 t 200

Maxi volume 64 cbm