

THROUGH THE GRAPEVINE: CLOS DU BOIS WINERY

Learning Objectives

The purpose of this video is to help you:

1. Understand how a company works with wholesalers and retailers to make its products available to consumers.
2. Discuss the factors that affect a company's distribution strategy.
3. Consider the goals and challenges of physical distribution.

Synopsis

Riding a tidal wave of U.S. consumer interest in California wines, Clos du Bois Winery sells its wines from coast to coast. The company now ships more than one million cases of wine every year, although less than 20 percent is sold in California. The winery works through a network of statewide and regional distributors that sell to retailers and restaurants which, in turn, serve the wine to consumers. For efficient order fulfillment and inventory management, Clos du Bois ships from a central warehouse to more than 300 wholesaler warehouses around the United States. To ensure that quality is not compromised by temperature extremes, the company also pays close attention to the details of physical distribution. Now it is tapping the infrastructure of parent company Allied Domecq to arrange for wider distribution in Europe.

Discussion Questions

1. *For analysis:* Why does Clos du Bois sell through wholesalers rather than selling directly to retailers and restaurants?
2. *For analysis:* How does the U.S. pattern of table wine consumption affect the winery's domestic distribution strategy?
3. *For application:* What might Clos du Bois do if its supply of a certain vintage runs low?
4. *For application:* What effect does the cost of storing and shipping Clos du Bois wine have on the prices paid by retailers and, ultimately, consumers?
5. *For debate:* Given its long-term relationships with established wholesalers, should Clos du Bois lobby against direct sales of wine to U.S. consumers through Internet channels? Support your position.