Ravikant Parekh

Le-Club Summary

Le Club Français du Vin is a the French wine industry, which purchases wines from the wine growers in a wholesale price, and sells them directly to the customers in a retail price. They go to different wine regions, evaluate the sales pattern of that particular region, and then forecast the demand for the upcoming year. Here in Exhibit 1, they have given the forecasts and actual demands of past 5 years. Zanella will have to determine the forecast of year 2004 from that information in Exhibit 2.

After doing all the calculations and reviewing Exhibit 2, we can say that they have lost sales for a few wines in the past years. Those wines will be ordered in a more quantity for year 2004. For two wines named Pessac Leognan and Aloxe Corton, they will not lose even € 1 per bottle, even while liquidating inventory with a discount price. However, the company will lose around € 9 per bottle, if they lose sales for the same wines. Therefore, wines with very low overage costs can be ordered in more quantity. These wines will also have very low expected loss sales. Moreover, many new wines should not be ordered in higher quantity. However, the American wine-guru Robert Parker’s opinion can be considered for new wines.