|  |
| --- |
| **Case Study 1:**  Wilde’s Bramble is an organic food company started by a couple who grew up in rural Vermont, Alder and Calla Wilde. Living on a small farm created with tracts of land from both sets of parents, the Wildes decided to grow and sell organic products. They began by bringing their products to local farmers’ markets and when word got around of the high-quality and delicious offerings, local shops and restaurants began to buy and resell their products too.  The increase in the number of customers led to more pressure to produce, so the Wildes used some money from savings to lease more farmland and ramp up production. They also needed additional equipment, more power, and a new barn.  To keep up with costs, Alder and Calla began to rely on a credit card. As the credit card payments increased and the finance charges piled up, they took out a mortgage on the farm, and Calla found a job away from the farm to help with cash flow. The outlook began to dim as the ever-increasing debt—which helped the cash flow problem in the moment but added to the overall crunch—threatened to overwhelm them.  **Case Study 2:**  Recently, the historical growth in the global economy has begun to slow. As a result, many consumer goods manufacturers are experiencing a slowdown in sales and Better For You All, an all-natural breakfast cereal manufacturer, is no exception.  Breakfast food companies in general are struggling with competitors over prices, market share, and profits. Better For You All competes mainly on price because its products are not very innovative or unusual. As a result, it relies on regular price promotion campaigns.  Analysts have long pointed out that price promotion campaigns carry two undesirable side effects. First, promotions can erode brand image and encourage consumers to shop solely on price. This habit encourages manufacturers and retailers to rely on short-term promotions to pump up sales numbers. The second side effect is a greater concern. Better For You All's dependence on sales promotions gives supermarkets great power because they are ultimately the ones who control promotions. Supermarkets can (and do) demand a wide range of subsidies from manufacturers. This means that discounts intended for consumers end up in retailers’ pockets, and that keeps Better For You All looking for a way to increase its brand distinction and its revenue. |

Assumptions

|  |
| --- |
|  |