

## **THE REVALUATION OPTIMIZING OF VINE PRODUCTS ON ASSORTMENTS AT COTNARI SOCIETY IASI**

### **OPTIMIZAREA VALORIFICĂRII PRODUSELOR VINICOLE PE SORTIMENTE LA S.C. COTNARI S.A. IAȘI**

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The case study started from a model used by a prestigious winemaking company, located in Iasi district, SC Cotnari SA, and it aimed at shaping some optimum capitalization solutions.

In order to establish and identify the unknown data for such an economic-mathematical model, we have started from the fact that the turnover and retail expenses differ according to assortments and delivery periods. The economic coefficients that have been used to elaborate the linear programming model resided in the expense specifications, normative and standards, while some indicators came from calculation themselves.

The objective functions were those of maximising the total income obtained from the capitalization of output and maximisation of gross profit.

As for the variant of maximising the total income, the results prove that the optimum solution is that of keeping the maximum level of expenses and obtaining a higher total income compared with the standard variant.

In practice, this alteration may have its roots in the increase of the buying demand of a certain wine assortment that exists on the market, and the retail piece may vary, although within certain limits, in order not to discourage the demand of that certain assortment and the orientation of customers towards other assortments or producers.

The analysis of the results obtained by the second variant, namely the maximising of the gross profit variant, notice has been made that the level of the used resources equals the one of the first variants, still with a special stress on the total income.

A more efficient capitalization of wine products can be obtained also by means of directing all efforts towards magnetising customers' preferences towards their own wine production, thus leading to an increase of the market segment.

Table 1

## The main economic indicators per variants and assortments (mil. lei)

Variant	Assortment	Total income	Total expense	Total gross profit	Net profit
V0	Selected	8316	7458	858	675
	Grasă	133055	119327	13728	10798
	Fetească	79500	71298	8202	6452
	Tămăioasă	67526	60559	6967	5480
	Frâncușă	33264	29832	3432	2699
	Blanc	10977	9844	1133	891
	<b>Total</b>	<b>332638</b>	<b>298318</b>	<b>34320</b>	<b>26995</b>
V1	Selected	8316	7458	858	675
	Grasă	133140	119327	13813	10870
	Fetească	79557	71298	8259	6501
	Tămăioasă	67526	60559	6967	5480
	Frâncușă	33264	29832	3432	2699
	Blanc	10977	9844	1133	891
	<b>Total</b>	<b>332780</b>	<b>298318</b>	<b>34462</b>	<b>27116</b>
V2	Selected	8438	7458	980	777
	Grasă	135008	119327	15681	12438
	Fetească	80667	71298	9369	7432
	Tămăioasă	68516	60559	7957	6312
	Frâncușă	33752	29832	3920	3109
	Blanc	11138	9844	1294	1026
	<b>Total</b>	<b>337518</b>	<b>298318</b>	<b>39201</b>	<b>31094</b>

The selected arsenal would consist of promoting an aggressive marketing by means of intensifying the promotion actions, and having the customer's preferences mirrored by the label of the product.

Due to the peculiar conditions provided by the winemaking industry, the turnover and retail expenses organize themselves on a monthly-basis, in order to be able to identify seasonality of different wine assortments.

Out of the annually average retail expenses, variable expenses stand for 97.7%, and the rest of 2.3% represent fix expenses.

Taking into account the important quota the variable expenses represent out of the total retail expenses and the pursuit of the main goal, for an efficient capitalization of wine, a redistribution of the components of retail expenses with a

view to enhancing the weight of the expenses for labels and advertising could play an important part in the process of accelerating the sales.

A month has been assigned for every wine assortment advertised by SC Cotnari SA, during whose period the turnover could rise thanks to new managerial strategies.

At the “Grasa de Cotnari” assortment, the 4 % growth of total retail expenses will trigger a 10% increase in turnover at the end of February, compared with the currently used variant.

A 5% increase in retail expenses at the “Tamaioasa” assortment will determine, according to the new strategy, a 10% growth in terms of turnover by the end of march.

April comes with a 10% increase in terms of turnover at the “Selected” assortment, by means of enhancing the retail expenses up to some 4% (the same for the “Blanc de Cotnari” assortment)

For the “Francusa” assortment, the sales may boost up to 20% if the retail expenses increase by 7 %.

*Table 2*

**The evolution of turnover and retail expenses in concordance with the proposed variant at SC Cotnari SA lasi taking into account the different assortments and months**

Assortment	Total trimester I		Total trimester II		Total trimester III		Total trimester IV	
	Turnover	Retail expenses	Turnover	Retail expenses	Turnover	Retail expenses	Turnover	Retail expenses
Selected	1914020,0	<b>224448,9</b>	<b>1995588,4</b>	217222,9	2124625,0	207632,7	2265119,0	265958,6
Grasă	26456547,3	2916682,4	26674736,0	2823895,7	29040099,0	2699224,4	50712086,0	3457463,1
Fetească	13866117,0	1550650,2	14553481,0	1520559,2	<b>16798864,9</b>	<b>1478248,4</b>	34266124,0	1861710,9
Tămâioasă	12291889,0	1502592,2	12331198,0	1448151,6	13250794,0	1384217,6	29610479,0	1773058,0
Frâncușă	5034106,0	553803,6	5222987,0	543056,7	5685152,0	519081,5	<b>17898773,5</b>	<b>676066,3</b>
Blanc	2722410,0	701484,7	<b>2770386,0</b>	<b>697877,6</b>	2655510,0	657503,4	2839659,0	84220,6

### CONCLUSIONS

The proposed model may prove its validity if the level of consumed resources at the standard variant increases by 0.2%

The major implications are determined by the variation of weight of variable expenses within the general framework of total retail expenses, namely by 0.4 %, as proved by the next table, in the case of maintaining the same quotas regarding the tax profit..

The proposed method may contribute to increasing income by 0.8%, retail expenses by 0.4%, thus triggering a profit increase by 6.6%.

Table 3

## The budget of the general activity of SC COTNARI between 1.01. - 31.12.2004

Nr. crt	Specification	Total Standard variant	Total Proposed variant	%
I	Total income, of which:	332638,0	335265,8	100,8
1	Exploitation income	330353,0	332980,0	100,8
2	Financial income	1593,0	1593,0	-
3	Extraordinary income	692,0	692,0	-
II	Total expenses, of which:	298318,0	298814,9	100,2
1	Exploitation expenses, of which:	298068,0	298564,9	100,3
	Retail expenses	30411,0	30522,6	100,4
2	Financial expenses	250,0	250,0	
III	Reserves	2183,0	2183,0	
IV	Tax	5142,0	5482,9	106,6
V	Net results	26995,0	30678,3	106,6

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