

Presentation/Case Study Exercise Example

Introduction

Club Co., a warehouse club retailer, has asked Deloitte to assess options for offering members mobile phones, service and accessories.

Business situation

Our client, Club Co., is a warehouse club retailer with revenues of \$10 billion in the latest fiscal year. Club Co. operates 200 warehouse clubs in 15 eastern and midwestern states and currently services 10 million members who pay for access to Club Co. stores. Club Co.'s value proposition is offering high quality, brand name products at the lowest possible price; they also focus on selection, offering almost twice as many products as competing warehouse clubs.

Based on a recent strategic review of their electronics category, Club Co. has prioritized offering members mobile phones, service, and accessories. Club Co. will partner with a third party who will manage the wireless business inside each of Club Co.'s 200 stores. The third party will occupy a kiosk in Club Co.'s electronics space and sell wireless products, services, and accessories to Club Co.'s members. The partner will manage all staff inside the kiosk and own the relationships with the wireless carriers.

Club Co. and the third party have identified two business models:

- Model A would entail offering one wireless carrier's products and services
- Model B would entail offering three carriers

In both models, Club Co. would earn a set commission for every phone sold with a two-year activation as well as a percentage commission on every wireless accessory sold (e.g., cases, Bluetooth headsets, etc.).

Problem statement

Club Co. has asked Deloitte to help assess each option and determine how lucrative each would be.