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**Joey’s Toy Emporium**

You are a small independent toy retailer making your final winter holiday preparations, which include a big order at the end of September. You are interested in carrying a new line of toys made in China but you are located in Smiths Falls, Ontario. If you buy the line directly from the Chinese manufacturer, you could get the toys for $1 each, but you must buy a container load as a minimum order (1000 pieces). To fly the product to Smiths Falls would cost $1000. The shipment by boat would be $500. Using air would get the product to you in one week, whereas the freighter would take two months.

A local importer also carries the toys you want, and you need to order only a dozen as a minimum order. As the importer in located in Ottawa, you pay only shipping charges of $4 for each dozen toys if you ship by truck or $10 per dozen if you ship by UPS. A truck shipment takes two weeks, while the UPS shipment takes only 48 hours. The importer charges $2.50 for each toy.

You expect to sell 600 toys over the winter holiday season (November 1 to December 24)

1) Name and describe two types of distribution channels you could use to sell your toys (4 marks)

2) The toys will need more than one kind of transportation to be shipped. What are three methods of transportation that could be used to get the goods from China? List an advantage and disadvantage to each method. (9 marks – 3 marks each)

3) Compare the four options for the channels of distribution and transportation methods available to you (from China – air or ship; from importer – truck or UPS). For each scenario, calculate the price cost for the toy store and describe the timing, and quantity considerations (12 marks – 3 marks each)

a) Make a suggestion as to which option you think is best.