A “Case” of Wine

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Synopsis
Jim Foster, Jr. (Doc) and his father Jim Foster, Sr. (Coach) opened the Selwyn Pub in June 1990. They converted an old house in the upscale Myers Park neighborhood with the intention of establishing a traditional neighborhood pub with an Irish theme. Jim has been examining new pricing strategies for wine served at the Pub. His objectives include: increasing the number of customers on Monday-Wednesday which are slow days, increasing the number of customers in his target demographic, and increasing wine sales. He understands the typical pricing model used by most restaurants and bars but has been considering using contribution margin rather than the more typical 4X multiple.

Learning Outcomes
The outcomes of this case are:

1. Identify some of the issues facing a small business owner.
2. Evaluate the possible positive and negative consequences of using a customer contribution based pricing system rather than a cost multiple system.
3. Complete a qualitative analysis of the profitability of the traditional versus customer contribution models of pricing.
4. Choose a pricing strategy and demonstrate why that strategy will best meet the needs of the business.

Application
This case is appropriate for undergraduate and graduate courses in marketing, marketing management, entrepreneurship, and consumer behavior courses.

Key Words
Marketing, Entrepreneurship, Pricing

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