

Cuervo uses AIMMS Network Design to Support the Establishment of New Off-shore Bottling Capacity



THE COMPANY

- Leader in global tequila sales
~29% of market share
- Owner of 3 of top 7 tequila brands by volume globally
- +30 brands distributed in more than 85 countries

BUSINESS QUESTIONS

(answered with AIMMS technology)

- Should we open a DC in Europe? If so, where?
- Do we need a new production facility in USA to serve the increasing demand?
- How to transport the product to Europe, finished goods or Raw Material in bulk? Make it in Europe or in Mexico?
- How to minimize transportation cost globally without sacrificing service levels?

CHALLENGES

- Expand the market in Europe.
- Understand how to improve transportation in the US considering service levels and cost.

SOLUTION

- Model the global supply chain to have more visibility of the different flows.
- Use the center of gravity to find potential locations in US and Europe for DC or production facilities.
- Model taxes to see the total cost of making a product in Mexico and shipping it vs producing in Europe.
- Optimize the global network.

RESULTS

- Chose a new location for a distribution center in Europe.
- Decide when and where to open a production facility in the US.
- Redirect different product flows to reduce freight cost