

## Conversation between Complex Data and Home Universe

**Complex Data [CD]:** *So, it sounds like Home Universe has been using Data Churn for a while now. Is that correct?*

**Home Universe [HU]:** *That is correct. We have a few licenses that we bought 3–4 years ago, and our team has been using the tool to analyze data and generate insights.*

**CD:** **Is the Data Churn tool easy to use? How's the user experience with the tool?**

**HU:** *It is a difficult tool to use, I must admit, but the team has learned how to make the most of it.*

**CD:** **Does this difficult learning curve of the tool affect your team in anyway?**

**HU:** *It does not affect us much. We have trained a team of five people on using Data Churn effectively.*

**CD::** **Does the work requests on data churn handled by relatively small size of skilled members affect the data analysis and report generation process?**

**HU:** *Not much. The requests will pile up only if one of the five members quits our organization. To address this, we are waiting for a new member to be trained on Data Churn.*

**CD:** **Hmm, But There are other tools in the market presumably user friendly, Do the team members show signs of difficulty in learning data churn or have issues in the user friendliness of data churn?**

**HU:** *Yes, our team members certainly do not like using Data Churn and tend to quit within 12–18 months.*

**CD:** **Oh, I see, so there is high attrition of member. So, is it increasing your training costs to train a member and get him/her to speed?**

**HU:** *It takes 4–6 weeks of training for a new team member to use Data Churn competently. So, that is at least 1.5 months of salary incurred as training cost. In addition to that, we make separate*

*payments for the new team member to complete certain training projects, certifications and quizzes provided by Data Churn, which costs the same as a team member's monthly salary. So yes, our training costs are quite high. And so far in this year, we have trained six new members because of employee attrition.*

**CD: Hmm, this does definitely seem to increase your effort in training and to add to that cost incurred to the training process So, Does Data Churn offer any hand holding services along with the tool that they provide? How much do they charge for it?**

*HU: Data Churn offers services as well, wherein they provide us with one of their trained employees as an additional team member when one of our team members leaves and we are in the process of training a new one. But they charge really high rates for it, which is about three times what we pay our team members. So, we either use that option to handle heavy workloads when we are short-handed, or we provide existing trained team members with overtime pay.*

**CD: I see, so you pay overtime for the existing trained team members. How much extra would that cost you? Does it help to handle heavy workloads?**

*HD: Yes, our overtime pay rate is double the normal salary. But even with overtime pay, existing team members are not willing to do the extra work, which leads to further attrition.*

**CD: Got it. But when you employ contractors from Data Churn, who do not know your data as well as your team members, does that not affect the quality of the work?**

*HU: Absolutely, data knowledge is key to our work. So, when we employ Data Churn contractors, the quality of their analysis and insights is not as good as what our team members would produce because the former do not have in-depth knowledge of our data. Because of this, our existing team members need to review their work, which leads to duplication of effort.*

**CD: Got it. But when you employ contractors from Data Churn, who do not know your data as well as your team members, does that not affect the quality of the work?**

*HU: Tell me about it! I keep getting escalations every other day from the heads of various departments that my team is not functioning optimally. I wish I could get some peace of mind at times. Data Churn is certainly not helping our case!*

**CD:** If you don't mind, I can tell you about a new state of the art tool named "Data Fire" that we use here in Complex Data?

*HU: It definitely does. Our business is becoming increasingly data driven, and all the departments are highly reliant on us to provide on-time quality insights. Else, their decisions are delayed or sub-optimal. Just last week, the head of marketing was on my case on the phone, talking about how their marketing campaign was delayed by more than two weeks during the peak season because my team could not share insights on which stores were to be targeted for the campaign.*

*CD: It sounds like Data Churn is causing employee attrition, high training costs, high overtime costs, high contractor costs, low-quality output, duplication of effort and delays, thus affecting critical business decisions. Is that a fair summary?*

*HU: Looks like Data Churn is indeed a pain in the neck!*

References:

1. Starbucks Wiki Page: <https://en.wikipedia.org/wiki/Starbucks>
2. Starbucks in India Wiki Page: [https://en.wikipedia.org/wiki/Tata\\_Starbucks](https://en.wikipedia.org/wiki/Tata_Starbucks)
3. Interviews and news articles:
  - <http://everythingexperiential.businessworld.in/article/We-need-to-look-at-marketing-as-an-experience-rather-than-a-transaction-Deepa-Krishnan-Starbucks-India/05-03-2020-185596/> (March 2020)
  - <https://www.indiatoday.in/education-today/featurephilia/story/meet-starbucks-marketing-brain-growth-india-963235-2017-03-01> (January 2018)
  - <https://brandequity.economictimes.indiatimes.com/news/marketing/for-starbucks-india-it-is-all-about-creating-the-third-place-experience/56140266> (December 2016)
4. <https://stories.starbucks.com/stories/2012/starbucks-announces-beverage-innovation-using-green-coffee-extract-with-sta/>
5. Starbucks India menu (without prices): <https://www.starbucks.in/menu-list>
6. Starbucks CP, New Delhi menu: [https://magicpin.in/New-Delhi/Connaught-Place-\(Cp\)/Restaurant/Starbucks/store/1217/menu/](https://magicpin.in/New-Delhi/Connaught-Place-(Cp)/Restaurant/Starbucks/store/1217/menu/)
7. Starbucks Corporation's Marketing Mix (4Ps) Analysis (2019): <http://panmore.com/starbucks-coffee-marketing-mix-4ps-analysis>
8. Starbucks India Marketing Strategy (2016): <https://www.slideshare.net/Rjrockzcool/starbucks-india-marketing-strategy>
9. Entry of Starbucks in Indian Market (2016): [https://www.researchgate.net/publication/316600552\\_Case\\_Study-Entry\\_of\\_Starbucks\\_in\\_Indian\\_Market](https://www.researchgate.net/publication/316600552_Case_Study-Entry_of_Starbucks_in_Indian_Market)
10. Starbucks Marketing Analysis (2015): <https://www.semanticscholar.org/paper/Starbucks-Marketing-Analysis-Katerina/1d21b5743764f3196cddcb95925059695dad6eeb>
11. Strategic Marketing: A Case Study of Starbucks (2015): <https://www.slideshare.net/YeeJieNg/bumkt6923grouppresentation>
12. Strategic Analysis of Starbucks Corporation (2014): [https://scholar.harvard.edu/files/nithingeerreddy/files/starbucks\\_case\\_analysis.pdf](https://scholar.harvard.edu/files/nithingeerreddy/files/starbucks_case_analysis.pdf)
13. Other links:
  - <http://science.knote.com/2014/10/28/starbucks-productivity-secrets/>
  - <http://panmore.com/starbucks-coffee-operations-management-10-decisions-areas-productivity>

- <https://www.businessinsider.in/retail/5-ways-Starbucks-entices-you-to-spend-more-money/articleshow/46239542.cms>
- [https://www.business-standard.com/article/companies/starbucks-steps-up-its-india-game-116020301281\\_1.html](https://www.business-standard.com/article/companies/starbucks-steps-up-its-india-game-116020301281_1.html)

Questions on product:

Q1: What is Starbucks' core product?

A1: **The “Starbucks Lifestyle” which is a sophisticated, trendy community is the Core Product of Starbucks.**

Q2: What are Starbucks' actual and augmented products?

A2: **The actual Product of Starbucks:**

- All physical goods, premium coffees and teas, sandwiches and desserts, CDs, packaged coffees and teas, coffee making equipment, collectibles, ice-cream etc.
- Starbucks brand is also an actual product.
- Elegant, yet comfortable store layout is also an actual product.

**Augmented Products of Starbucks:**

- Free Wireless Internet
- Prepaid Starbucks Card
- Starbucks Duetto Visa (credit card and reward card)
- In Store- Music Download

Q3: What are the various product categories that Starbucks offers?

A3: **1. Coffee**

**2. Tea**

**3. Baked goods**

**4. Frappuccino**

**5. Smoothies**

**6. Other foods and beverages**

**7. Merchandise (mugs, instant coffee, etc.)**

Q4: How has Starbucks adapted its product offering to suit the Indian market?

A4: **Apart from the usual products offered internationally, Starbucks in India has some Indianstyle product offerings such as Tandoori Paneer Roll, Chocolate Rossomalai Mousse, Malai Chom Chom Tiramisu, Elaichi Mewa Croissant, Chicken Kathi Roll and Murg Tikka Panini to suit Indian customers. All espressos sold in Indian outlets are made from Indian roasted coffee beans supplied by “Tata Coffee”**

**Also, unlike other west counterparts, Where the peak hours are until 12 noon, the peak hours in India usually starts from the evening. This is because in the west people usually take coffee to their work places, but in India sitting with a coffee is usually seen as an after work relaxing activity. Thus, Starbucks have fine tuned their business model to become a ‘Third Place’ after Home and Work, where customers come in for the experience warmth ambience of Starbucks and keep returning for the human connection. This is how Starbucks has adapted its product offering to suit the Indian Market.**

Q5: How has Starbucks introduced healthy products in its range?

**A5: In January 2008, Starbucks began a "skinny" line of drinks, offering lower-calorie and sugarfree versions of the company's offered drinks that use skim milk, and can be sweetened by a choice of natural sweeteners (such as raw sugar, agave syrup, or honey), artificial sweeteners (such as Splenda, Equal), or one of the company's sugar-free syrup flavors.**

Q6: Mention an innovation by Starbucks with regard to an existing product.

**A6: Starbucks innovated itself in energy category with Starbucks Refresher Beverages. They did this by something called as "Green Coffee Extract Innovation" that promises a boost of natural energy from a new source, green coffee extract. The introduction of the Starbucks Refreshers™ beverages brand platform is an evolution of the coffee market using a new breakthrough coffee experience using green coffee extract, resulting in thirst-quenching, delicious, low-calorie refreshment with a boost of natural energy from caffeine and fruit juice. Unlike the traditional process, the green coffee extract used in Starbucks Refreshers™ beverages is unroasted – resulting in a beverage with a mild and fresh flavor while still retaining naturally occurring caffeine. Made with green coffee extract from 100% Arabica beans, customers will be able to experience Starbucks Refreshers™ beverages in multiple formats, making it easy to re-energize wherever they are. Earlier Starbucks company added "customizable Frappuccino" line to its existing product catalogue to innovate itself and have more market reach.**

Q7: What are some partnerships that Starbucks has entered into, from the product perspective?

A7:

- **Starbucks and Kraft Foods entered into a partnership in 1998 to sell Starbucks products in the Mondelez grocery stores owned by the latter.**
- **Partnership with PepsiCo: A cobranding venture for bottled Frappuccino drinks and double shot espresso drinks.**
- **Joint Venture with Dryers- Starbucks Ice-cream.**
- **Partnership with Apple and Spotify, to get music as a part of its augmented product experience**

Questions on price:

Q1: What is the most expensive coffee that the Starbucks in Connaught Place, New Delhi (CP) sells?

**A1: The most expensive coffee that Starbucks in CP sells is "Caramel Praline Latte". The prices for various sizes are as follows: For Short: Rs 285, Tall: Rs310, Grande: Rs 340 and Venti: Rs 36**

Q2: What is the least expensive coffee that Starbucks in Connaught Place, New Delhi (CP) sells?

**A2: 'Espresso Shot' priced at Rs 55/- is the least expensive coffee that Starbucks in CP sells.**

Q3: Which of the following pricing strategies does Starbucks follow? Justify your answer.

- Economy pricing strategy
- Penetration pricing strategy

- Skimming pricing strategy
- Premium pricing strategy

**A3: Starbucks follows Premium Pricing Strategy. If we notice the menu prices, all are premium prices quoted. Starbucks main value proposition or its core product is “Starbucks Lifestyle” which is a sophisticated, trendy community. For such ambience and lifestyle Starbucks goes with “Premium Pricing Strategy”**

#### Questions on place

Q1: How many cities in India have at least one Starbucks store?

**A1: As of January 2022, Starbucks operates in 55 cities of India.**

Q2: What is the total number of Starbucks stores in India?

**A2: 271 outlets in 55 cities of India.**

Q3: Which cities in India tend to have a Starbucks store? Why?

**A3: Cities in India where Starbucks has a store are mostly Tier 1 cities where population is high compared to other Tier 2 and 3 cities. This is especially true because Starbucks concentrates on brick-and-mortar experience store business model rather than the online delivery channel model. Starbucks ended its online store operations in 2017.**

Q4: Mention an innovation by Starbucks with regard to its store strategy.

**A4: Starbucks used three delivery channels to sell its products.**

**1: Brick and Mortar Coffee Houses/Cafes,**

**2: Retailers**

**3: Online delivery model with ecommerce integration. Initially, Starbucks sold its products through coffeehouses. Eventually, the company offered some of its products through its online store. This approach served as a major integration of ecommerce into the company’s strategies. However, Starbucks ended its online store operations in 2017. The strategic change reflects the company’s shift to focus on in-store experience in brick-and-mortar coffeehouses. Nonetheless, some of Starbucks’ merchandise items are available through retailers. On the other hand, mobile apps allow customers to conveniently place their orders online so they could easily get their food and drinks at the company’s coffeehouses. This part of Starbucks’ marketing mix shows how the firm adapts to changing times, technologies, and market conditions.**

Q5: What are some partnerships that Starbucks has entered, from the place perspective?

**A5: In 2015, Starbucks signed a deal with “PepsiCo” to market and distribute Starbucks products in several Latin American countries. Also, since Starbucks entered the Indian Market with a joint venture with TATA, it got access to various Luxury Taj Hotels as a place to set up its centers. Starbucks also tied up with online delivery prime player “Swiggy” to deliver its products. This comes more from an ecommerce integration perspective.**

### Questions on promotion

Q1: What is Starbucks' primary means of promotion?

A1: **Starbucks relies on “word of mouth” marketing as its primary means of promotion. This means that they focus on providing the best customer experience in order to encourage people to spread positive words about the business. Starbucks always focuses on customer centric approach.**

Q2: How does Starbucks go about executing its primary means of promotion?

A2: **Starbucks has customer centric approach. they focus on getting the customer's beverage perfectly right and making the customer feel recognized and loved. This in essence makes each customer their promoter of their good product and services. The Target Customers of Starbucks are mostly millennials, and they look to make promotion and marketing an experience rather than a transaction. The other channel that Starbucks heavily relies on for its promotion with the target customers of millennials is the digital ecosystem. Starbucks builds online communities through storytelling and two-way conversations on various social media platforms such as Facebook, Twitter etc.**

Q3: What does “Third Place” mean in the context of Starbucks' marketing strategy?

A3: **‘Third place’ means Starbucks aims to be the third place for its customers after the first two places of Home and Work. It's basically got to do with the aesthetic appeal of the Starbucks store. The Starbucks stores are visually appealing and have a ‘cool’ factor. They provide free WiFi, great music, great service, warm atmosphere, and provide an environment of community meeting spot, which forms a wider part of the ‘Starbucks Experience’. The stores are designed to reflect the unique character of the neighborhood they serve in an environmentally friendly way. Starbucks also consciously aims to be geographically present in location where their customers expect them to be, thus becoming an integral third place in their customers lives**

Q4: What does “Fourth Place” mean in the context of Starbucks' marketing strategy?

A4: **From a marketing perspective ‘Fourth Place’ is basically the digital ecosystem, the virtual space on various social media platforms where Starbucks are able to communicate with their target customers. Starbucks builds online communities through**



storytelling and two-way conversations on various social media platforms such as Facebook, Twitter etc. This is basically their 'Fourth Place'.

Questions on people:

Q1: What are Starbucks' primary target customer segments?

**A1: The Primary Target Customers for Starbucks are Millennials; they are the current working force of any nation.**

Q2: What is the connection between Starbucks' target customer segments and its choice of price and place?

**A2: The Target Customers of Starbucks are the generation of millennials. Also, location of place wise Starbucks position themselves in high-traffic, high-visibility locations near a variety of settings, including downtown and suburban retail centers, office buildings, university campuses, and in select rural and off-highway locations across the world. With such strategic geographical placing were most of their target customers are usually commuting to work or are heading home back from work, Starbucks manages to give its target customers a holistic customer experience within the ranged prices of their products. Thus, is it having a complete business model set up.**

Q3: What are Starbucks employees called?

**A3: Starbucks Employees are called "Partners". Starbucks believes in calling all employees partners because the term fosters a sense of equality and shared vision. In the Starbucks Global Responsibility Report (2013) employees are addressed as "partners" giving them a sense of belonging to a community where the relationship with management is more open than a classic employee position.**

Q4: Mention an innovation by Starbucks with regard to its employee training.

**A4: With regards to employee training- When a Starbucks executive observed that good employees were having difficulty with agitated customers, instead of admonishing the employees a new training program was developed to help alleviate the stress from these types of situations. This is just one example where Starbucks identified an area of unhappiness and gave its workers the tools to succeed, contributing to higher overall satisfaction**

Questions on physical evidence:

Q1: How does the Starbucks store layout contribute to its marketing strategy?

A1:

1. Starbucks often advertises new products on its doors.
2. Starbucks places its ordering counter toward the middle or back of the store to ensure that customers walk past the store's seating area: The longer customers stay, the better the chances are that they will return to the counter and purchase another product.
3. Starbucks uses lighting to guide customers through the store: the lighting also functions to bring Starbucks' merchandise to customers' attention, encouraging an impulse buy.
4. Starbucks has a thin strip of counter between the customers and its coffee machines, which makes the ordering process feel more inviting.
5. Starbucks places advertising between the ordering counter and the counter where you pick up your coffee and pastries

Thus, with this more improved positive customer experience, customers are happy and it adds up to Starbucks primary “word of mouth”, “sophisticated”, “trendy” marketing strategy. Thus, the store layout contributes to its marketing strategy

Q2: What is the Starbucks logo?

A2: **The logo is an image of a "twin-tailed mermaid, or Siren as she's known in Greek mythology. The logo has been significantly streamlined over the years.**

Q3: Has the Starbucks logo evolved over time?

A3: **Yes, it has. In the first version, the Starbucks siren was topless and had a fully visible double fish tail. The image also had a rough visual texture. In the second version, which was used from 1987 to 1992, her breasts were covered by her flowing hair, but her navel was still visible. The fish tail was cropped slightly, and the primary color was changed**

**from brown to green. In the third version, used between 1992 and 2011, her navel and breasts are not visible at all, and only vestiges remain of the fish tails.**

Q4: Can the Starbucks app be considered a part of physical evidence in the 7Ps framework? Justify your answer.

**A4: Yes, definitely the Starbucks app can be considered part of the physical evidence in the 7P framework. Physical Evidence is a combination of the environment in which a product or service is provided and the branding of the product. Here we see the Starbucks app surely does contribute significantly in the environment or ecosystem where their product or service is provided. The app becomes a channel for not only an online direct ecommerce integration but also a promotion and branding channel. Thus, we can with conviction say the Starbucks app to be part of physical evidence in the 7 P framework**

Questions on process:

Q1: What is the process improvement philosophy that Starbucks adopted a decade ago to improve its productivity?

**A1: The Starbucks store layout uses something called as the “Lean Manufacturing” or “Lean Production” process. In 2009 Starbucks formed a 10-person “lean team”, led by Scott Heydon, to go into stores to help reduce waste. Lean Manufacturing basically means cut out any part of the process that does not directly provide value to customer. Effective- commonly used flavours and syrups were moved to be more easily accessible, toppings like whipped cream and chocolate drizzle were moved closer to where the beverage is handed to the customer, freeing up the work station for the next beverage to be made, the theory is that by shaving off a little bit of the time it took to complete each part of the process customers would receive their orders quicker and have a more positive overall experience. This was the process improvement strategy or Philosophy that Starbucks adopted way back in 2009 almost a decade ago to improve its productivity.**

Q2: What are some of the key metrics that Starbucks uses to measure in-store productivity?

**A2: Starbucks’ operations management use various productivity criteria based on the area of operations. Some notable productivity measures in the company are as follows:**

- 1. Average order filling duration (Starbucks café productivity)**
- 2. Weight of coffee beans processed per time (roasting plant productivity)**
- 3. Equipment repair duration (maintenance productivity)**

## 5Ws + How Analysis of the Six Entities in WalStore's Operations

	Supplier	Warehouse Transporter	Warehouse	Warehouse-to- Store Transporter	Store	Customer
What?	<p><b>What are the various goods suppliers supply Walstore ?</b></p> <p>What are the types of contracts they have?</p>	<p><b>What goods do warehouse transporters get from various suppliers?</b></p> <p><b>What type of vehicles do transporters use to transport goods?</b></p>	<p><b>What goods do warehouses receive from various transporters ?</b></p> <p><b>What is the size of the various warehouses ?</b></p>	<p><b>What items/goods do transporters bring to the store?</b></p> <p><b>What type of vehicles do transporters use to transport goods?</b></p>	<p>What is the size of the buffer supply area?</p> <p><b>What items do stores prioritize in having in the store at all times?</b></p>	<p><b>What are the basic goods that a customer expects to have in the store at all times?</b></p> <p><b>What is the customer majorly looking in terms of customer experience with the store?</b></p>

<b>How?</b>	<b>How many rural suppliers are there?</b>	<b>How are the schedules managed by warehouse transporters?</b>  <b>How do transporters manage their pickup and delivery time schedules?</b>  <b>How many vehicles used?</b>	<b>How are the schedules arranged in a warehouse?</b>  <b>How does the warehouse safely store the goods?</b>	<b>How are the schedules arrived at?</b>  <b>How do transporters manage their pickup and delivery time schedules?</b>  <b>How many vehicles used?</b>	<b>How does the store manage storage of goods?</b>  <b>How does the store currently give a holistic customer shopping experience?</b>	<b>How is the store layout optimized?</b>
<b>Who?</b>	<b>Who are the various suppliers to Walstore?</b>	<b>Who are the transporters?</b>		<b>Who are the various warehouse to store transporters?</b>		<b>Who are the ideal customers to walstore?</b>
<b>When?</b>		<b>When do transporters pick up various goods from suppliers?</b>	<b>When do the warehouses receive goods from the transporters?</b>	<b>When do warehouse to store transporters get the goods from warehouse to Store?</b>	<b>When does the store receive goods from transporters?</b>	<b>When do they visit the store?</b>
<b>Where?</b>	<b>Where are the suppliers located?</b>		<b>Where are all the warehouses located?</b>		<b>Where are the various retail stores located?</b>	

Which?		Which prominent routes do the transporters use to navigate between the suppliers and the warehouses?	<b>Where are the various retail stores located?</b>	<b>Where are the various retail stores located?</b>		
--------	--	--	---	---	--	--