Practice Case Business Acumen

Assume you are a product manager/data scientist (or anyone who has capability to make a change) in a Startup. The startup name is BukaToko and they are one of largest marketplace. Their main vision is to help small businesses to get wider market and buyers can buy product safely. This company also creates trusted payment ecosystem for both seller and buyer. Even though they have a complex security to protect transaction of sellers and buyers, several frauds have inflicted loss to all parties, especially BukaToko themselves. Cashback fraud, Fake "Cheap" Product, Transaction outside platform, Fake shipping receipt, and so forth are the problems that harmful and need to be solved soon. You, as the one who dedicated to stop these problems, need to make your own team to cooperate and solve these.

1. Which problem you prioritize the most? And Why? (Choose one and focus on that topic)
2. Which business components that will be your team to solve the problem? Why?
3. How you define and identify the problem?
4. What is your synthesized solution?

I want to focus on the fake products problem, because I think it is the top problem that related to the customer. If we put ourselves on the customer's shoes, we of course didn't want to buy a fake product with tantalizing of cheap prices, moreover we didn't want to see any kind of fake products on our UI (User Interface). This will affect the trust of our customers to use services, even worse BukaToko as one of the largest marketplace will go down because of no one will use their services anymore while themselves not directly responsible to this kind of fraud (because this is the doing of a personal or small organization that open their shops on BukaToko). This issue can won't be so bad if the fake products are only on the category of clothing, but imagine if the fake products are also on the category of products that consumed (foods, beverages, cosmetics, etc) they can directly harm the consumers. It will take the problem to the whole new level, even government on some countries have already taken a serious measures. For example on January 1st, 2019, China implemented legislation that holds e-commerce platforms jointly accountable for the sale of counterfeit products by third parties on their sites. Additionally, the Indian government has published a draft national e-commerce policy focused on the regulation of cross-border data flow and combating piracy and counterfeiting.

The components on the team to solve the problem is mainly the anti-fraud team, they need not only to improve their methods to detect this fraud cases but also their methods to prevent fake products on their platform. And the PR team can also give some heads up to the customer on choosing their products, and avoid from buying a product that seems too good to be true. It is something like:

- **New shops on social media platforms**. Anyone can create a page on Facebook and quickly create a professional-looking store. These online pop-up stores typically have products listed for very low amounts and give customers limited information about delivery, where the seller is from, return policies, or other business information.
- **Spelling/grammar errors on the website**. A product description riddled with poor grammar and spelling is a sign that the seller is from a different country than what their website might claim. In addition, most professional business leaders take pride in maintaining a high-quality website and will be quick to fix any of these mistakes.
- **Suspicious reviews**. Melissa Trumpower warns shoppers, "If there's all positive feedback and nothing negative [on an eCommerce site], that may be a red flag." Consumers should be cautious of products that have very few reviews, all 5-star reviews, or reviews that seem to be written in very similar styles.

- **Missing information**. Legitimate businesses will have clear return policies, email addresses featuring the brand or company domain name, and shipping information. If information is difficult to understand or completely missing from the site, consumers should not trust the website.
- **Strange pop-ups or emails**. The Federal Trade Commission says that if a customer ever gets an email or pop-up from a seller asking for their credit card number or other financial information, they should immediately leave the site and/or delete the email. The FTC states that, "Legitimate companies don't ask for information that way."

We can identify this problem by comparing suspicious case with already known fake product case, for example if some shops using photo or description for their products that match with others photo or description, also we want to check if their prices for certain products is considerably low in comparison with others shops that also selling the very same products. To summarize we need to detect shops that selling products which are too good to be true.

The solution is to verify every shops that want to open their shop on the marketplace, for example we can do identity checking and do review on some of their products. We can also implemented a system that can detect this certain problem if arises.

Sources:

- https://blog.logograb.com/how-bad-counterfeit-problem-ecommerce/
- https://blog.wagento.com/hazards-and-ecommerce-effects-of-selling-fake-or-low-quality-products-online

Illy Café Business Case

Andrea Illy is CEO of the global premium coffee company that bears his family's name. As one might expect, he is passionate about coffee – its science, its health benefits, its taste, its beauty. Illy also has a dream that someday soon the coffee market might be transformed into something approaching the market for wine. Where connoisseurs discuss the fine points of various origin coffees and blends, where customers are willing to pay a premium for the finest examples of the coffee-making art, and where the growers, roasters and baristas will be compensated fairly for the expertise they contribute to every cup.

Unfortunately, the current coffee market differs from such an ideal. Coffee growers in most parts of the globe work at a barely subsistence level. One bad harvest (made all the more likely by the ravages of climate change) or a sudden decline in the commodity price of coffee can drop them below subsistence to hunger. Even in good times, growers have little incentive to improve their operation – they have minor contact with the roasters or customers and no knowledge of how their crops get translated into the cup. This disadvantages not only the grower but also the consumer – coffee sourced from good quality beans is hard to find.

lly believes that the solution to the sad state of affairs is to initiate a "virtuous circle" that draws the grower, the roaster, the barista and customer together. Growers with better knowledge of the market will work to improve their crops or experiment with new varieties. Roasters and preparers will educate their customers as to the qualities of various beans, roasts and preparations. Customers, in turn, will be willing to pay more for the best beans and that premium will be sent back up the chain to pay for even more quality and variety. And so on.

Certainly there have been some positive signs. Indeed, many observers argued that a "third-wave" of transformation in the coffee market was already starting. (The first wave is said to have occurred when Maxwell House and Folgers made coffee a mass commodity, the second wave when Starbucks initiated a move to quality and higher prices.) Specialty coffee roasters had worked to build cafes and brands around origin-based beans sold directly to the roasters without reference to the commodity prices of coffee. With these third-wave roasters, every coffee came with a story of its origins and growers could count on occasionally eye-popping premiums for their beans.

As yet, specialty coffee represented a small sliver of the overall market and there were other signs that it might not ever grow beyond a small circle. New trends like coffee-based drinks and single-portion coffee in pods (e.g. K-cups, Nespresso) actually shifted more of the value-added towards roasters without a premium for growers. A consolidation was taking place among mass roasters that was even sweeping-up third-wave roasters in its wake. Observers argued that could lead to greater uniformity with even less emphasis on origin-based, direct-traded coffee.

Illy's hope is that someone would come up with an innovation that would solidify the beginnings of the third wave and help reshape the market. Such a change would not necessarily have to involve illycaffè; Andrea Illy believes as the world's premium brand, an increased emphasis on quality in the market would only help his company. The most important thing was to make the coffee supply chain more equitable and coffee better-tasting.

Questions:

1. What is the real problem this company facing? And how do you identify it?
2. Which part of business components need improvement? Why?
3. What kind of company transformation that might help the company to strife in the market?
4. Propose an idea/ideas to create a new product
5. How do you propose the solution?

* These questions guide you to have a holistic problem solving process. Any new idea is welcome to add. You may use external resources to support your idea/argument.

The coffee industry still suffers from an outdated supply chain that distributes value disproportionately between regions of consumption and production. Despite a growing demand for specialty sourced coffee worldwide, coffee growers still largely farm at the subsistence level and are highly vulnerable to market and environmental forces. Illy want to overhaul the current coffee industry's supply chain by introducing a self-sustaining coalition network that will empower the farmer socioeconomically, facilitate fair and direct partnerships between the farmer and distributors, and establish long-term mitigation strategies to target the inherent risks associated with monoculture.

Farmers barely subsist on their income from coffee, and since the 1989 dissolution of the International Coffee Agreement, they are even more vulnerable to volatility of market prices and to buyer power. Since coffee is usually farmed as a mono crop, catastrophic weather events or pests could wipe out most, if not all, of that season's harvest. With a single harvest per year and inflexible crop cycles, farmers face a high degree of food insecurity and extreme poverty. With the third-wave of coffee expected to sweep the North American market, the demand for quality beans and appreciation of unique tastes will begin to add value to the product. Without any changes to the current supply chain however, this will only benefit a select number of recognized growers and middlemen who have bartering power and the ability to grade and resell at premium prices. Quality and traceability of bean origins are lost in the supply chain, as many farmers are forced to sell to cooperatives or local middlemen who mix bean supplies and do not reward quality. As coffee farming continues to be a low profit and unattractive industry, many children of farmers are moving away to the cities in search of better job prospects, leaving older parents who are often illiterate or lack formal education, to care for the farm. As we look at implementing changes to the supply chain, it will be critical to address all challenges faced by the producer, while maintaining value and incentive for all stakeholders involved.

Illy can implement a research team to build a more diverse varieties of coffee that will give a "premium" feel for each cup. Because learning from Starbucks people willing to pay a higher price given higher quality. Implement localized roasting that conducted by farmers can also be considered, because the capital costs for roasting could be shared through cooperatives and many single farm Arabica roasts could be produced. Finally, an international farmer coalition would engage all stakeholders while providing excellent new market development opportunities with exceptional feasibility.

Illy can propose the emerge of that international farmer coalition that organized by United Nations, that work to gather consensus amongst producer countries, industry moguls and coffee farmers across the world to form the coalition. This organization will provide socioeconomic empowerment to the farmers and facilitate partnerships between the farmers and the major international coffee distributors, all while increasing environmental robustness on the farm to create new sources of revenue throughout the supply chain.

Sources:

- Lazaridis School of Business & Economics at Wilfrid Laurier University, COFFEE FARMERS COALITION: REDEFINING A VALUE CHAIN. 2016.