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Case 4 – Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain

Business Issue

Bext360 and Coda Coffee are very new and extremely inventive companies. The general business issue is that it may be a hard sell. Coda Coffee specifically took advantage of the rising consumer awareness, or “conscious consumerism” rising among millennial in the early 2000’s (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)*. Bext360 used increased coffee consumption consumer consciousness to breach the market (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)*. However, the technologies that these companies use are expensive and in return the products sold from the use of the product will be more expensive. It is harder to get consumers to buy things that are more expensive even in exchange for quality even though they are targeting a specific market.

While global internet connection has increased there are still parts of the world with limited and unstable internet and electricity. Noting that Coda Coffee and Bext360 targets small farmers and producers (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)*, these people may be found in more remote and less connected parts of the world. This adds an additional issue to the machines that these companies use because of their internet connectivity.

Competitive Analysis

Mission

Both Bext360 and Coda Coffee have a mission to provide ethical and high-quality goods to consumers. Their definition of ethical is that the farmers or producers of the products they sell are properly paid and work in the best conditions. High-quality goods are specifically defined by quality of cherries sensed by things like the bextmachine which analyzes each cherry using a waterfall technique (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)*.

Generic Strategy

When it comes to cost leadership both companies believe in paying and selling goods for what they are worth. In comparison to other companies that may sacrifice quality and ethics to provide cheaper products. They provide a level of transparency with their consumers about the producers, product origin, and producer wages that no one does.

Positioning

I believe these companies have a slight competitive advantage, especially with the rise of conscious consumerism. Although Coda Coffee is wholesale and Bext360 is active in the supply chain, the companies and producer that they interact with must have extensive research of their market for the product to be worth the expense. Consumers at Whole Foods Market may be willing to spend the extra on a more ethical land high quality good while Walmart consumers may not.

Stakeholder Groups

The main stakeholders in these companies are Tim and Tommy Thwaites of Coda Coffee and Daniel Jones of Bext3560, and the farmers and producers that work with the companies. While the Thwaite brothers and Jones will lose money if their strategy doesn’t work the farmers and producer will be hit harder. The farmers they employee are small, and family owned that tend to grow “one or two cash crops” (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)* and the rest are for the families consumption. To find a way to sell your crops without being taken advantage of and being paid your worth is a big deal and an opportunity that may not come by often. If these companies were to go under the farmers will lose out on fair pay and treatment.

Alternatives

One alternative I see is for specifically Coda Coffee to switch from wholesale to direct consumer sales in stores and online. Another alternative is for small producers and farmers to do hand quality sorting and testing.

Alternative Defense

Coda Coffee should move into the direct consumer sales instore and online. As mentioned in the case storefronts aren’t the most successful part of the business but it drums up business for their wholesale (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)*. But with stores like Whole Foods Market becoming more popular and online retail becoming the main form of retail for consumer companies like Coda Coffee could easily incorporate these forms of business and market their products ethics and quality directly to the right consumers.

Works Cited

Youngdahl, William E., *Coda Coffee, and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain* Harvard Business Publishing, 2018. (Youngdahl, *Coda Coffee and Bext360 Supply Chain: Machine Vision, AI, IoT, and Blockchain)*