

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 analyse data and generate insights.

CD: How does the Data Churn tool work?

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

CD: Does not the difficulty of Data Churn tool affect your productivity?

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

CD: Isn't training team of five time consuming thereby piling up workload?

HU: Not much. The requests pile up only when one of the five members quits our organisation and we are waiting for a new member to be trained on Data Churn.

CD: Do your team members dislike training and then working with Data Churn tool?

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

CD: What are the training costs for team members for learning Data Churn tool?

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 also make a separate payment for the new team member to complete certain training projects, certifications and quizzes provided by Data Churn, which costs about a month's salary of a team member. So yes, our training cost is quite high. And so far in this year, we have trained six new members because of employee attrition.

CD: what happens when one team member quits suddenly?

HU: Data Churn offers services as well, wherein they provide us 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 pay overtime for the existing trained team members.

CD: Is your overtime pay rate sufficient ?

HD: Yes, our overtime pay rate is double the normal salary. But even with overtime pay, the 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: That sounds so troublesome...Are you able to deal with it ?

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: It must take plenty of time coordinating between departments seeking for data ?

HU: It definitely does. Our business is becoming more and more data driven, and all the departments are highly reliant on us to provide on-time quality insights. Else, their decisions are delayed or are 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 are 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!

Assignment 3

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Questions on Product

Q1: What is the core product of Starbucks?

A1: Starbucks' lifestyle, sophisticated, trendy community

Q2: What are the actual and augmented products of Starbucks?

A2: Physical goods like premium coffee, tea, sandwich, desserts, packaged coffees and teas, ice creams. Starbucks brand, elegant comfortable store layout are all actual level products. Augmented levels are free wireless internet, prepaid Starbucks cards, in-store music download, rewards cards.

Q3: What are the various product categories offered by Starbucks?

A3: Convenience products (in-store immediate purchase, less effort required, available at lots of places) and Staple products (regular frequency of purchase)

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

A4: Starbucks began by approaching and making a deal with TATA beverages. TATA had a lot of real estate experience that facilitated Starbucks. TATA helped Starbucks negotiate about prime places in heavily trafficked ground floors of shopping malls. TATA added Starbucks to its existing retail outlets and offered to add them in luxurious Taj hotels. TATA customised Starbucks menu by adding pastries and ice cream and helped them with modifying store layouts using local furniture and interior decorations. TATA's coffee bean farms and roasting facilities were leveraged with Starbucks roasting techniques to introduce a new premium, Indian source brand, India Estates Blend. Starbucks was able to create a cost structure comparable to local rivals, ensuring quality control and preventing them from paying 100% import taxes. They established training programs for employees, farmers to improve quality. They also experimented with tea as Indians were more into tea than coffee and put tea flavours into their menu.

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

A5: Starbucks introduced refreshing glass of Yoghurt Smoothie for morning or post workout consumption. The smoothies at Starbucks are packed with whey protein and fibre powder and come in three flavours – Mango, Chocolate and Blueberry. Another addition to their healthy options is the Savoury Quinoa Oatmeal which is served along with bell peppers and roasted walnuts. The power-packed meal of oats and quinoa can make for a healthy meal.

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

A6: Teavana Oprah CHai

Q7: What are some partnerships that Starbucks has entered, from the point of view of product?

A7: Partnerships with Pepsico , TATA and Kraft foods

Questions on Price

Q1: What is the most expensive coffee that Starbucks in CP sells?

A1: Caramel Praline Latte in Venti size

Q2: What is the least expensive coffee that Starbucks in CP sells?

A2: espresso and espresso macchiato

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: Premium pricing strategy

Questions on Place

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

A1: 24

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

A2: 219

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

A3: Jaipur , because of demand of the pink city.

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

A4: The layout design of Starbucks cafés maximizes workflow efficiency. It also supports a warm and friendly ambiance to match the companys organizational culture This layout strategy does not maximize space utilization for tables and seats because Starbucks' focus is on premium customer experience, which involves higher prices for more leg space in the cafés. In this decision area of operations management, Starbucks prioritizes customer experience over space utilization.

Q5: What are some partnerships that Starbucks has entered, from the point of view of the place?

A5: TATA beverages

Questions on Promotion

Q1: What is the primary means of promotion for Starbucks?

A1: Starbucks primarily promoted using word-of-mouth marketing. In the marketing mix, word-of-mouth usually focuses on providing the best customer experience in order to encourage people to spread positive words about the business.

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

A2: Starbucks focuses that its employees provide warmth and affection to every customer and make them feel at home by providing them with a one of a kind customer experience that is by interacting politely. Further they promote using social media trying to provide same warmth there.

Q3: What is meant by 'Third Place' in the context of the marketing strategy of Starbucks?

A3: Starbucks 'third place' experience means that they want their consumers to come for the coffee, stay for the warmth and return for the human connection.

Q4: What is meant by 'Fourth Place' in the context of the marketing strategy of Starbucks

A4: Fourth place for Starbucks means that they will get digital, as they say "The implication here is not only about reaching out to a "digitally-savvy audience", but also about creating a place that is "digitally-equipped" with a robust mobile and online delivery system".

Which means that people will be able to order online...which eventually means more customer base for starbucks.

Questions on People

Q1: What are the primary target customer segments for Starbucks?

A1: Starbucks' primary customers consist of men and women aged 25 to 40 who are hip, contemporary and willing to shell out a few extra dollars for a specialty drink (specialty coffee drinks account for 75 percent of Starbucks' sales).

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

A2: Starbucks targets this group by offering certain drinks that appeal to them , they position themselves as a place college students can hang out , study , write papers , meet people since they usually are working professionals.

Q3: What are Starbucks employees called?

A3: partners

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

A4: They deploy training and development to enhance this experience and drive partner engagement. Starbucks has laid prolific attention to training their partners on many subjects - business philosophy, customer service skills, work skills, management training programs and leadership skills

Questions on Physical Evidence

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

A1: Store designs are rooted in coffee heritage, in community involvement and environmental stewardship goals. Designs reflect the character of a store's surrounding neighborhood and help reduce environmental impacts. They use layouts to reflect heritage, art, regional modern store, concept stores.

Q2: What is the Starbucks logo?

A2: The logo is an image of a "twin-tailed mermaid which is SIREN (as called in Greek mythology).

Q3: Has the Starbucks logo evolved over time?

A3: Yes, the logo has evolved over time. Starbucks siren logo went from topless with a fully visible double fish tail with mermaids breasts covered by her flowing hair, but her navel visible to cropping the fish tail slightly with a change in primary color from brown to green. Later her navel and breasts were not visible at all, and only vestiges remain of the fish tails.

In years 2006 and 2008, Starbucks reintroduced its original brown logo on paper hot-drink cups.. This logo sparked some controversy due in part to the siren's bare breasts. Logo was also altered when Starbucks entered the Saudi Arabian market in 2000 to remove the siren, leaving only her crown.

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

A4: No because if a customer places an order from home. He won't feel that warmth, that specific layout a Starbucks store can provide.

Questions on Process

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

A1: lean six sigma

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

A2: Average order filling duration

Assignment 4

5Ws + How analysis for the 6 entities in WalStore Operations

	Supplier	Warehouse Transporter	Warehouse	Warehouse -to-store transporter	Store	Customer
What?	<p>What are the suppliers responsibilities , goals , costs , targets ?</p> <p>What are the types of contracts they have?</p>	<p>What type of transporters are they using – by air , land or water and what are the costs , taxes involved ?</p>	<p>What is the size , cost , location of a warehouse ?</p>	<p>What type of transporters are they using – by air , land or water and what are the costs , taxes involved?</p>	<p>What is the size of the buffer supply area?</p> <p>What are the responsibilities , goals , targets of store employees timings of store operations ?</p>	<p>What is the kind of customer base for a specific region ?</p> <p>What are the needs , demands , problems of the customers for a region?</p>

How?	How will the supplier make a product , how will the budgets be allocated ?	How will they transport the products safely ?	How will the warehouse store the products safely?	How are the schedules arrived at?	How are the products displayed in a store ? How is the store staff in terms of customer interaction?	How is the store layout optimized?
Who?	Who are the suppliers ?	Who are the transporters ?		Who are the warehouse to store transporters ?		Who are the customers ?
When?		When do the warehouse transporters transports goods ?	When do the warehouses receive goods from the transporters ?	When do the warehouses supplies goods further – night or day or holiday or weekday ?	When do the stores receive goods from the transporters ?	When do they visit the store?
Where?	Where are the suppliers located?		Where are the warehouses located ?		Where are the stores located ?	

Which?		Which prominent routes are used by the transporters for navigating between the suppliers and the warehouses ?	Which warehouses stores which products in which quantities at a given time ?	Which prominent routes are used by the transporters for navigating between the warehouse and store?		
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