Adding Another Tool to the Belt at Planet Bean

Summary

This case study introduces Planet Bean as a coffee roasting company with three coffee houses in Guelph, Ontario. The company's successful past can be attributed to its strong commitment to producing environmentally sustainable and socially conscious coffee. With increased competition from Starbucks and other operators, Byron Cunningham the company's CEO is concerned that relying on this current brand proposition will not be enough to maintain their position in the market. Cunningham is worried that Starbucks reputation and ability to deliver quality service could become a competitive advantage if Planet Bean does not adapt to compete in this realm.

Quality service has always been a goal of Planet Bean but it hasn't been something they have focused on. This case asks students to consider the importance of quality service in a highly competitive and premium market. Students are asked to help create a service strategy and incorporate it into the Planet Bean brand proposition.

Case Study Philosophy and Target Audience

This case was designed with a very specific use and target audience in mind. It has been written for use in a graduate level course on service management. It is designed to be the final assignment for the course to provide an opportunity for the student to apply their learning to a real life situation. By the end of a service management course students will have an understanding of many concepts and theories about service. The case provides an opportunity for students to apply service theories and concepts studied in class to create an appropriate service strategy for Planet Bean. Students will be further challenged by having to 'operationalize' theory into tactics to deliver their strategy.

Teaching Objectives

1. Recognize the importance of 'quality service' in a premium product offering.
2. Analyze and apply the various ways of measuring service quality.
3. Identify key components of a company's service offering.
4. Demonstrate an understanding of and apply key concepts in service management.
5. Demonstrate how a company's vision, mission and values have an effect on organizational culture.
6. Develop service goals for a food service organization.
7. Create a service strategy to deliver quality service in a food-service operation.
8. Design tactics to implement a service strategy in a food-service operation.

Teaching Strategy

Service Management

Service is an integral part of the product offering of any food-service establishment and this case allows instructors to address the service at Planet Bean from a competitive premise context. The fact that Starbucks is one of the competitors allows students to study how this company has integrated service as a brand promise.

This case allows instructors to have students apply a wide variety of learned service concepts to a real life situation. A wide variety of topics can be covered including:

Measuring Service: Planet Bean has no process to measure service in their establishments. Instructors can address how service is measured discussing theoretical concepts such as 'SERVQUAL' while also covering how best to receive feedback from customers. Focus can also be placed on the importance of crowd-sourced review sites like Trip Advisor and Yelp. From a strategy point of view the importance of measurement can be emphasized to ensure the evaluation and control of any service strategies are that implemented.

Service Design: Service design is at the foundation of any service delivery system. Like many companies Planet Bean's service delivery was established through trial and error. Students can be introduced to formal processes of service design like Service Blue Printing. Articles such as Bitner's Service Blueprinting: A practical technique for service innovation can provide instructors with application based assignments to help students understand how service is designed.

Service Concepts: Various service concepts can be brought to the student's attention during this case study. Pine and Gilmore's 'Experience Economy' is a good concept to either introduce or re-inforce with students as well as Jan Carlzon's idea of 'Moments of Truth'. Customer loyalty and advocacy can be covered with the use of Reichheld's concept of the 'Net Promoter'.

Vision, Values and Culture: Instructors can address how a company's vision, mission and values can affect a corporate culture. As Planet Beans main competition, Starbucks presents a great comparison as a company that has incorporated 'quality service' into their culture by emphasizing the customer experience in their mission and values. Planet Bean currently makes little mention of the customer or employee experience in their vision, mission and value statements.

Human Resources: Instructors may want to investigate the relationship between Human Resource practices and quality service management. The 'Service Profit Chain' is an ideal concept to introduce if the instructor wishes to incorporate this as a learning outcome.

Recommended Lesson Plan

Class 1 and 2: Context development	The first two classes should be focused on gaining an understanding of the context that Planet Bean operates in. Students should be responsible for researching the coffee house business. Students can be asked to conduct analysis such as a competitive set, stakeholder analysis, and Porter's five forces.
Class 3: Developing a Strategy	Students should be asked to develop a 'service strategy' statement that is appropriate for Planet Bean.
Class 4 and 5: The development of tactics to deliver the strategy	Students should be required to show what service theories and concepts that can be applied to the Planet Bean case that will help deliver the service strategy.
Class 5: Implementation	Students should be asked to show how their tactics will be implemented. Attention should be paid to resource allocation, management expertise, and alignment with company values.

Customer Engagement Management (CEM): CEM is a relatively new concept in service theory. Students may be expected to incorporate in their strategy various elements of CEM including the use of Customer Relationship Management (CRM) software or loyalty programs.

Teaching Approaches

Prior to the commencement of this case students should prepare by reading the case and conducting other pertinent research. Both the Planet Bean and Starbucks websites should be visited with students focusing on the vision, mission and values of each company. The city of Guelph should be researched in regards to demographics and the current competitive set for the coffee outlet business. The instructor may want students to conduct assessments of the marketplace prior to the first class.

Context

The understanding of context is critical when designing service strategies for food-service organizations. Key areas of study to determine context should include (a) the local market place from both a customer and competitive point of view (b) the vision, mission and values of Planet Bean (c) organizational capabilities and governance (d) resources and levels of managerial expertise to deliver potential strategy and tactics.

Review of Strategy

The instructor may want to complete a short review on strategy development. The main area of emphasis would most likely be on the development of a strategic goal as well as the differences between a strategy and a tactic.

On-line Application

This is an ideal case to be used in an on-line delivery situation. Since it assumed that students have been introduced to theory this case is merely a vehicle for them to apply what they have learned. On-line discussion platforms are more than adequate for the instructor to ensure that students are adequately prepared in regards to context

and strategy. The discussion questions provided in this teaching note are designed for creating discussion amongst students in an on-line environment. It is also recommended that students are divided into small groups and assigned their own group 'chat' spaces so they can share thoughts and ideas on the case.

Individual/Group Work

This case study can be worked on in a group or as an individual. Group work may allow for more depth in the suggested tactics and a more complete overall strategy. Individual work will provide a better chance for the synthesis of the various concepts of service learned in the course.

Assignment

Ideally, this case presents an opportunity for students to create a service strategy for Planet Bean. In this context the students should be posed the following question:

Byron Cunningham has asked you to help ensure Planet Bean remains competitive in the marketplace by improving their commitment to customer service. You are a responsible to present a report to Byron outlining a strategy to do this. Your report should include evidence-based research as to why service needs to be an important focus for this company. You are also required to present the tactics that will help ensure the implementation of this strategy.

Although this is a recommended question instructors should see fit to adopt their own question or sub-questions based on their own specific needs.

Discussion Topics and Questions

These points may help the instructor lead discussion during class or can be assigned as homework questions.

- What role does service play in the customer's coffee bar experience?
- What role does service play in setting the price of coffee at Planet Bean?
- How do company values play a role in determining service levels?

- Why is it important to measure the level of service you are providing before you create a strategy?

Useful Links

- Starbucks Customer Service Website
- http://www.starbucks.ca/customer-service
- Planet Bean Website
- http://www.planetbeancoffee.com/

Additional readings

Arnot, C., Boxall, P.C., Cash, SB. (2006). Do Ethical Consumers Care about Price? A Revealed Preference   Analysis of Fair Trade Coffee Purchases. Canadian journal of agricultural economics, 54(4), 555-565.

Chen, T., Hsin-Hui, H. (2009). How determinant attributes of service quality influence customer perceived value: an empirical investigation of the Australian coffee outlet industry. International Journal of Contemporary Hospitality Management, 22(4), 535-551.

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Parasuraman, A., Zeithanmi, V.A., & Berry, L.L. (1988). Servqual: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality, Journal of Retailing, 66(1): 12-27.

Pine, B.J., Gilmore, J.H. (1998). Welcome to the Experience Economy. Harvard Business Review, 76(2): 97-104.

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