

Case 3: Green Joe (1 of 2)

S Say

Start the case

- Mega Coffee, a chain of 375 coffee shops throughout the US, is trying to outdo itself every six months with each new promotional effort.
- Their goal is two pronged: draw new customers and maintain loyalty among current customers.
- They are evaluating a proposed promotion, the “Green Joe” campaign. Green Joe is a Mega Coffee brand that is:
 - **Organically grown** – no pesticides were used to create the coffee bean, thus protecting the environment.
 - **Slow shipped** – to reduce toxic emissions, the beans are shipped on boats that move slowly to ensure that the least amount of fuel is used.
 - **Only available in recyclable cups** – consumers will only be able to buy Green Joe if they return their Green Cup or mug. By turning in their Green Cup they’ll receive a clean Green Cup. It is an all metal, insulated cup with throw-away sipper top.

You have been asked to evaluate the campaign and raise and concerns. What do you think?

Be ready if asked:

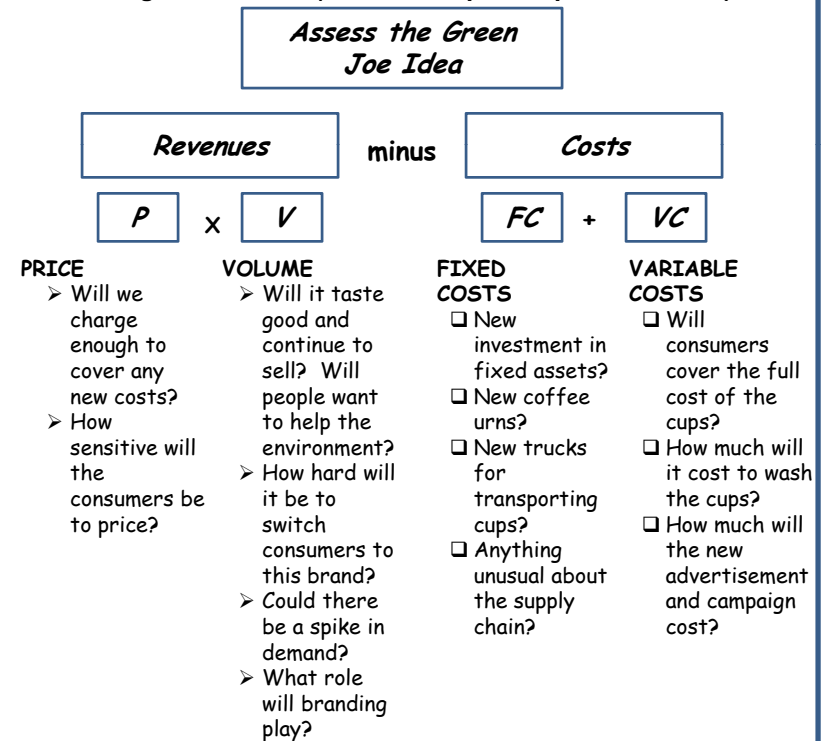
- **Competitors** – no one has a similar product.
- **Cups** – recyclable cups are stored and shipped to a 3rd party cleaning service. Lids are all plastic and are thrown away after use.
- **Pricing** – coffee will be 15% more than regular coffee for each price point.

M Manage

Know what to manage

- This case touches on **breadth, numbers and creativity** through your questions. You will provide the numbers after the initial discussion.
- For an initial structure, expect to see a simple profit equation and the candidate drilling into each of the variables.

Look for good structure (*this is a sample – expect variations*)



Case 3: Green Joe (2 of 2)

A Ask

Ask specific questions to keep the case on track. You will be in “command and control” mode.

1. **(BREADTH)** What else would you like to include in your structure? (e.g. ask this if there is an obvious gap in the candidates’ thinking). Help provide hints where necessary.
2. **(NUMBERS)** If you had to calculate the amount of “extra” funds you would receive from Green Joe sales, how would you do it? (1 approach)
 - Look at previous new brand coffee launches to estimate unit sales and speed of adoption.
 - Multiply 15% x regular average price = extra funds per cup
 - Look at time period of spend (6 months, 12 months) and calculate the extra funds earned during that time : estimate monthly cups sold x extra \$ per cup = additional revenue
 - Additional revenue needs to be greater than the new costs for cup cleaning and transportation
3. **(CREATIVITY)** In customer focus groups, they heard that people are concerned about the cups being cleaned properly. When consumers understand that they’ll be turning in dirty cups for clean ones, it’s a turn-off. But Mega Coffee is committed to cutting down on paper waste. What are your ideas?
 - Have a separate drop off process for dirty cups
 - Display the clean cups in an area that shows them to be cleaned (consider sealing the tops)
 - Add a sticker to show they have been cleaned
 - Others

4. **(INTEGRATION)** Even though the data indicates that the funds from the program will cover the costs, you are against it. If you had to make a persuasive pitch to not do the campaign, what would you say?

Recommendation:

- Financials:
 - On the financial side, even though initial estimates indicate that it will break even, I’m not sure it will last. It is difficult to predict consumer preferences.
- Operations:
 - Disruption to our current business model will be high with the dirty cup drop off and cleaning process.
 - Will the metal cups take up too much room?
- Marketing
 - This program is very complex and may have hidden problems with message, branding and consistency

R Role Play

- Try the reverse conclusion. See if the candidate can argue hard in support of the idea.
 - Aligns Mega Coffee with organic
 - Helps consumers feel good about their habit
 - May lead to new, profitable ideas

T Track

- **Breadth** – for marketing problems you still need a data driven start.
- **Numbers** – review how it was easy to build the equation in simple steps.
- **Creativity**– mentally stepping through the store leads to good ideas.