



# AJEENKYA

## D Y PATIL UNIVERSITY

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### End Term Examinations (December 2019)

School: School of management

Program: MBA BIS

Course: Innovation management

Course Code: MGT622

Semester: III

Max Marks: 60

Duration (mins): 90 min

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**This question paper consists of two sections A and B.**

**Section A: 30 marks.**

**Answer any 2 of the following questions. Each question carries 15 marks.**

1. Explain the Top-down and Bottom-up strategy in Innovation.
  2. Explain the strategies big businesses adopt to build the innovation culture.
  3. Does Innovation or Advertising Create Great Brands? Discuss.
  4. The extent of technological innovation is not so encouraging in India. What are the reasons for this trend? Suggest any two measures to be taken for strengthening technological innovations in Indian private and public entities.
  5. 'Knowledge spill over serves as the catalyst for the development of new ideas and new applications often in ways that were never anticipated initially'. Elaborate.
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**Section B: 30 marks.**

**Section B consists of case studies. All questions are compulsory.**

### **1. Case study: 15 marks**

CarSingh, an online platform that helps users buy and sell used and new cars, has raised an undisclosed amount in its first round of funding from Seeders Venture Capital Pvt Ltd. CarSingh says that it attracts more than two lakh users per month. CarSingh.com allows users to research new/used cars by price range, make and model. Car research tools, car pricings, car accessories and dealers' discount offers are provided as well. Founded in January 2010, the company claims to offer the largest selection of used cars inventory from dealers and private sellers. It is now planning to expand its operations in used cars market across India, besides focusing on the after-sales market.

Lok Capital, which focuses on investments in the bottom-of-pyramid (BOP) customer segment, has invested another \$3 million in rural business process outsourcing (BPO) firm RuralShores. Set up on the social objective of generating jobs in villages through back offices, RuralShores is the market leader in the nascent rural BPO category. "RuralShores will use the second round of funding to expand its operations in the rural BPO space for business development," said Lok Capital partner, Ganesh Rangaswamy. With 10 back office centres across the country, including three in Karnataka, two in Tamil Nadu and one each in Andhra Pradesh, Gujarat, Maharashtra, Madhya Pradesh and Rajasthan, the company is set to open 10 more centres by March 2012. Post-expansion, the three-year-old company's headcount will double to 2,000 from about 1,000 currently, with the ratio of young men and women being employed at 50:50. HDFC Bank participated in the first round of funding for 30 per cent of the equity while Lok Capital invested an unspecified sum for 11 percent stake. After the second round of funding, promoters still hold majority stake (51 per cent).

A. According to you, what features of the two ventures mentioned above make them unique to attract venture capital funding.

### **2. Case Study: 15 marks**

In January 2011, Starbucks Corporation and Tata Coffee announced plans to begin opening Starbucks locations in India. Despite a false start in 2007, in January 2012 Starbucks finally announced a 50:50 joint venture with Tata Global Beverages, called Tata Starbucks Ltd., which would own and operate outlets branded "Starbucks, A Tata Alliance". Starbucks had previously attempted to enter the Indian market in 2007. Starbucks did not cite any reason for the withdrawal.

On 19 October 2012, Starbucks opened its first store in India, measuring 4,500 sq ft in Elphinstone Building, Horniman Circle, Mumbai. Starbucks opened its first roasting and packaging plant to supply its Indian outlets in Coorg, Karnataka in 2013. Starbucks expanded its presence to Delhi on 24 January 2013 by opening 2 outlets at Terminal III of the Indira Gandhi International Airport, and later one in Connaught Place.

Tata Global Beverages announced in 2013 that they would have 50 locations by the end of the year, with an investment of ₹4 billion (US\$58 million). However, the company would open its 50th store in India only on 8 July 2014.

The third city of India to get a Starbucks outlet was Pune, where the company opened an outlet at Koregaon Park, on 8 September 2013. Starbucks opened a 3,000-square-foot flagship store at Koramangala, Bangalore on 22 November 2013, making it the fourth city to have an outlet.

Starbucks opened the largest coffee-forward store in the country at Vittal Mallya Road, Bangalore on 18 March 2019. The store measures 3,000 sq ft, and is Starbucks' 140th outlet in India, Tata Starbucks opened 25 stores in 2017-18 and 30 in the 2018-19 fiscal year.

On 21 February 2019, CEO Navin Gurnaney announced that Tata Starbucks would transition to using only compostable and recyclable packaging materials across all its stores from June 2020.

Starbucks announced its entry into the Gujarat market on 7 August 2019. The company simultaneously opened five stores in Surat and Ahmedabad the next day. Starbucks' flagship store in the state is located at Prahlad Nagar, Ahmedabad and offers more vegetarian options than other Indian

outlets. CEO Navin Gurnaney stated that the company would open more than 30 stores in the 2019-20 fiscal year, of which 11 had already opened.

1. Brand experience: Starbucks made coffee drinking popular among the Indian youth by offering a brand experience environment and other value additions. This meant that customers were willing to pay premium for a cup of coffee.
2. Reinforcing brand and cluster approach: Starbucks created entry barriers by opening multiple outlets within a short distance in major cities.
3. Multiple formats: High street cafes, garden cafes, Mall cafes, street cafes etc.
4. Company owned franchisee: All the outlets are company owned. While, this makes it little expensive to run, it makes sure that there is no brand dilution.
5. Vertical integration: Integrating value chain, 'from bean to the cup', Tata coffee was able to reduce the cost, assure adequate supply demand and gain economies of operation.

Questions:

- A. What are the various innovative strategies adopted by Starbucks to become a trusted brand in coffee services in India?
- B. How does an organisation ideate future innovations?
- C. Having expanded largely, what would be the challenges Starbucks would have to face to retain its market share?