RR:

When James Freeman started Blue Bottle Coffee, did he ever realize that he was utilizing a business model shown in *The innovator's Method?*When looking at a snapshot of the business model, you have your value proposition, pricing strategy, customer acquisition for both relationships and channels, as well as your cost structure for both activities and resources (The Innovator’s Method, 2014) . When James had initially started Blue Bottle Coffee, his value proposition was to produce fresher coffee and be transparent about when the coffee was initially made (Huddelston Jr., 2019) . James Freeman's pricing strategy had been a little tricky since big brand companies like Starbucks were charging more for a cup of coffee than what he was charging. Although he was charging $5 a cup, James wanted to let his customer base know the hard work that goes into each cup made by Blue Bottle Coffee. His customer acquisition was simple. He gained more customers and their business by proving to them that his coffee was different than other big name brands (Huddelston Jr., 2019). He wanted to show his customer base that quality comes from making "one cup at a time" and to show them the quality and business differences by doing so. He had also done this by opening up shops that were not too overwhelming so that customers could enjoy their coffee (Carman, 2017). For his customer acquisition channels, Freeman had eventually opened more stores worldwide after starting out his business with only a cart to grow his customer base. Cost structure activities were simple. In order to maintain the freshness of the coffee, there were roasteries built near Blue Bottle's cafe's to keep the quality and freshness of it's coffee. Finally, for Blue Bottle's cost structure resources, Blue Bottle utilizes fresh roasted artisanal beans as well as put up more brick and mortar stores in order to reach more customers nationwide.

The company I chose to represent the business model approach would Be Oracle. Their value proposition is financial software that grows with the company. Their Pricing strategy depends on what features the customer is looking for and how much they are willing to pay. Their Customer acquisition as far as relationships is through ProBono clients as well as their sales team trying to help grow and optimize their business. The main customer acquisition channel is through their main site with easily accessible software. Cost structure activities could include knowledgeable sales representatives and functional consultants that know and teach the software to future customers. Some cost structure activities could include many servers that are utilized in order to keep their site and software running without issues.

**References:**

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AL:  
Folgers, Starbucks, and Blue Bottle all make coffee, but not all of them do it well, or so the “third wave coffee” aficionado’s believe. Never mind the fact that millions of people buy Folgers and Starbucks, that isn’t good enough for coffee aficionados.  “Third wave coffee” drinkers appreciate an expensive $5 cup of coffee as long as it tastes good and isn’t mass produced. In today’s world some people call that premium coffee while other people call it a rip-off.  In any event, the reason that many people are willing and able to purchase expensive coffee is because of their belief that a good coffee is somewhat like a good plate of food or glass of wine or a craft beer. It’s made one by one.

Blue Bottle was able to capitalize on the “Third wave coffee” movement.  The San Francisco based coffee roaster and shop prides itself on being different.  The company wants to capture the $5 per cup crowd and the way it does that is by strategically opening up storefronts in locations that could afford them.

Another company that reminds me of being at the right place at the right time is Tesla. Tesla’s technology and manufacturing processes are world class, but more than that, it is also trying to save the world by trying to keep a clean and sustainable future. Tesla has arguably revolutionized the entire automobile industry by proving its core argument that electric vehicles built by Tesla are of incredible quality, and are essentially luxury vehicles at non luxury prices.

Reference:

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AD:  
The “third wave of coffee” began when consumers started to become more particular and were looking for more specialized coffee shops (Boaventura et. al., 2018) Blue Bottle Coffee’s business model starts by making their value proposition solve for this need. James Freeman noticed that no other coffee shop had fresh coffee beans, so his solution was to create a business around “high quality single-origin freshly roasted artisanal beans” (Huddleston, 2019).

Being part of this “third wave of coffee” their cost structure resource and activities required them to roast higher quality coffee. These higher quality resources mean higher production costs that need to be considered in their pricing strategy (Boaventura et. al., 2018). CEO Bryan Meehan noted that Blue Bottle uses the demographics of the residents when considering where to expand (Carman, 2017). They locate themselves in places that they know consumers are willing to pay $5 for a coffee, and they can use the price sensitivity meter to further test what their optimal price point is.

Uber is another example where they were not a disruptor in terms of innovation, but they adapted their value proposition based on the changing needs of consumers. In 2008 when the idea for Uber was created millennials, known for their usage of the internet and smartphones, were around the ages of 12-27 (Uber, n.d.). Uber found a way to take the transportation business and use their knowledge about the demographics as part of their customer acquisition tactics.

Besides the components of the business model mentioned above, how do you think Blue Bottle used other tools to create their business model?

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