COOL BEANS

Coffee Shop Group 1



Shannan Rowan, Kristin Rivera, Sheridan Reichel, Lee Pao Yang,

Shannon Corcoran

Business Canvas Project

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**Business Canvas**

| **Key Partners**  Wonderstate Coffee  Carlson Roasting Co. | **Key Activities**  Serving in store  Serving through  Drive-thru  Serving by delivery | **Value Propositions**  Safe Study Space  Convenient Fresh Coffee  Close to campus with quick experience | **Customer Relationships**  **Personal Assistance**  **Self-service** | **Customer Segments**  College Students  -18 to 24 years old  -No full-time job  Working Parents  -25 to 39 years old  -Making at least $50,000 a year  -Have kids  College Faculty  -20 to 40 years old  -Making at least $42,000 a year |
| --- | --- | --- | --- | --- |
| **Key Resources**  Physical- inventory  Human- employees  Intelligence – marketing  Financial – Cash flow, Bank loans | **Channels**  Indirect-delivery services  Indirect storefront |
| **Cost Structure**  Fixed costs- Rent, Utilities, Insurance  Variable costs: Suppliers, Production, Machine Maintenance | | **Revenue Streams**  Sales - coffee, drinks, and bakery items | | |

**Customer Segments**

Cool Beans serves several different segmented markets. The first is 18 to 24-year-olds going to college and living in La Crosse, WI. This segment includes 17,646 full and part-time students (“Colleges”). This segment will be spending time studying, attending classes, and socializing. 40 percent of 18 to 24-year-olds drink coffee daily, while 48 percent of the daily drinkers prefer gourmet coffee (Quain). Because college classes can be long and tiring, often they will need to get coffee. It is not always realistic for them to have coffee makers in their dorm rooms, so they will be looking for a quick spot to grab some caffeine. Since many do not have time for jobs, they will likely not have cars to drive, so the delivery option is helpful. It could also be helpful with the location being directly within walking distance of both colleges. Additionally, not having time for jobs is a weakness. They might not have extra money to spend on coffee runs. A strength of this market is the amount of time they could be customers. Most students stay longer than a year because they need to finish their college degrees.

The second is 25 to 39-year-old parents with children, working full-time, making an income of at least $50,000, and living in La Crosse, WI. 54 percent of this age group drink coffee daily (Quain). There is not much difference between the percentage of men that drink coffee daily and the percentage of women that drink coffee daily, so there is no gender specified in this segment (Nikolovska). This segment is family-oriented but still has jobs to bring in income. Their number one priority is having a happy and safe family. They want to stay focused on their jobs so they can go home on time to keep their work-life balance. They may have stayed up late with their kids, or may just need to keep a clear mind, so they need to have their coffee to stay focused. Time is money with this segment, as they worry about not spending enough time with their kids. They will find ways to save time, so they might seek out coffee shops with drive-thrus. This segment brings in income, so they can spend more money on coffee. A weakness of this segment might be that they don’t have a lot of free time, so if the shop is busy they might pass and not stop. 12,926 people living in La Crosse, WI fall into this age group, while 9,021 have a child under the age of 18 (“La Crosse, WI”).

The last segment includes college faculty aged 20-40, with a minimum salary of $42,000 and living in La Crosse, WI. UW-La Crosse has 2,407 employees, with an average yearly salary of $42,912 (“Average”). Western Technical College has 1,012 faculty members, with an average yearly salary of $69,414. 72 percent of these faculty members fall within this age range, which amounts to approximately 2,461 people in this segment (“Faculty”). This segment is career-oriented and busy with grading papers, giving lectures, and instructing and meeting with students. They also have the same mindset as the second segment, believing time is money. If they can save time, they will do so. They have a lot on their plates, so they do not have a lot of time.

There is a yearly growth rate of 7 percent for coffee shops (Nikolovska). Overall, between the three segments, 29,128 people are falling in the target market. With an annual population growth of .26 percent, the market could potentially increase to 36,701 (“La Crosse, Wisconsin”).

**Value Proposition: College Student**

The first Customer Segment is the College Student, 18-24 years old, with no full-time job, who attends University of Wisconsin- La Crosse or Western Technical College either part time or full time. Approximately 10,300 students attend UW-La Crosse and out of those students attending, 67% live on campus. (News) However, the student population of Western Technical College lies at around 4,300 and of those students, only 2% live on campus in the spacious 200 room dormitory. (Compare) Some gains for these students are a wonderful drink, handcrafted that provides them with more energy to get through homework or meetings, and a relaxing environment that welcomes productivity. Some pains these customers could experience are long wait times, as punctuality is paramount in a college setting, a lack of disposable income considering these customers are not full-time workers and rely primarily on aid and loans to get them through the semesters. Customers in this segment also experience the pain of finding somewhere decent to study, as all the students attending both campuses will need to use the same spaces to accomplish tasks and the on-campus study spaces could be in use by other students. With the task of accountability with grades and exercising proper time management to accomplish homework, students are left needing a place to study for prolonged periods of time and proper nourishment for memory retention.

Cool Beans alleviates these pains by offering wonderfully made coffee, food to satisfy cravings, high speed internet through Wi-Fi and a fast-paced service so students in a rush can still get their caffeine fix. With a close location, delivery, and online ordering options, Cool Beans has ensured that students can get their products wherever, whenever. Providing a warm, welcoming environment with all the hustle and bustle of a business gives the college student a wonderful, productive environment to accomplish homework in. College students should visit the unique Cool Beans to experience their wonderful coffee and coffee products, high speed Wi-Fi and welcoming environment to study in that is within walking distance of the student's institution.



**Value Proposition: Parents**

For Cool Beans second customer segment, parents 25-39 years old are the primary target. The job for these customers is keeping a happy and safe family, working professional, and supporting local businesses. Some gains for them are fast service, kid friendly, feeling successful, and being exposed to new products. The pains for them are their lack of time and being busy, having to stay with young kids, and the price of items. Cools beans products and services are their locally sourced coffee beans, homemade bakery items, and passionate employees. Their pain relivers include drink options other than just coffee, an easy-to-read menu, and their cozy atmosphere. Some pain relivers are their drive-thru option along with delivery, well trained baristas, and being open every day.

Cools Beans having a drive-thru helps to make these customers stop easier. They can have hectic schedules having to balance work life and social life so being able to swing through the drive-thru makes for a convenient stop. Cool Beans sources their coffee beans from local roasters like Wonderstate Coffee which is in Viroqua Wisconsin (“Cool Beans”). This helps support other local businesses and bring the community together. This customer segment should go to Cool Beans rather than other coffee shops such as big chains like Starbucks because they are a local business. Helping local businesses brings the community together and helps support one another. They also brew fresh coffee every day along with serving homemade bakery treats.



**Value Proposition: College Faculty**

The last segment includes all UW La Crosse and Western Technical College faculty aged 20-40, with a minimum salary of $42,000 and living in La Crosse, WI. UW-La Crosse has 2,407 employees, with an average yearly salary of $42,912 (“Average”). Western Technical College has 1,012 faculty members, with an average yearly salary of $69,414. 72 percent of these faculty members fall within this age range, which amounts to approximately 2,461 people in this segment (“Faculty”). This segment is career-oriented and busy with grading papers, giving lectures, and instructing and meeting with students. They will be spending a lot of time on campus, so a local shop would be ideal. They also have the same mindset as the second segment, believing time is money. Therefore, they would also find a drive-thru desirable.

Between 2020 and 2021, UWL faculty decreased from 1240 faculty members to 1334 faculty members. That is a decrease of .9 percent (“Employee”). WTC has seen an increase in faculty members, hiring an additional 20 more people. This is an increase of .02 percent (“Faculty”). Overall, this is a decrease of .46 percent. However, employment in this profession has a growth expectation of 15 percent (“Becoming”).

Cool Beans is located conveniently between the UWL and WTC campuses. This customer segment can take a quick walk between classes to grab a cup of coffee, or after classes, if faculty needs to stay late. They also have a drive-thru option, which would also save time in the morning when arriving for work. These various options will help save time, allowing more time to complete work and/or help students. Additionally, Cool Beans offers free wi-fi, tables and chairs. This provides a separate place for faculty to get off campus and take a break, as well as meet up with other coworkers or grab a bite to eat.

Cool Beans is different from the other coffee shops because it is a small business with local partners. They partner with local delivery services and offer quality products. Additionally, their customer service is warm and welcoming. The most important difference is the location. It is located in between the UWL and WTC campuses. It is much more convenient for this customer segment to stop by this shop than the other coffee shops.Text

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**Channels**

Cool Beans utilizes direct and indirect distribution channels. Direct channels are those that the customer can buy directly from the company such as a website. Indirect channels are those that allow the customer to buy through a store or a third-party application. The main channel that Cool Beans utilizes to target College Students is by their storefront, which is close enough to the campus to be seen and stands out on the corner from all the other establishments that also align with that intersection with its unique color scheme. The second most used channel for Cool Beans is through their website, which gives access to its menu, mission, and access to online ordering through third-party applications. This also is where catering is featured for meetings and events. The final channel used are third party applications such as Eat Street and Door dash. Of these Channels, Cool Beans owns their store front and website, as the owner runs both. They use these channels because they are the most effective way to reach the college student segment. Students are on and off campus so having an online social media presence and offering not just a storefront but also partnering with third party applications to ensure accessibility by any student.

The utilization of channel phases College Students could experience goes as follows. Cool Beans spreads awareness of its establishment by ensuring a strong social media presence with a rating of 4.6 out of 5 stars with 2.6k followers and growing (Cool Beans). Tech savvy, a college student will either see an advertisement for Cool Beans on social media like Facebook or on a college website. Then, they experience an evaluation by word of mouth, hearing from other students or teachers about how good the business is and how well made the products are. Encouraged, the student will visit the storefront to purchase, welcomed by a unique design and great service. All the products needed are available at the counter, along with items for customers to take back to their living spaces. After the transaction, there are several opportunities for the business to continue its improvement to attract new customers and continue retaining those that have become loyal patrons. The website, although direct and give the feeling of warmth very much like the store, leaves something to be desired. For instance, for this report, the reference to the website itself was going to be utilized, but at the time of this writing, that website is down and cannot be accessed. In addition, the online ordering through third party application is quite efficient, but that also means a certain percentage of sales goes towards maintaining that partnership (Lunden).

The effect of using different channels to reach customers in the College Student segment is that some way, the student will hear about the establishment and be able to experience it in their most comfortable environment. Cool beans maintain this expectation by ensuring a welcoming environment and speedy service no matter whether the college student attends the location, orders online, or uses drive-thrus. This gives a personalization to the service and allows the business to reach out to the consumers in the most effective way possible, for some channels may not be effective in reaching the targeted segment. For college students, the storefront and website are the most effective.

For the customer segment of working parents Cool Beans would own that channel. Their store front is something they own and control. Cool Beans also uses some delivery apps which would be a partner because the app is selling their coffee for them. Customers walking into Cool Beans is an indirect channel as people come into Cool Beans unlike a direct channel where a partner is reaching out directly to the customers. Sometimes the best way to draw their attention is to subtly remind them about your brand and products (Picincu). Cool Beans could use direct channels such as mailing or emailing customers to reach out to them.

For the first phase in the channel phases Cool Beans uses awareness about their store by social media and word of mouth. For evaluation they attend community events and get involved when they can. When it comes to purchasing everything is paid for inside the store or though the drive-thru. For the delivery phase all Cool Beans coffee and other items are served inside the store or through the drive-thru. The last phase in the channel phases is after sales and Cool Beans continues to build relationships with their customers and they also are understanding the needs and services for a fast convenient stop. Cool Beans could take more advantage of the evaluation phase as they could introduce punch cards where you buy so many drinks you get one free. This could help the customers understand and evaluate Cool Beans value proposition more.

For the last segment of college faculty, Cool Beans would also own that channel. They would be using the storefront, whether it be the drive-thru or inside the store. This is an indirect channel because the customers are coming to the store, not being reached out to by a salesperson. Cool Beans could utilize text messages, emails, or different loyalty/reward programs to keep this segment coming back.

The first channel phase of awareness occurs likely by being directly seen close to campus. From there, it will get a few customers and word of mouth will spread, which may eventually go to social media and can gain some reviews. From there, they are evaluated by the quality of their product, the satisfaction of their customer and the overall atmosphere of their store. The customer, if choosing to purchase from Cool Beans, will either pay with cash or card or smart pay. Cool Beans will deliver either over the counter inside the store, or out the window in their drive thru. The after sales phase is done by Cool Beans listening to their customers and providing the type of product and service they want and remaining consistent.

**Customer Relationships**

For the student customer segment, Cool Beans offers two types of customer relationship types: personal assistance and self-service. College students are busy with school and spends a lot of time studying. Most college students will prefer walking to Cool Beans and paying at the counter to better keep track of specials or know what their options are. Approximately 26 percent of college students’ study in coffee shops at least once a week (Macdonnell). `This requires the personal assistance to meet their needs. With personal assistance, students can call and order ahead of time, or can go through the drive-thru, thus saving time. The personal assistance strategy allows students to take in the warm and welcoming atmosphere of the shop. Through this relationship, Cool Beans has baristas that speak directly with customers, answering questions and offering them specials or suggestions. Inside their store they may have promotional signs, logos, and branding, as well as flyers providing information about their business.

The other customer relationship is self-service, which can be done by ordering on the Cool Beans website, or ordering through a delivery app. This option allows the customer to pay for their order online so by the time they arrive at Cool Beans, their coffee is ready for pick up or delivered right to their door. This helps to save them time as well. Mobile platforms are another way Cool Beans communicates with their customers. They have a website with store hours, menu, and their overall culture. They also may have reviews and posts on social media, which helps communicate any promotions, new items or products they have.

Working parents like all other segments are busy too. Their priority is work-life balance, so saving time is critical. Most of the time, they are in a hurry between functions with their kids and heading to and from work, need a quick pick-me-up. This kind of customer relationship is personal assistance because they are still requiring the human interactions from Cool Beans to complete this transaction. These working parents are wanting a quick experience, so they are looking for efficient baristas that are friendly but do not waste time. These baristas communicate with the customers directly, answering questions and offering suggestions as needed. They also have signs and logos as well as branding to communicate their availability.

Another popular option for working parents may be self-service or online ordering through a delivery app such as Uber Eats, Doordash or Grubhub. Working parents may be busy and did not get a chance to grab their coffee on their way into work. By the time they sit down, they may realize that they forgot their coffee and breakfast after dropping off the children at school or daycare. They might resort to ordering on a delivery app which is a self-service customer relationship. Another way Cool Beans communicates is through social media and online reviews.

This college faculty segment is career oriented and is busy planning their class schedules and grading assignments. Like working parents, they will seek out a coffee shop like Cool Beans with a drive-thru for them to pick up their coffee on their way into work which requires that personal assistance customer relationship type. The faculty will be coming in earlier in the morning and will want positive and happy customer service, so the customer experience needs to match. The staff will be directly communicating with customers on their way through, so they can answer questions and address concerns.

Another option that is available for this segment is self-service. Since their work site is near Cool Beans, they might order online and just walk to the coffee shop to pick up their drink and consume it on the way back to work. Therefore, it gives them time to enjoy their drink before returning to their busy schedule. This customer experience will vary to the drive-thru option, as they will be going into the store. The store will need to be clean and efficient, so they will feel comfortable and at ease.

Cool Beans gains customers mostly through word of mouth and social media. They are a local business that is directly in between two college campuses, so students and faculty walk past it daily. They also have a website and are available on some delivery apps, so their brand is available to see. Once a new customer comes to Cool Beans, they will see that there are many different benefits of the business. The space, the atmosphere, the quality product, the convenience of the location, drive-thru and free wi-fi all help to keep their customers coming back. Additionally, Cool Beans values their customers’ time. They offer several different ways to save time, including allowing their customers to pre-order. Ninety-five percent of customers say customer service is vital to customer retention and brand loyalty (“8”). Cool Beans makes a point to create a welcoming and warm atmosphere, which also helps to bring customers back.

**Key Resources**

Cool Beans requires all four types of key resources. Physical resources are resources that can be touched and felt. The physical resources for Cool Beans would include all their inventory, including food items as well as cutlery, napkins, cups, plates, and to-go bags. Besides items that are non-reusable, Cool Beans also has many items that are used daily to produce products for their customers, such as their storefront, coffee machines, serve ware, refrigerators, ovens, kiosks, card readers and brooms.

The human resources are essentially the people needed to run the business. For Cool Beans, this would include the baristas that make the products, the cashiers that take orders and payments in store and in the drive thru, any managers and maintenance personnel. Baristas are an in-demand employee that coffee shops around the world need to have a successful shop. According to Barista Training Academy, a barista can spend up to five hundred dollars for training, which makes their experience valuable for growing businesses. (Barista) Customer service is very important to any business, because if customers are not treated right, they will not return. Additionally, if there are no baristas to make the coffee, there will be no product for the customer to even purchase.

The intellectual resources are the informational properties. Sprudge, a well-established online news site in all thing’s coffee related, reports that “Intellectual property covers a lot of ground and is found in every aspect of the coffee value chain”. (Sprudge)Cool Beans has its own brand, as well as its marketing strategies and marketing research. Partners would also be included, which would be their local suppliers and delivery partners. It’s important for this business to have its own brand so it can stand apart from other shops and be recognized by previous customers. Their partners are also important as they wouldn’t have their supplies to create their products.

The financial key resources are the finances. Cool Beans has cash in their cash registers to make change for customers who pay in cash. Cool Beans would also need savings and or a line of credit to be able to cover any costs that would come up, such as an oven breaking, or an employee leaving. They would need to invest money back into the company to train a new employee or fix the broken oven.

The resources will vary depending on how developed the business is. Since Cool Beans is a current business, they likely have more cash flow, solid partnerships, a building and trained staff. A new business might not have a building right away. They might be operating out of a food truck, or out of a rented area. They also might not have all the tables and chairs and wireless internet as they are on a tighter budget. They might not have a lot of trained staff, or partnerships with local suppliers. Last, they might not have a strong enough business foundation to take out larger loans, nor would they have as much cash flow. It takes time and money to build up to having all of these things, and not every business starts out with it.

If Cool Beans were to expand their business, they would need to increase almost all their resources. They would need a building, additional staff, and local suppliers. They would need to increase their cash flow to ensure they are able to handle anything that comes up with the new location. As a business grows, so should its key resources.

**Revenue Streams**

There are several benefits that customers are willing to pay for while at Cool Beans. Firstly, there is always the appeal of having free Wi-Fi. Cellular bills can be expensive, some customers are even on certain plans that limit the amount of data that they can use, so customers are willing to purchase a product to be able to use the free Wi-Fi. Customers are also willing to pay for better quality coffee drinks. Fady Rizk wrote in a 2016 article “Quality over quantity” when it came to independently owned shops (Rizk). Cool Beans customers pay for a delicious cup of gourmet coffee that is worth the prices advertised, along with options to customize drinks to differing tastes. Lastly, customers will pay for a product that is closer to their location over having to travel. Cool Beans is located on a street corner, so cars passing by will see the store, and have the option of driving through. Rather than going to the nearest Starbucks location, which is a 10-minute drive from the college campuses, or over an hour walk, customers located near the college campuses can visit Cool Beans and pay for the convenience of not having to travel for coffee (Maps).

The revenue stream that Cool Beans utilizes is the Transaction stream, where customers are visiting the location or accessing a third-party application to make a one-time purchase. They are paying for these items by use of cash or electronic payment, such as debit or credit cards, with debit cards being the most popular, according to a Statista study (Statista). There are several factors that can affect a coffee shops revenue stream, however according to Coffee Shop Startups, the main factors include sales volume, costs, and how much customers are spending per sale (Coffee Shop Startups). This means that it cannot be just selling cups of coffee, which is why Cool beans offers bakery products as well as bagged coffee to add additional value to each potential transaction. Ensuring machines stay operational and the quality remains high means that the business will also have to have a tight grasp on the fixed costs. Cool Beans utilizes the pricing mechanisms of fixed list pricing for all basic coffee products as well as bakery items, however, certain sections are product feature dependent, as there are options to customize the coffee for a small charge (Menupix).

Coffee Shops such as Cool Beans have several different options as far as funding is concerned. Firstly, there is always the traditional means of funding, by way of bank loans or certain programs. Loans are not always guaranteed and can severely impact the business if it is not paid back, or a payment is missed. Secondly there are non-traditional means of funding, such as crowdsourcing or micro lends. Microlending is a small business loan of $50,000 or less and has individual requirements. Crowdsourcing is when there is an appeal to the public or a certain network of individuals to source funds for a certain product, or in this case to continue to run a coffee shop. This means appealing to partners or taking part in certain activities to bring awareness to the business, which can attract investors or other interested parties.

**Key Activities**

Key activities are tasks that a business must have and use to be successful. Value propositions will have the most profound impact on the kind of activities that are carried out (Belyh). Based on Cool Beans value propositions a few key activities are making coffee, keeping the coffee shop clean, and training baristas. Cool Beans value propositions include providing fresh coffee, fast and friendly service, and a safe study space for college students and others to enjoy. Making coffee is a key activity because without coffee Cool Beans would not be able to serve their customers, having a clean and inviting shop helps draw customers in, and having baristas that are well trained will help keep service fast and efficient.

Activities that are key for Cool Beans distribution channels would include serving in their store, through their drive-thru, and delivery. Cool Beans utilizes their store front and delivery for all their customer segments but mainly for college students. Working parents and college faculty use their drive-thru the most. Key activities to maintain and build customer relationships are marketing, social media, and customer feedback. Having a good social media platform helps Cool Beans reach out to its customers and getting that customer feedback helps them understand their customers wants and needs better. Based on Cool Beans revenue streams which is their sales of coffee, drinks, and bakery items, some key activities are their in-store production sales, marketing research, and customer service. Being able to see what their sales are will help know what customers want and having good customer service will help make customers want to come back.

**Key Partnerships**

Cool Beans has several different types of partnerships critical for their business success. Some of their key partners would be external suppliers of coffee beans, dairy supplies, packaging suppliers, as well as delivery services. These are the key resources for this business. Delivery services are an important distribution channel. Having a friendly and knowledgeable service team as well as doing marketing research to understand the customer needs will be essential to ensuring the customers are satisfied.

Two of the main key activities within their value propositions for Cool Beans is to be able to make fresh, quality coffee for their customers and to have space available for students to study and gather. Cool Beans would have to work with external companies to provide the supplies and goods to produce the coffee and various baked goods, as well as provide the tables and chairs for their store. Cool beans would not be able to produce the various types of coffee or products without coffee beans, dairy products, and serving supplies such as straws, cups, or carry-out containers.

Working with various local coffee companies would enhance the community-forward image of the business. One local company called Wonderstate Coffee based out of Viroqua, WI would be a great option. Wonderstate Coffee also gives five percent back to the community which supports an equitable future in the coffee industry (Fair Trade Coffee Roasters). Another local key partner for Cool Beans is Carlson Roasting Company based out of Houston, MN. Carlson is passionate about hand-crafted coffee ensuring that Cool Beans will have quality flavors to serve their customers. It is important to stay with a specific company to provide a consistent flavor to retain customers and keep customers coming back.

Both Wonderstate Coffee and Carlson Roasting Company are great options for Cool Beans. They are both local companies that select their coffee beans from fair trade companies allowing Cool Beans to provide robust flavors to their customers making sure they will come back for the same cup of coffee daily (“What Is Fair Trade Coffee? | Trade Coffee”). Since Cool Beans’ value proposition includes quality coffee, they would expect consistent quality goods from their suppliers. They would not want to partner with delivery services that do not deliver on time, as the coffee may no longer be fresh.

Providing consistently fresh and quality coffee will maintain customer relationships, as well as build new customer relationships. Consistently warm and welcoming service will build new relationships and keep current relationships. Customers will trust they will receive the same service as well as the same product each time they visit. Production of quality products and having product available for customers, as well as ensuring the correct desired product is available for customers will ensure revenue continually comes through. Economy of scope would be more critical, as Cool Beans produces several different products. They are made differently, so they cannot be produced in mass.

**Cost Structure**

The cost structure on a business model is either motivated or value driven based on the creation of value and production. Cost structure for Cool Beans consists of marketing costs, labor wages, operating costs, raw materials, and the costs of baked goods. Costs associated with value propositions such as providing customer segments with convenient fresh coffee and a quick experience involves some fixed costs such as wages to maintain adequate staffing for quick convenient fresh coffee. Variable costs such as materials and raw supplies, are needed to maintain that same consistent coffee for each customer and revenue streams.

The costs of key activities such as making coffee, serving in store, drive - thru or delivery depends on the sales of the coffee and the higher need for raw materials varies monthly are considered variable costs. Variable costs to key partners are also based on sales, which can change monthly according to needs. Key resources are more consistent such as physical inventory and employee wages are more fixed costs because those do not vary as much as variable costs. Some of the costs associated with maintaining customer relationships would be the costs of ensuring additional value is being added with each interaction. This is done by keeping stock of impulse items near the checkouts for last minute sales, providing additional last-minute options for one’s coffee, such as sugar, napkins, or to-go lids. Additionally, there is the cost of keeping updated with technological trends as well as coffee shop design trends that currently dominate the market. This includes the addition of delivery application services as well as starting and maintaining a website that shows the menu, prices, and provides links to delivery services.

However, there are also some fundamental costs associated with Cool Beans., without, the business would not run at all or be able to make the product.(UpCounsel) Material costs such as supplies, refrigeration units and upkeep, and coffee machines along with their maintenance and upkeep are one example. Another example is labor costs that encompass the hiring, training, and maintaining of employees along with the cost of losing employees. The final example would include rent, electricity, wireless internet, and the expenses of maintaining third party application services. All of these are fundamental costs that Cool beans must prioritize and keep strict track of, for all these costs will directly affect customers if not maintained.

Key resources that represent a significant expense for Cool Beans are their building, their POS system, and their machinery such as their espresso machines. Their brand, payroll, and training are also key resources with significant expenses. Key activities that have significant expenses and drive costs include production, operation, and training. Fixed costs are costs that stay the same regardless of sales and production levels. Some fixed costs for Cool Beans would be their insurance and utilities. Variable costs vary with the volume of goods and services produced and or sold.

Cool Beans is a value-based business. They will price their products based on how much value the customer believes the product is worth. For example, the more additions in the coffee, the higher the cost. The stronger the coffee, the higher the cost. Switching from regular coffee to espresso would be a jump in quality, therefore customers would believe this would be a more expensive option. This type of technique is the same strategy Starbucks uses (Caballero).

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