UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION – 28 NOVEMBER 2017

COURSE TITLE   : MANAGEMENT INFORMATION SYSTEMS I

COURSE CODE   : BUS211

PROGRAMME   : BACHELOR OF COMMERCE – N.P. (FULL TIME)

TIME ALLOWED   : THREE (3) HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)

2. SECTION (A) IS COMPULSORY.   TOTAL MARKS **50**

3. ANSWER ANY TWO (2) QUESTIONS FROM SECTION B.

                                                TOTAL MARKS **50**

4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FOUR (4)

5. THE TOTAL NUMBER OF PAGES IS FIVE (5).

<u>NOTE:</u> **MARKS AWARDED WILL ALSO BE INFLUENCED BY GOOD COMMUNICATION IN ENGLISH AS WELL AS ORDERLY PRESENTATION, ESPECIALLY WHERE STATED.**

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS GRANTED PERMISSION

SECTION A. - COMPULSORY

Starbucks is the world's largest specialty coffee retailer, with over 1,700 coffee shops in 55 countries. For years, Starbucks grew throughout the United States and internationally, opening franchises at an impressive rate. From 2002 to 2007 alone, the company tripled the number of stores it operated worldwide. Starbucks offers a unique experience: high-end specialty coffees and beverages, friendly and knowledgeable servers, and customer friendly coffee shops. This was a winning formula for many years and enabled Starbucks to charge premium prices. During the economic downturn beginning in 2008, profits plunged. Customers complained that the company had lost its hip, local feel and had become more like a fast-food chain. Many coffee drinkers went in search of cheaper alternatives from McDonald's and Dunkin' Donuts for their coffee fixes. Starbucks stock lost over 50 percent of its value by the end of 2008.

Major changes were in order. Starbucks seized the opportunity to overhaul its business by using several different strategies simultaneously. First, the company has revamped its in-store technology and sought to integrate its business processes with wireless technology and the mobile digital platform. Also, rather than copy the practices of competitors, Starbucks pursued a more aggressive product differentiation strategy, intended to emphasize the high quality of their drinks and efficient and helpful customer service. At the same time, however, Starbucks also focused on becoming 'lean', like many of their competitors, eliminating inefficiency wherever possible. When Starbucks set out to improve its customer experience, it found that more than a third of its customers are active users of smartphones. The company set out to implement several features and improvements that would appeal to this segment of its customer base. First, Starbucks implemented a technology that allows customers to pay using a smartphone app. The app is integrated with the Starbucks Card system, which allows regular customers to pay with a pre-paid and rechargeable card at any Starbucks branch. When customers make a purchase using the app, a cashier scans a bar code displayed on the phone, and the resulting sale is charged to the customer's Starbucks Card account. Customers report that paying using this app, available for all major smartphone operating systems, is much faster than traditional forms of payment. In its first 15 months of use, the Starbucks mobile payment system processed 42 million transactions.

Many of Starbucks' most loyal customers regularly spend time using the free Wi-Fi wireless network offered in each store. A majority of these customers also use mobile devices to connect to the in-store Wi-Fi networks. Recognizing this, Starbucks launched what it calls the "Starbucks Digital Network," a portal designed specifically for mobile devices as opposed to traditional Web browsers. The site is optimized for all major smartphone operating systems

(iOS, Android, and BlackBerry), and responds to the multi-touch capability of devices like the iPad. The Starbucks Digital Network site was developed in partnership with Yahoo and functions as a content portal. Starbucks customers using the site will receive free Wall Street Journal access, select free iTunes downloads, and a wide variety of other content. The site will integrate with Foursquare, a location-based social networking site for mobile devices. This arrangement will allow users to check in and receive award points using Starbucks' site. Because Starbucks has the most Foursquare check-ins of any company to date, this feature has been popular with customers.

Rather than serve ads on the site, Starbucks has opted to offer the site free of advertising, hoping that striking deals with content providers will make it a profitable venture. Even if the Starbucks Digital Network is not highly profitable, analysts suggest that the site is an effective way for Starbucks to improve its relationship with its most valuable customers and a creative use of the mobile digital platform to enhance customer satisfaction. In addition to revamping their business to better serve the needs of their mobile users, Starbucks has made a concerted effort to become more efficient, reduce waste, and use the time saved to provide better customer service. Starbucks set out to streamline the business processes used in each of its stores so that baristas do not need to bend down to scoop coffee, cutting down on idle time while waiting for coffee to drain, and finding ways to reduce the amount of time each employee spends making a drink. Starbucks created a 10 person "lean team" whose job is to travel the country visiting franchises and coaching them in lean techniques made famous by automaker Toyota's production system. Store labor costs Starbucks about $2.5 billion, amounting to 24 percent of its annual revenue. If Starbucks is able to reduce the time each employee spends making a drink, the company can make more drinks with the same number of workers or with fewer workers. Alternatively, Starbucks could use this time savings to give baristas more time to interact with customers and hopefully improve the Starbucks experience. Wireless technology enhanced Starbucks' business process simplification effort. Starbucks district managers use the in-store wireless networks to run store operations and to connect to the company's private corporate network and systems. Starbucks district managers were equipped with Wi-Fi enabled laptops for this purpose. Before the in-store wireless networks were implemented, a district manager who oversaw around 10 stores had to visit each store, review its operations, develop a list of items on which to follow up, and then drive to a Starbucks regional office to file reports and send e-mail. Instead of running the business from cubicles in regional headquarters, Starbucks district managers can do most of their work sitting at a table in one of the stores they oversee. The time saved from going back and forth to

regional offices can be used to observe how employees are serving customers and improve their training. Implementing Wi-Fi technology enabled Starbucks to increase the in-store presence of district managers by 25 percent without adding any extra managers.

1.
   a. Broadly speaking, what seems to be Starbuck's business strategy? **(5 marks)**
   b. _**Under headings**_, explain how Starbucks has used technology to support this business strategy. Provide only four (4) points. **(20 marks)**

2. Using Porter's Competitive Forces model, show how Starbucks has used technology to reduce the impact / influence of at least two (2) competitive forces. _**Use headings**_ for each competitive force you intend to discuss **(10 marks)**

3. Overall, Starbucks seems to have found a winning formula in its use of technology. The internet however provides a number of challenges for many organisations regardless of how well they have incorporated technology in their business processes to create some competitive advantage. Briefly discuss, _**under headings**_, three (3) of these challenges, showing how the internet can have significant impact on an organisation's competitive advantage. Use Starbucks as an example. **(15 marks)**

ANSWER ANY TWO QUESTIONS FROM THIS SECTION

Question 2

Discuss, ***under headings***, five (5) challenges that organisations face with regards to Enterprise Resource Planning (ERP) systems. **(25 marks)**

Question 3

Identify and explain five (5) business models that organisations pursuing an E-Comm strategy may choose to adopt. For each business model provide an example of an organisation already pursuing that E-Comm strategy. ***Use the suggested answer layout to present your work***. **(25 marks)**

Model (1 mark)	Explanation of that model (3 marks)	Company using this model (1 mark)
1.		
2.		

Question 4

As part of a group project you are asked to think of a company that does not have an effective online presence. You are then asked to identify three (3) Web 2.0 tools that this company can introduce. ***Using the following answer layout***, highlight the 3 tools, explaining how each tool can help an organization with an ineffective online presence. Identify the type of user that the suggested tool would appeal to, providing one reason you feel supports this user identification. **(25 marks)**

Web 2.0 Tool (1 mark)	How it will help organization (2 marks)	User type/group the tool will appeal to (2 marks)	Reason why it would appeal to that user group (3 marks)
1.			
2.			
3.			