

X-CULTURE
Me Late Chocolate Challenge Instructions

Updated August 19, 2015, [latest version](#)



Challenge Presented by: Caffè Vergnano, Italy, www.caffevergnano.com
More on history and products [here](#).

Company contact person:

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Contacting the company: There will be many teams working on the challenge. We would like to buffer our partner company representatives from email overload. If you have questions or need more information from the company, please contact Admin@X-Culture.org first. Chances are, the answer to your question is already in our database. If not, your question will be forwarded to **Caffè Vergnano**.

X-Culture Webinars

We will have an online webinar with Caffè Vergnano on September 18. You will have a chance to meet the company manager(s), learn more about the company, and ask your questions. You will receive an email with the date and time of the webinar and the instructions for how to attend it.

About the Company

2014 Turnover: 72.200.000 €
Employees: 124
Production lines: 24
Factory surface: 13.500 mq
Italian retail clients: 300
Italian clients HORECA: 5000
Export Countries: over 70
Coffee Shops 1882: 80

Caffè Vergnano was founded way back in 1882 and it's Italy's most ancient coffee marker.

The company began as a small grocery shop in Chieri, a small town just below the Turin hills. It was set up by the current owners' grandfather, Domenico Vergnano. The Vergnano family's true vocation soon became clear - within a few years, that small shop mastered all the secrets of roasting and selling coffee. The company grew at an astonishing rate, and the first three Italian coffee shops were opened in Turin, Alba and Chieri. But the true leap forward happened in the 1930s, and it was the outcome of a brave decision - the purchasing of a coffee factory in Kenya.

Caffè Vergnano follows the finest traditions, but at the same time it is one of the most dynamic and avant-garde producers. The superior quality of the blends comes from the meticulous selection of the best raw materials available, and an extraordinary production process.





The roasting procedure is the most delicate moment of the coffee working process. This is because the taste concentration and flavor of the beans depends on the exact level of roasting. Still today Caffè Vergnano carries out this stage following traditional methods. The varieties of coffee are roasted separately, origin by origin, in order to guarantee the correct cooking level. Unlike most modern coffee makers who work with the “turbo” industrial method, or rather with 5-6 minute cycles at high temperatures, Caffè Vergnano adopts a “slow” roasting process, with cycles that last between 18 and 22 minutes. In each new cycle, the roasting of each individual lot is personally inspected, to guarantee the constant and perfect quality of the product.

The company is looking towards the future with serenity, standing strong on its 13,500 square meters factory and 22 automated production lines. It ranks Italy’s sixth company in retail market, with an Italian presence in 19 regions with over 5,000 HORECA clients. Furthermore, it successfully exports to more than 70 countries.

Learn more about Caffè Vergnano and its product [here](#).

Business Challenge

Caffè Vergnano is one of Italy’s biggest and fastest growing coffee companies. The [Coffee Shops 1882](#) are one of Caffè Vergnano’s most effective tools to export its brand image as traditional and authentic Italian’s espresso brand.

The company seeks your input with respect to its [Coffee Shop 1882 project](#). Specifically, the students are invited to address two major challenges:

1. **Market Analysis:** depending on their locations, students will study their coffee shop market. This analysis will include all the information necessary for a possible expansion and opening Coffee Shop 1882 shops in that country. That will involve:
 - a. Identifying new promising markets for the products;
 - b. Devising a new market entry strategy;
 - c. Developing a promotion and marketing strategy for the products;
 - d. Suggesting ideas for making the product and Coffee Shop 1882 stores more appealing to local customers

2. **(Optional) Real-Life Franchising Test:** students, depending on their market analysis, will search for potential franchisees interested in opening a Caffè Vergnano [Coffee Shop 1882](#).

After your team will identifies a new promising market and develops a market entry plan and a marketing strategy, you are invited to put your plan to a real-life test and find investors interested in opening Coffee Shop 1882 stores (franchisees).

If you succeed in proving your market expansion plan works and can actually find interested in opening a Coffee Shop 1882 branded store, you will:

- Be awarded a **Caffè Vergnano** fee-based consulting project. Think about it as a contract or job offer. If you prove your effectiveness in the X-Culture challenge, **Caffè Vergnano** will hire you as a fee-based consultant
- Greatly strengthen your resume and improve your credibility in the eyes of prospective employers;

If you would like to put your plan to a test and connect **Caffè Vergnano** with a possible investor/franchisee, please do the following:

1. Find a company or individual in the proposed new market who may be interested in investing in opening a Coffee Shop 1882 branded store
2. If the investor is interested, connect them with the **Caffè Vergnano** representative. Be prepared to assist in the negotiations between **Caffè Vergnano** and the prospective franchisee with respect to the terms of the contract.
3. It is unlikely that the deal will be fully finalized within the duration of the X-Culture project, but a letter of intent to make a deal from the prospective buyer/partner will be considered a success at this ultimate test of your market expansion strategy. The company representatives will continue working on the deal and the team members will receive their awards when the deal is closed.

This latter part of the challenge is optional and your team's decision to attempt or not to attempt to get a contract for the client company will not affect your performance evaluation. However, we encourage you to try putting your ideas to this optional ultimate test of effectiveness of your proposed market expansion plan. Your ability to sell the product will greatly improve your credibility and may lead to a long-term collaboration with the company. If you succeed, you will be properly rewarded in the form of the post-market commission, but even if you fail to secure a contract, you will still gain valuable business experience in the process.

Project Management Schedule

Task	Deadline*
<p>Milestone 1. Pre-project Readiness Test: All participants must review project materials and successfully pass the Readiness Test. <i>You will receive an email with your personalized training test link several days before the deadline. The test will include questions about the project and online collaboration tools, as well as questions about your prior international experience and background.</i></p>	<p>Early track: Sun, Aug 23</p> <p>Late track: Sun, Oct 4</p>
<p>Official start of the project, students placed on teams Students whose semester starts later will be added to the existing teams once their semester commences.</p>	<p>Early track: Mon, Aug 24</p> <p>Late track: Mon, Oct 5</p>
<p>Milestone 2. Establish Contact and Meet your Teammates: By this date, you are expected to exchange at least a few messages with your teammates. If some teammates are not responding, you are expected to send at least three email reminders to them by this deadline. Students who fail to establish contact with their team members may be excluded from the project. Once contact is established, please learn as much as possible about your teammates (background, interests, hobbies, interesting facts, etc.).</p> <p><i>Weekly progress survey:</i> Several days before the deadline, you will receive an email with a link to an online report on your progress with establishing contact with your teammates. You will be asked if you have communicated with all your team members. There will be also a few questions to test if you met your team members and learnt something about them. Even if some of your teammates don't respond to your emails, you must still complete the online form – just say they are not responding to your emails.</p> <p><i>Final report (optional):</i> You are encouraged to include a section in your report that contains bios and other interesting information about your team members and possibly a short summary of what each team member worked on, or any other relevant information about your team and experiences.</p>	<p>Early track: Fri, Aug 28</p> <p>Late track: Fri, Oct 9</p>
<p>Milestone 3. Describe Caffè Vergnano and its strengths, weaknesses, and opportunities</p> <p><i>Final report:</i> In the final report, you will have to provide a description of your client organization, including:</p> <ol style="list-style-type: none"> 1. A brief history of the company, including the history of its international operations (if applicable) 2. A brief review of the existing products/services. 3. A detailed analysis of the company's strengths, weaknesses, and opportunities. Pay special attention to analysis of the competition, including in terms of (a) the product quality and service, (b) prices, (c) market share, and (d) threats and opportunities in the foreseeable future. This section should be given the most attention and should provide concrete numbers and comparative analysis. <p>Suggested section length: 2-4 pages.</p> <p><i>Weekly progress survey:</i> Several days before the deadline, you will receive an email invitation to report what organization your team chose as your client and provide a summary of the key results of your analysis. No need to write a full-text section, just list facts and numbers with respect to: key company history moments, products and prices, main competitors, threats and opportunities in foreseeable future (include 10-15 significant facts about your Company and Product).</p>	<p>Early track: Tue, Sep 1</p> <p>Late track: Tue, Oct 13</p>
<p>Milestone 4. Identify Market Success Factors</p> <p><i>Final report:</i> This section of the final report needs to explain your choice of the key market characteristics that are critical to the economic success of Caffè Vergnano in a new market and why. For example, the product may be successful only if the market is characterized by a certain income level, population density, climate, Internet penetration, political stability, culture, or other factors. It is recommended that you select 3-5 factors from the following:</p> <ol style="list-style-type: none"> a. Geography and demographics factors: location, distance from the home office, climate, size, age distribution, education level, etc. 	<p>Early track: Fri, Sep 4</p> <p>Late track: Fri, Oct 16</p>

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- b. Economic environment factors:** Income levels, unemployment, infrastructure development, ease of doing business, lack of competition, etc.
 - c. Political and legal environment factors:** political and legal systems, political risk, government policy toward trade and foreign direct investment, property rights and intellectual property right protection, corruption, political freedom, etc.
 - d. Cultural environment factors:** cultural values, predominant religion(s), language(s), social class structure, customer preferences and tastes, other factors that may play a role in the design, packaging and marketing of your product/service.

Do not miss any important factors, but do NOT include market characteristics that are not critical to the success of your client organization in the new market. For **each** of the success factors, explain **why** it is essential for the success of the product in question. Suggested report section length: 1-2 pages.

Weekly progress survey: Several days before the deadline, you will receive an email invitation to report the key factors that your team believes are essential to the success of the product(s) in the new market (bullet list of the success factors with very brief explanations for why they are important for the product in question, up to 300 words). Each team member has to complete the survey and all team members are expected to list the same success factors.

Milestone 5. Select a New Market

Final report: In the final report, this section should provide a list of markets (countries or regions) that satisfy your success criteria (as per Milestone 4). From those, select **two** that are the most promising new markets for your client organization. Compare and contrast the two markets on each of the success factors identified as critical in the previous section.

Make sure to compare the two markets in terms of the competitive environments: market size (who are the potential customers and their number in the suggested market), who will be your main competitors in each market, their strengths and weaknesses compared to your client organization, market share prospects for your client organization.

Please note the goal here is **not** to describe the two countries in general. The goal is to focus specifically on the market characteristics that are essential for the success of your client organization and provide an in-depth comparison of the two most promising markets on each of the required market characteristics.

Based on the comparison of the two markets, select **one** where the success of the product is most probable. Suggested report section length: 2-4 pages.

Early track:
Fri, Sep 11

Late track:
Fri, Oct 23

Weekly progress survey: Several days before the deadline, you will receive an email invitation to report your team's choice of the two most promising markets. You will not have to provide a detailed comparison of the two markets in the weekly progress report, only in the final report. However, you will be required to say a few words as to why you selected these markets and where they stand compared to the rest of the world with respect to the success factors identified last week (up to 200 words). Each team member has to complete the survey and all team members are expected to list the same success factors.

Milestone 6. Entry Mode and Staffing:

Final report: This section of the report will suggest the optimal new market *entry mode* and *staffing* of the operations in the new market and provide a detailed explanation for your choices.

Caffè Vergnano is primarily interested in franchising, but if you believe a different entry mode could be more feasible, please explain.

Also suggest a staffing strategy: explain who and how should conduct recruitment, selection, training and development of the personnel for new Coffee Shop 1882 staff and how their compensation should be structured to ensure optimal cost-performance balance.

If you believe.

Make certain to base your explanation on the market analysis performed earlier (that is, keep geography, economy, politics and culture in mind and explain their role in your recommendation). Suggested report section length: 1-2 pages each.

Early track:
Fri, Sep 18

Late track:
Fri, Oct 30

Weekly progress survey: Several days before the deadline, you will receive an email invitation to report your team's choice of the market entry mode and staffing and provide a brief explanation for why these

decisions are optimal (up to 150 words each). Each team member has to complete this survey. Each team member is expected to provide the same answer.

Milestone 7. Product and Pricing

Final report: Discuss how the **Caffè Vergnano** products should be presented to the consumers in the new market in terms of the packaging, design features, branding or service delivery to ensure product success in the new market (e.g., Does the current brand name have any negative meaning in the local language? Are there any regulations or cultural differences that might necessitate changes to the product design or service delivery method?).

Pricing: What should be the price of the product in the new market? On what basis have you determined the price (competitors' prices, customers' sensitivity to prices, any regulations or price controls, your costs and planned expenses for promotions). Consider also analyzing the effects of the foreign currency rate fluctuations.

Suggested length: 1-3 pages each.

Early track:
Fri, Sep 25

Late track:
Fri, Nov 6

Weekly progress survey: Several days before the deadline, you will receive an email invitation to report your team's recommendation with respect to the product and its pricing (up to 150 words each). Each team member has to complete this survey. Each team member is expected to provide the same answer.

Milestone 8. Distribution and Promotion

Final report: Describe your proposed product distribution and promotion strategy.

Distribution: Where the product should be sold (only at Coffee Shop 1882 stores or also online or through other stores, etc.). Explain your recommendation (e.g., image, access, cost, efficiency, reach etc.). Keep in mind, the distribution strategy might also have an impact on your staffing strategy. For example, if you recommend the use of sales agents, comment on who should hire them.

Promotion: What advertising channels would be most effective, why, and how exactly the product could be advertised (not just where, but also how). Be as detailed as possible. Explain the exact steps needed to launch and run the advertising campaign (for example, how an ad could be placed in the proposed newspaper, TV program, or social media site) and how much it will cost. For example, if you're suggesting advertisement on TV, specify what TV stations should be used, when the ads should be aired, how much they will cost, and what would be the main message of the ads. Or if you suggest advertisement through social media, explain what social media platforms will be used, how the ads or messages will be distributed (e.g., pay-per-view or pay-per-click or viral), the main theme of the messages, expected audience and expected cost. Also keep in mind that your promotion strategies cost money and should be balanced with the revenues you generate through pricing strategies. Therefore be realistic in your recommendations. If applicable, include suggestions for the ad design, slogan, graphics, etc. Make certain to base your explanation on the market analysis performed earlier (that is, keep geography, economy, politics and culture in mind and explain their role in your recommendation). Suggested length: 1-3 pages each.

Early track:
Fri, Oct 2

Late track:
Fri, Nov 13

Weekly progress survey: Several days before the deadline, you will receive an email invitation to provide a brief description of your distribution and promotion suggestions, including: where the product/service should be sold, the proposed marketing channel (for example, TV, newspapers, social media, word of mouth, etc.), approximate cost, and a brief summary of the key elements of the advertising/promotion campaign (up to 250 words total). Each team member has to complete this survey. Each team member is expected to provide the same answer.

Milestone 9. Team Report DRAFT and Progress Survey: By this date, you must submit a draft of your team report. The report does **not** have to be fully completed by this date.

Several days before the deadline, you will receive an email invitation with a link to a progress survey. Each team member has to complete the progress survey, but only one team member has to submit the draft team report via TurnItIn using the instructions provided further in this document (Submitting Team Reports section, two pages down).

Early track:
Fri, Oct 9

Late track:
Fri, Nov 20

Please note, after the report draft is submitted to TurnItIn, the system will generate a plagiarism report (takes several hours to produce, the system checks millions of sources). It will identify all parts of the report that have been copied and pasted, so you will be able to see if any parts of the report have been

plagiarized. If plagiarism is detected, your team will have one week to fix the problem and submit a plagiarism-free final report. Only the team member who submits the team report on behalf of the team will see the plagiarism report, so that person must share it with the rest of the team.

Milestone 10. FINAL Team Report: by this date, one of the team members must submit the final copy of the report on behalf of the team – only one submission per team!

Early track:
Fri, Oct 16

Please submit your report draft via TurnItIn using the instructions provided in this document (Submitting Team Reports section, two pages down).

Late track:
Fri, Nov 27

Milestone 11. Post-project survey: Once the final team report is submitted, each student must complete the *Post-Project* survey. You will be asked to comment on your experience and evaluate the performance of your teammates. Your answers are extremely important and will help us improve the project in the future. Peer evaluations will NOT be shared among the members of the team and will be seen only by the instructors.

Early track:
Sun,
Oct 18

Several days before this deadline, you will receive an email with a link to this survey. Each team member must complete the post-project survey.

Late track:
Sun, Nov 29

**All deadlines are set for 11:59 pm (23:59), New York Time. You can check the current time in New York [here](#).*

Important: Occasionally emails with invitations to take a survey are filtered into the Junk/Spam email folder. Please check your Junk/Spam email folder (search for messages with “X-Culture” in subject line) if you don’t receive a survey invitation message around the date specified in the table above.

Report Format

Your team must collaboratively produce and submit *one* team report that addresses all questions listed above. The report must be 15 to 35 double-spaced pages, including the reference section and appendices with statistics, charts, maps etc.

The final report must include all of the sections listed above (one for each milestone 3-8). Additionally, please provide at the beginning of the report an **Executive Summary** that includes (1-4 sentences per point, up to 1 page total):

- Organization information
- Product/service description
- Key market characteristics needed for the product/service to be successful
- Suggested market and a brief review of how it’s the optimal choice for the product/service distribution
- Market entry mode
- Staffing strategy
- Marketing strategy

A picture is worth a thousand of words, so use of figures, graphs, pictures, as well as tables is encouraged. It is recommended these are included in the main body of the report. However, if you feel compelled to add additional important information that your client organization will have to see to fully understand your proposal, feel free to add an appendix.

Please format your report according to the following:

- Use the template provided at the end of this document for the title page of your team report (Appendix 1). The title page of the report must contain your team number and names of all teammates. If some of your teammates did not participate in the project, list their names on the title page of the report, and add a note indicating that these students did not participate.
- Number all pages in your team report.
- Margins should be 2.5cm (one inch) at the top, bottom, and sides of the page.
- Font type should be 12-point Times New Roman throughout the report.
- Double-space all body text.
- Indent the first line of a new paragraph.
- The text should be left-aligned.
- In-text citations should include only the name of the author(s) and the date of the publication. Full references (author, year, title of the publication, volume, issue, page numbers, publisher; for website sources, use proper referencing for website addresses and include date of access – see APA style) should be provided at the end of the report. APA reference style is required. Please consult <http://www.library.cornell.edu/resrch/citmanage/apa> for additional guidelines.

- Wikipedia is an excellent resource to begin your research, but it is an inappropriate source to cite in your paper. Instead, you must find the source behind the Wikipedia entry and verify its accuracy.

Submitting Team Reports

We use a centralized electronic team report submission system that works on the TurnItIn platform. When the team report is completed, one student (per team) will electronically submit the report on behalf of their team. Each team is required to submit only **one** report.

To submit your team report through TurnItIn, the member of the team who will be handling the submission on behalf of the team will have to follow these steps (if you need more information, see [X-Culture Readiness file](#) for more detailed instructions with screenshots):

Part 1. Create a TurnItIn account (time required: 60-90 seconds).

1. Go to www.turnitin.com.
2. Under the email box in the upper right corner, click on the link "Create Account".
3. On the next window, under the "Create a New Account" heading, click on the "Student" link.
4. Each submission has its own Class ID. It is very important that you select the correct one:

	Early Track (Aug-Oct)	Late Track (Oct-Nov)
To submit the preliminary draft (Milestone 9):	10343001	10343022
To submit the final report (Milestone 10):	10343037	10343042

Class enrollment password: [xculture](#)

Note: if you already have a TurnItIn account, simply log on using your "old" login information, click on the "Enroll in Class" tab on the top, and repeat step 4.

Part 2: Submitting the paper (time required: 60-120 seconds)

5. Once the form is completed, you can log into your account. Your home page will list your classes. Select the correct track (**Early** or **Late**) and the correct Milestone (Milestone 9: **Draft** or Milestone 10: **Final** Report).
6. Click on the "Submit" button.
7. Choose Single File Upload.
8. For the title of your submission, enter your team number (for example,. 123, DO NOT add words such as "team" or "report", the name of the file must only contain the number of your team).
9. Click on "browse" to locate the paper saved to your computer.
10. Click on the file and click "open".
11. Click the "upload" button at the bottom.
12. Click "submit" to confirm your submission. Once the submission is finalized, you will see "Your submission was successful" on the top of the page. If you wait a few minutes, you will see you "originality report" that shows how much and what parts of your report have been plagiarized.

Appendix 1. International Business Proposal Title Page

Use this template for the title page of your team report.

You can [download this page in MS Word format here](#).

You may add another more creative and graphic cover page for your report (as page 2), but the first page must use this template for easy identification of your report.

Team # _____

Client (Company):

Chosen target country:

Product/Service (a brief description, 3-10 lines):

Number of pages, including title page:

Team members:

Name	Country	Summary of the tasks or report sections completed by each student. Please put "Did not participate" if the student did nothing.

Please note that an electronic copy of this report must be submitted through www.turnitin.com (see above for submission guidelines). Individual instructors may request hard-copy submissions in addition to the centralized electronic submission – please consult your instructor for further instructions.

Appendix 2. Consent to Act as A Human Participant

Project Title: International Student Collaboration Project: Dynamics and Performance in International Virtual Teams
Project Director and Principal Investigator: Dr. Vasyl Taras.

One of the requirements of your International Business course is to complete an international collaboration exercise. You will be teamed up with several other students who are enrolled in similar International Business courses at universities around the world. Working as a team, you will be required to develop a business plan for an international company.

To help you better understand and interpret your experiences and to give you a chance to compare your own experiences with those of other students participating in the exercise, data about your prior international experiences and perceptions about international collaboration will be collected before and after the exercise. In addition, you will be asked to provide peer evaluations once the project is over, and the quality of the team reports will be evaluated by the instructor. A summary will be presented to you at the end of the project, so you can see how your experiences compare to those of other students, how attitudes and perceptions about international collaboration have changed, on average, over the course of the project, and how team composition and prior international experiences tended to affect group dynamics and performance.

Once the project is over, all personal information will be deleted from the dataset, and the data will be completely unidentified, making it impossible to match responses with the names of the people who provided them.

Most of the data will be collected online. Absolute confidentiality of data provided through the Internet cannot be guaranteed due to the limited protections of Internet access. Please be sure to close your browser when finished, so no one will be able to see what you have been doing.

The risks associated with your participation in the study are minimal.

Please note the data collected during the project may be used for the purposes of research, the results of which may be published in scholarly journals. Any publication will contain only a general summary of the results. No personal information will be reported or shared.

Because your performance in the exercise is counted towards your course grade, the research project is treated as one of the required course exercises/tests. You have the right to refuse to participate or to withdraw at any time. Your grade in the course will be adjusted accordingly, just as it would if you chose not to write a test or complete a homework assignment. If you choose to withdraw, you may request that any of your data which has been collected be destroyed unless it is in an unidentifiable state.

While participation in the project is required as part of your course, it is your right to disallow the use of the de-identified data you provide for research-related purposes. If you do not object that the data you provide during the project can be used for research-related purposes, and the results of the study can be disseminated through scholarly publications, keep this consent form for your records. If you object to the use of the data you will provide during the course project, please indicate so at the bottom of this form. Return the form to your instructor, and your data will not be used for any research-related purposes. The results of the study based on the data you provided will not appear in any resulting publications. Your decision to allow or to deny the use of the data you provide during the project for research related purposes will have no effect on your grade.

If you have any concerns about your rights, how you are being treated or if you have questions, want more information or have suggestions, please contact Eric Allen in the Office of Research Compliance at UNCG at (336) 256-1482. Questions, concerns or complaints about this project or benefits or risks associated with being in this study can be answered by Dr. Vasyl Taras who may be contacted at (336) 256-8611 or v_taras@uncg.edu.

If significant new information relating to the study becomes available which may relate to your willingness to continue to participate, this information will be provided to you.

For a copy of the approval letter from the Office of Research Compliance of the Institutional Research Board, please visit www.vtaras.com/11-0260_IRB_Approval.pdf

I do not grant the right to use the de-identified data I will provide during the project for research-related purposes or disseminate the data through a publication in scholarly journals or in any other form. I understand that my decision to not allow the use of the data for scholarly research will have no effect on my course grade.

Name: _____

Signature: _____