

## **CHAPTER 1: INTRODUCTION**

### **1.1 Hospitality industry**

The hospitality industry consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. The hospitality industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources.

The hospitality industry covers a wide range of organizations offering food service and accommodation. The hospitality industry is divided into sectors according to the skill-sets required for the work involved. Sectors include accommodation, food and beverage, meeting and events, gaming, entertainment and recreation, tourism services, and visitor information.

Usage rate is an important variable for the hospitality industry. Just as a factory owner would wish to have his or her productive asset in use as much as possible (as opposed to having to pay fixed costs while the factory isn't producing), so do restaurants, hotels, and theme parks seek to maximize the number of customers they "process".

In viewing various industries, "barriers to entry" by newcomers and competitive advantages between current players are very important. Among other things, hospitality industry players find advantage in old classics (location), initial and ongoing investment support (reflected in the material upkeep of facilities and the luxuries located therein), and particular themes adopted by the marketing arm of the organization in question (such as a restaurant called the 51st fighter group that has a WWE theme in music and other environmental aspects). Very important is also the characteristics of the personnel working in direct contact with the customers. The authenticity, professionalism, and actual concern for the happiness and well-being of the customers that is communicated by successful organizations is a clear competitive advantage.



Restaurants and Bars are of different types:

- **Restaurants:**

A **restaurant** prepares and serves food, drink and dessert to customers. Meals are generally served and eaten on premises, but many restaurants also offer take-out and food delivery services. Restaurants vary greatly in appearance and offerings, including a wide variety of cuisines and service models.



- **Night Clubs:**

A nightclub (also known simply as a club, discothèque or disco) is an entertainment venue which usually operates late into the night. A nightclub is generally distinguished from bars, pubs or taverns by the inclusion of a dance floor and a DJ booth, where a DJ plays recorded dance and pop music.



- **Public Houses:**

A **public house**, informally known as a pub and sometimes referred to as the 'local', is an establishment licensed to serve alcoholic drinks for consumption on the premises in countries and regions of British influence.



- **Cafes:**

A **café**, may in the United States mean an informal restaurant, offering a range of hot meals and made-to-order sandwiches, while in most other countries it refers to an establishment which focuses on serving coffee, like an American coffeehouse. A "Cafe" can also refer to a small informal public discussion. These are usually live events, and often focus on starting an open conversation on a particular topic.



## 1.2 Evolution of a Coffee Cafe



It all began around 1000 A.D. when Arab traders began to cultivate coffee beans in large plantations. They began to boil the beans creating a drink they called ‘qahwa’ which translates to ‘that which prevents sleep’. The drink became widely popular, and the need for coffee beans grew. The brief timeline for the growth of coffee, Cafes and everything related is given below:

850	First known discovery of coffee berries. Legend of goat herder Kaldi of Ethiopia, who notices goats are friskier after eating red berries of a local shrub. Experiments with the berries himself and begins to feel happier.
1100	The first coffee trees are cultivated on the Arabian Peninsula. Coffee is first roasted and boiled by Arabs making 'qahwa'.
1475	The world's first coffee shop opens in Constantinople.
1554	The first establishment in Constantinople soon becomes widely popular, and two more Cafes are opened.
1600s	Coffee enters Europe through the port of Venice. The first coffee house opens in Italy in 1654.
1652	The first coffee house opens in England. Coffee houses were called 'penny universities' (a penny is charged for admission and a cup of coffee) because a person could visit a Café to discuss current affairs and social issues.
1672	The first Persian coffee house opens.
1683	The first coffee house opens in Vienna.
1688	Edward Lloyd's coffee house opens. It eventually becomes Lloyd's of London, the world's best-known insurance company.
1695	The first sign of the French Revolution had its roots in Parisian Cafes where the people's movement started gathering steam.
1700	The Dutch becomes the first to transport and cultivate coffee commercially. Coffee is smuggled out of the Arab port of Mocha and transported to Sri Lanka and India for cultivation.
1721	The first coffee house opens in Berlin.
1750	One of Europe's first coffee houses, Café Greco opens in Rome. By 1763, Venice has over 2,000 coffee shops.

1822	The prototype of the first espresso machine is created in France.
1885	A process of using natural gas and hot air becomes the most popular method of roasting coffee.
1905	The first commercial espresso machine is manufactured in Italy.
1908	The invention of the world's first drip coffeemaker. Melitta Bentz makes a filter using blotting paper.
1933	Dr. Ernest Illy develops the first automatic espresso machine. There is enormous interest from Cafes all around Europe.
1945	Achilles Gaggia perfects the espresso machine with a piston that creates a high pressure extraction to produce a thick layer of cream.
1980s	Coffee is now the world's most popular beverage, which leads to a boom in retail and hotel Cafes. The American retail Café Starbucks is born.
1990s	With the growth of the Internet, cyber Cafes are born, providing Internet access and coffee to users.
2000s	With an increased penetration of PCs in homes, cyber Café chains close, and re-immerge as retail coffee Café chains.

### **Interesting facts about Coffee & Cafes:**

- Coffee was first known in Europe as Arabian Wine.
- Coffee is presently the second most traded commodity in the world. It is second only to oil.
- Nescafé was invented by Nestle because it had to assist the Brazilian government to solve its coffee surplus problem.





### 1.3 The Coffee Café Industry

The Coffee Café industry is currently one of the biggest and fastest growing sectors in business. The industry consists of a mix of individual Cafes, hotel Cafes and retail Café chains.

- **Individual Cafes:**

The main bulk of revenue is earned by small, individual Cafes, run mostly by families and friends. It is a relatively unorganized sector. There are millions of such Cafes around the world, and they provide customers with a homely, casual experience. The bulk of these Cafes are mainly in Europe, where every little town or village has local Cafes, where people gather together for a conversation over coffee, or just to be alone with their thoughts.



These Cafes have been the birthplace and sanctuary for various creative minds, revolutionaries and thinkers of our time. The most recent example is the author J.K. Rowling, who has written most of the Harry Potter series of books, sitting at her local Cafe.

These Cafes set themselves apart from retail chain Cafes and hotel Cafes because they provide customers with a homely, classic appeal, which cannot be emulated.

- **Hotel Cafes:**

Ever since the popularization of coffee, hotels all over the world started opening 24-hour coffee shops where visitors to the hotel could walk in for a cup of coffee and some food at any time.

These coffeehouses are extremely important, because they provide international visitors to the hotel with a universal drink- coffee. Any customer can walk into any major hotel in the world, and enter the coffeehouse, and know what to expect. These Cafes are not really major players in the coffee Café industry, but rather provide supplementary services to the hotel industry.





- **Retail CaféChains:**

The last, and the most organized sector in the coffee Café industry, is the retail Café chain. Off late, these chains have become extremely popular and are growing at an ever-increasing pace. These retail chains have work with an organized structure of man, material and money. The work on developing a recognized brand consistent to all their outlets, which customers can easily relate to, wherever they go. They provide customers with a standardized level of service and quality at each of their outlets.

The vast popularity of these retail chains is shown in the rapid international growth of brands like Starbucks. Customers can go to any Starbucks across the world and know exactly what to expect. The main focus of my project is on two nationally recognized retail Café chains: Barista & Café Coffee Day.



#### **1.4 Growth of Café Industry in India**

Hot beverages have always been a part of the tradition of India, especially South India. Coffee took the first seat in South India when the traditional Brahmin classes brought down the beverage from the ruling British around the 1930s. During the early years the drink was confined only to traditional rich Brahmin families who served filter coffee in a 'davra- tumbler'. Coffee is no more confined to the rich Brahmin class now, though the tradition of serving filter coffee in the 'davra-tumbler' continues to this day.

In order to spread the drink, coffee houses emerged at various places in the country, which also served as the opposite places for lawyers and the educated class to hold discussions ranging from politics to cinema. It is also believed that many scripts and ideas for films evolved here. One of the oldest coffee houses in South India is the Raayars mess, Chennai, which serves first class filter coffee even today. The mess was established in the 1940s and continues the tradition of coffee but supplements it with tiffin also.

The vintage location of the mess attracts huge crowds even today early in the mornings, Coffee however was not the only item on the menu. These places also served food and other drinks to their customers.

The drink also became famous and as a result even five star hotels began cashing in on it.

Several hotels all over the country started opening coffee- shops that catered to high-end customers. This showed the popularization of coffee Cafes, to all sections of society. The drink has now become more of a concept than merely a drink itself. The last decade witnesses the growth of numerous coffee pubs in the country. A number of coffee Caféowners tried to westernize the taste in contrast to the filter coffee.

Now, large retail chains like Qwikys, Barista, and Café Coffee Day have opened up around the country. The concept of a Café today is not merely about selling coffee, but about developing a national brand. Retail Cafes now form a multi- crore industry in the country, and have huge potential for growth locally, and internationally.

These Cafes form the main focus of this project.



## CHAPTER 2: COMPANY PROFILE

### 2.1 CAFÉCOFFEE DAY



Café Coffee Day operates a retail chain of cafes in India. Its menu includes hot coffee, international coffee, cold coffee, hot chocolate, cool drinks, cool refreshers, soda, hot coffee, ice creams, coffee add ons, powder coffee, quick bites, sundaes, and tea.. It provides youth magazines and merchandise, including caps, T-shirts, bags, mugs, coffee filters, mints, coffee powders, wafers, and almond biscuits. Café Coffee Day has stores in India and a store in Vienna, Austria. The company was founded in 1996 and is based in Bangalore, India. Café Coffee Day operates as a subsidiary of Amalgamated Bean Coffee Trading Company Limited.

It was in the golden soil of Chikmagalur that a traditional family owned a few acres of coffee estates, which yielded rich coffee beans. Soon Amalgamated Bean Coffee Trading Company Limited, popularly known as Coffee Day was formed. With a rich coffee growing tradition since 1875 behind it coupled with the opportunity that arose with the deregulation of the coffee board in the early nineties, Coffee Day began exporting coffee to the connoisseurs across USA, Europe & Japan. In the calendar year 2000, Coffee Day exported more than 27000 tonnes of coffee valued at US\$ 60 m to these countries and, for the second time in its short career of 7 years retained the position as the largest coffee exporter of India.

Coffee Day has a wide and professional network in the major coffee growing areas of the country comprising over 48 agents and 50 collecting depots. Coffee Day's two curing works at Chikmagalur and Hassan cure over 70,000 tonnes of coffee per annum, the largest in the country.

Coffee Day has a well-equipped roasting unit catering to the specific requirement of the consumers. The process is carried out under the control of experienced personnel to meet highest quality standards. The most modern technology available is used to maintain consistency and roast the coffee beans to the demanding specifications of the discerning coffee consumers.

**Coffee Day Comprises of the following Sub Brands:**

- Coffee Day - Fresh & Ground
- CaféCoffee Day
- Coffee Day – Vending
- Coffee Day - Xpress
- Coffee Day – Exports
- Coffee Day - Perfect

Café Coffee Day currently owns and operates nearly 1500 cafes in 28 states of India. It is a part of India's largest coffee conglomerate named Coffee Day, Rs. 200 crore ISO 9002 certified companies. Coffee Day's most unique aspect is that it grows the coffee it serves.

**Key Features**

- Pioneers of the Café Concept in India with the its first Café at Brigade Road, Bangalore in 1996. This Café was opened as a Cyber Café (first of its kind) but later, with the burst of cyber cafes it reverted to its core competency.... Coffee.

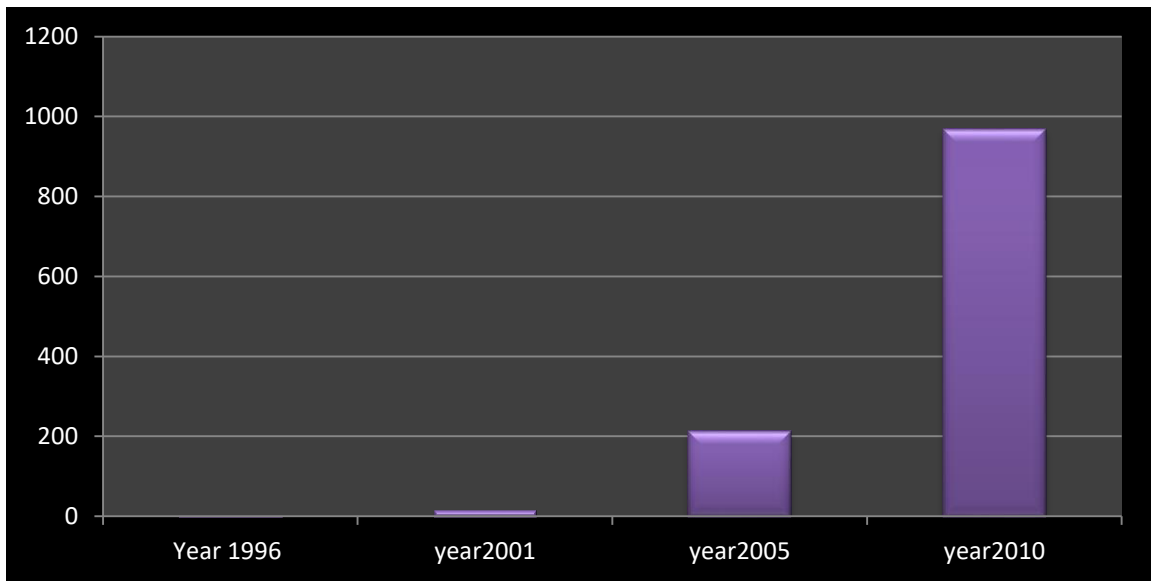
- Essentially a youth oriented brand with majority of its customers falling in the 15- 29 year age bracket
- Each Cafe, depending upon its size attracts between 400 and 800 customers daily.
- It is a place where customers come to rejuvenate themselves and be themselves.
- USP of the Brand:
  - Affordable Price
  - Coffee – Winner of Platinum, Gold, Silver and Bronze medals at the India Barista Championship 2002

## **2.2 Merchandising**

Café Coffee Day earns 10% of its revenue from sale of merchandise. The coffee chain, with more than 1200 cafes in India, plans to increase the share of merchandise by launching more innovative products. Australian coffee chain Gloria Jeans, which has 12 outlets in Mumbai, Delhi and Bangalore, is earning around 5% of its revenue from marketing of merchandise. The merchandise itself could take the form of a coffee grinder or an espresso machine or a set of espresso cups etc. Café Coffee Day started merchandising with coffee powders, and later on added other items associated with coffee such as mugs and crockery. It further added mints, chewing gums, nibbles, crunches, energy bars and even T-shirts and items of topical interest. Besides adding to revenue, the merchandise allows the retailer us to interact with customers even beyond the Café space.



### 2.3 Growth of CCD outlets



In 1996 there was only one outlet in India ie in Bangalore, in 2001 there were 14 outlets. In 2005 there were 213 outlets and now there are 1500 outlets in India.



## 2.4 Competitors Information of CCD

- **BARISTA**



Barista Lavazza is a chain of espresso bars in India. Headquartered in Delhi, Barista currently has espresso bars across India, Sri Lanka, Bangladesh and the Middle East. It was founded in 1997 by Amit Judge and was part of his group of companies. He sold part of the equity to first Tata Coffee. Then after he and Tata Coffee fell apart, Sterling then bought over the firm. In 2007, Sterling divested their entire stake to Lavazza. Barista Lavazza is currently owned by Lavazza, Italy's largest coffee company. Coffee is supplied by the Indian roaster Fresh and Honest, headquartered in Chennai. The latter is also owned by Lavazza. As of 2009, the chain has 200 stores in India, with estimated annual revenue of Rs 200 crores.

Barista was the fastest brand to make it to the list of super brand's and is ranked among the top 50 phenomenon that changed India.

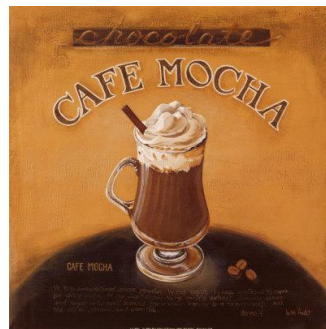
- **COSTA COFFEE**



Costa Coffee is a coffee house company based in the United Kingdom founded in 1971 by Italian brothers Sergio and Bruno Costa, as a wholesale operation supplying roasted coffee to caterers and specialist Italian coffee shops. In 1995, the company was acquired by, and is now a subsidiary of, the Whitbread company



- **CAFÉMOCHA**



A caffè mocha or Café mocha is an American invention and a variant of a caffè latte, inspired by the Turin coffee beverage Bicerin. The term 'caffè mocha' is not used neither in Italy nor in France. Like a caffè latte, it is typically one third espresso and two thirds steamed milk, but a portion of chocolate is added, typically in the form of sweet cocoa powder, although many varieties use chocolate syrup. Mochas can contain dark or milk chocolate.

Like cappuccino, Café mochas contain the well-known milk froth on top, although they are sometimes served with whipped cream instead. They are usually topped with a dusting of either cinnamon or cocoa powder. Marshmallows may also be added on top for flavor and decoration.

A variant is white Café mocha, made with white chocolate instead of milk or dark. There are also variants of the drink that mix the two syrups; this mixture is referred

to by several names, including black and white mocha, tan mocha, tuxedo mocha and zebra.

Café mocha takes its name from the Red Sea coastal town of Mocha, Yemen, which as far back as the fifteenth century was a dominant exporter of coffee, especially to areas around the Arabian Peninsula. These coffees had a notable chocolaty taste, and hence the term "mocha" was extended to mean intentional addition of chocolate to coffee.

## **2.5 SWOT Analysis**

### **Strength:**

- 1) Product of extremely good quality and tasty.
- 2) Its youth oriented brand.
- 3) It produce/grows the coffee it serves hence reducing the cost
- 4) USP of brand is considered a highly affordable brand.

### **Weakness:**

- 1) Weak brand image and lacks strength to maintain brand loyalty.
- 2) Poor ambience and décor. CCD outlet severed prime space for advertising and promotion.
- 3) Many of the CCD stores are incurring losses due to wrong site selection.

### **Opportunities:**

- 1) Coffee Café industry is one of the fastest growing industries in Asia.
- 2) Most people like visiting CCD in normal meeting.
- 3) CCD has gone international, and planning to attract many new international markets, hence gaining international recognition.
- 4) Tie-ups with other companies for promotion.

### **Threats:**

- 1) Competition with other coffee Cafes like Barista, Costa coffee, Café Mocha, Coffee Bean & Tea Leaf.
- 2) Large unorganized market.
- 3) Rise of coffee and dairy product

### **2.6 BARISTA**



Many coffee shops officially use the title for their coffee makers.

Baristas operate three different types of commercial espresso machine: manual, semi automatic, or automatic. A manual machine involves pulling a lever to push the water through the ground coffee. A semi-automatic uses an electric pump to push the water through the coffee grounds, but the barista has to stop the flow of espresso using an on/off switch or button. An automatic machine will turn on and off after a preset amount of water has been pushed through the grounds, although this does not guarantee a good shot of espresso, since the barista requires less training to operate the machine and usually has less knowledge to prepare the coffee based on the guidelines of the roaster.



The role of a barista is to have enough knowledge of the entire process of coffee to effectively prepare a desired cup of coffee. This knowledge includes the correct operation, maintenance and programming of the machine, grinding and tamping methods, extraction times, water temperature and quality, micro milk frothing, free pouring, latte art, roasting, coffee plant cultivation, drying methods, correct storage, renewable methods of disposal and recycling of the coffee and packaging used.

A barista can acquire these skills by attending barista training classes or on the job training.

## **2.7 HISTORY**

**850** : First known discovery of coffee berries

**1600** : Coffee enters to Europe through the port of Venice

**1654** : The first coffee house opens in Italy

**1750** : One of Europe's first Coffee house

**1822** : Prototype of 1st espresso machine is created in France

**1908** : Invention of the world's 1st drip coffee maker

**Feb, 2000:** First Barista Lavazza at Basant Lok, New Delhi

At Barista Lavazza the objective is to provide an authentic Italian coffee drinking experience in a warm, friendly, no pressure environment. We began operations in the year 2000 as we felt the time was right for the Indian consumer to experience a Café that provided a third space, away from work and home, where the guest could relax and unwind.

Lavazza traces its origins back to 1895, when Luigi Lavazza purchased a little grocery store, Paissa Olivero, in the old commercial section of Turin for 26,000 Italian Lire, about US\$ 20. In the early 1900's, he invented the concept of the blend - a complex art of mixing together coffee of different origins to obtain a distinctive taste and harmonious flavour in the cup. Before the turn of the century, the name Lavazza evolved into an international powerhouse and the unofficial ambassador of Italy, being synonymous with all things Italian - creativity, art, passion and of course, espresso.

Barista is owned by Lavazza, Italy's largest coffee company. Created using only the purest raw materials, Lavazza uses the strength of its experience and advanced technological resources to successfully spread the unique and unmistakable taste of its espresso. Today, it is legendary in terms of quality and recognized the world over as the symbol of Italian espresso. It is the preferred espresso in Italy and enjoys an impressive share in the Italian retail market (value, source: Nielsen). It operates in over 80 countries in the Home and Away-from-Home sectors (Foodservice, Vending and Cafes). With over 110 years of coffee heritage, Lavazza is Italy's most favourite coffee.

## **2.8 PHILOSOPHY**

At Barista Lavazza, we do all we can to make every guest feel comfortable and welcome. We serve nothing but the finest Arabica coffees and cuisine at great value prices. We have friendly and efficient brew masters who believe in service with a smile. And provide a cheerful, interactive ambience that makes guests wish their coffee breaks lasted just a little bit longer.

To share our cup of joy, we have always stuck to our Italian roots, guarding them zealously to ensure that our espresso bars reflect the warmth and character of traditional Italian coffee houses. And in the process, make Barista Lavazza the place 'where the world meets'.

Our aim is to passionately deliver the highest levels of experiential services. Maintain consistency in serving the highest quality products and become a globally competitive organization – one that is driven by an insatiable thirst for excellence.

## **2.9 Merchandising:**

Barista sells various kinds of merchandise through its stores. The table details the different merchandising products.

### **Merchandise**

- Tiramisu Flavors
- Coffee Mugs
- Blue Curacao
- Barista French Press
- Barista Coffee Beans

## **2.11 Competitors Information of Barista**

- **Café Coffee Day**



Café Coffee Day (CCD) pioneered the Café concept in India in 1996 by opening its first Café at Brigade Road in Bangalore. Today, more than a decade later, Café Coffee Day is the largest organized retail Café chain in India with cafes functioning in every nook and corner of the country. Drawing inspiration from this overwhelming success, Café Coffee Day today has cafes in Vienna, Austria and Karachi. What's more, new cafes are planned across Middle East, Eastern Europe,

Eurasia, Egypt and South East Asia in the near future.

## Divisions

- Coffee Day Fresh 'n Ground.
- Coffee Day Xpress.
- Coffee Day Take Away
- Coffee Day Exports
- Coffee Day Perfect
- **COSTA COFFEE**



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## **2.12 SWOT Analysis**

### **Strength**

- 1) Strong brand image.
- 2) Excellent Human Resource.
- 3) Ambience and décor.
- 4) Strong base for expansion and growth.
- 5) Large no of outlet.



## **Weakness**

- 1) Perceived an expensive brand.
- 2) Inconvenient delivery process.
- 3) Self service for the customer.
- 4) Average quality of food- Stale breads.

## **Opportunities**

- 1) Large Untapped Market
- 2) Ti-ups with other companies for promotion
- 3) Strong brand recall.
- 4) Presence of huge no of outlet.
- 5) Pricing.

## **Threats**

- 1) Coffee substitute.
- 2) Rise of coffee and dairy product.
- 3) Competition from international and national players.
- 4) Large no of unorganized market.

## Chapter 3–Literature Review

### Café Coffee Day

#### 3.1 Marketing Mix

- **Product:**

Café Coffee Day product mix constitutes a wide range of products that appeal primarily to Indian coffee and snack lovers. Products have a decided Indian taste to it – be it food or coffee. Most of the eatables have been adopted to meet the Indian taste buds like samosa, biryani, masala sandwich, tikka sandwich etc. Thus they have been trying to capture the Indian taste along with classic coffee. The best selling item in summer is frappe, which is coffee and ice cream blended together. The young people favor it. In winter it is cappuccino. Their merchandising includes funky stuff like t-shirts, caps etc.

- **Price:**

Considering that Café Coffee Day knows its major customer lies in the bracket of 15-29, it has tried to derive a policy whereby it can satisfy all its customers. The price for a cup of coffee ranges from Rs.50 to Rs 150. From the time it first started its operations, there has been only minor changes in the pricing policy of Café Coffee Day. The changes have been more due to the government taxes than anything else

- **Place:**

**Café Coffee Day to open new outlets in Pakistan**

**C**OUNTRY'S largest retail Coffee chain, Café Coffee Day, would pen 19 more outlets across Pakistan this year, apart from spreading its wings in Austria and East Europe, company Director Naresh Malhotra said.

Speaking at the India International Coffee Festival-2007 here, he said the Café already operated two outlets in Vienna and in Pakistan it was going the franchise way to keep in terms with the regulatory framework.

"Our second outlet will be thrown open next week and we will come up with 18 more in four different provinces including the cities like Lahore, Peshawar, Islamabad and some other urban clusters later this year," Malhotra said.

He said the company was of the view that cluster of shops in major cities in Pakistan would click and give greater visibility.

"We would be providing Coffee beans from our estates in Karnataka apart from domain expertise to our franchise. We are investing \$5 million on each outlet and the total investment would be at about \$90 million," he added.

Café Coffee Day had 400 outlets, including 386 fresh and ground Coffee outlets in the country spread in 80 cities. The company was also looking at other markets in Austria and Eastern European countries including Czech Republic and Switzerland, Malhotra added.

The strategy CCD has adapted is to place a café in every possible location where some business can be generated. This is a prime factor in determining the success of

a retail chain. Café Coffee Day looks to cater to their target market with strategically located outlets.

Their outlets are generally located in High Street/ Family Entertainment Centres, gas stations, near Colleges etc. .

- **Promotion:**

CCD is involved in all the areas of serious consumer passion like:

Television: Café Coffee Day held a contest around a very popular programme on Zee English called Friends. All the six lead characters are shown often visiting a coffee shop. They have tied up with Channel [V]’s Get Gorgeous contest.

Tie-ups: Besides that Café Coffee Day also tie up lot of the youth brands. So they have a contest going on with Levis, another one with Scooty, Liril, latest one with Airtel Friends.

Association with movies: CCD can be seen in movies like Khakhee and Mai Hoon Na

Sales Promotion: Café Coffee Day uses special ‘Café Citizen Card’ for rewarding Café Coffee Day’s customers. It is a loyalty program to gain new customers and retain the existing ones.

- **Process:**

The ordering and delivery process in CCD was earlier based on self- service. But now in most its coffee shops the waiter comes and takes away the order and delivers the order on table.

- **Physical evidence:**

a) Logo, image, brand: Café Coffee Day has used bright red and green colours in its logo. RED stands for leadership, vitality, passion for coffee. The GREEN stroke harks back the coffee plantations that they own. Café is noticeably larger in the logo to denote that Café Coffee Day pioneered the Café concept in India way back in 1996. The font looks as though the letters have congealed out of a liquid.

b) Architecture and Decor: Largely wood and granite based interior with young colours of today, like lime green, yellow, orange, and purple predominate.

c) Literature: The literature provided by Café Coffee Day is indicative of its youthful image. The menus, posters, pamphlets are all designed to attract young and young at heart

- **People:**

People at Café Coffee Day believe that “People are hired for what they know but fired for how they behave”. Motivation and personal skill are laid emphasize upon. Their employees are like friend to the customer but at the same time they know about the international standards of hygiene and cleanliness and personal grooming.

## **Barista**

### **3.3 Marketing Mix**

- **Process:**

The order and delivery process at Barista is based on self- service, where a customer goes up to the counter to place his order, and goes back to the counter to pick his delivery once it is prepared.

- **Promotions:**

Barista currently carries out mass promotion campaigns. This is mainly in the form of promotions in the Press, TV and Radio Medias. At present, they do not rely heavily on advertising, but rely more on sponsorships and strategic alliances with other corporations. Barista also takes part in various sales promotion activities to help increase sales at their outlets.

a) Sponsorships:

Barista sponsors various events and festivals, which provides them valuable promotion directed at strategic markets. The sponsorships are mainly in kind, although major events are sponsored in cash also.

b) Collaborations:

Barista has entered into special collaborations and alliances with various partners for co-marketing brands. For example, Barista entered into a deal with Leo Mattel toys to provide the popular board game Scrabble at every Barista outlet across the country. This is an ideal alliance for both the organizations, because it provides Leo Mattel with an important avenue for promoting their product, and it provides Barista's customers an added attraction for spending more time at Barista outlets. Barista has also entered into partnerships with various movies, for promotions through Barista, and recently, they tied up with Star World for its "Absolutely

Everybody" campaign.

c) Sales Promotion:

Barista uses a special "Barista Coffee Card" for its sales promotion activities. The Barista Coffee Card entitles you to one complimentary hot beverage when you are done sipping seven. It is available to all Barista coffee regulars. No membership fees, no references required. Fill out the card and you are a member. As a Coffee Card holder, you earn one stamp on the card every time you purchase a beverage. Simply present the card to the cashier when you place your order at any of their outlets. Once you have collected seven stamps, you can hand over the card to receive your complimentary hot beverage.

- **Products:**

Barista's product mix constitutes a wide range of products that appeal primarily to traditional coffee lovers. Their products themselves are traditional products with traditional names. Food items like croissant, pastas, and sandwiches are complimentary to their coffee, and project a very classic image of Barista. Their merchandising also consists of primarily coffee related products like coffee beans, coffee machines, etc.

- **Prices:**

Considering that Barista is trying to target a market whose age range is between 18 and 60 years, a pricing policy appealing to this segment is difficult. Extremely low prices act as a deterrent to some customers who might regard it as an indicator of quality, while very high prices cannot be afforded by most of the youth. But since Barista's current consumer profile is quite young, then also their prices are mostly expensive, and at par with their competitors.

- **People:**

The people at Barista are characteristically trained to be Pleasant, Polite and Positive.

They ensure you have a quiet, uninterrupted visit and provide an escape from the daily pressures of life. Their uniforms are in sober shades of brown and orange, and contribute to the overall laid-back feeling of the Cafe.

- **Physical Evidence:**

a) Logo, Colors, Images:

Barista, since the beginning has looked to use colors in its Café interiors, logos and images; to project a “warm, earth glow, synonymous with coffee”. Barista uses shades of Orange & Brown to good effect to promote its “laid- back” atmosphere. The logo is a combination of Brown, Orange and Light Yellow; with the word “Barista” written in an upward curve, and the word “Coffee” underneath. A simple logo that perfectly expresses Barista's brand image: A traditional Café or coffee lovers.

b) Décor and Architecture:

Barista's internal décor and architecture expresses the simplicity you would normally associate with traditional Cafes. The furniture is made of light shades of wood, and

there are comfortable sofas in bigger Cafes. The walls are shades of orange, with various photographs of the love for coffee spread around each outlet.

c) Literature:

The literature provided by Barista is indicative of its brand image. The menus, posters, pamphlets are all traditionally designed, with a classic and simple look. One aspect of particular note is their magazine, which is privately circulated in the Cafes. The magazine encourages customers write, draw, make etc anything creative; and this is then published in the magazine. The magazine not only provides an avenue for advertising, but also an opportunity for Barista to express its brand image.

- **Place:**

Barista looks to cater to their target market with strategically located outlets. Their outlets are generally located at High Street/ Family Entertainment Centers. Considering their generic appeal, there are Barista outlets in and around Malls, Cinemas, Colleges, and Offices etc. this endorses their brand image of a Café that appeals to coffee lovers of all ages.

## Chapter 4–Research Methodology

### 4.1 Research objective

Objective means the purpose for which the research has been conducted. We have to clearly define the objective of the project to be made. This is the first and the most important part of the Research Methodology.

Research is defined as human activity based on intellectual application in the investigation of matter. The primary aim for applied research is discovering, interpreting, and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe. Research can use the scientific method, but need not do so.

Scientific research relies on the application of the scientific method, a harnessing of curiosity. This research provides scientific information and theories for the explanation of the nature and the properties of the world around us. It makes practical applications possible. Scientific research is funded by public authorities, by charitable organizations and by private groups, including many companies. Scientific research can be subdivided into different classifications according to their academic and application disciplines.

#### **Research objectives are as follows:**

- To do a comparative study of Café coffee day and Barista and what are their marketing strategy and what customer thinks about them.
- To understand consumer preferences.
- Critically analyze the brand strength of Café Coffee Day and Barista among customer.
- To find out the areas of improvement and future prospects of Café coffee Day and Barista.
- To know the satisfaction level of the customers of Café Coffee Day and Barista.
- To spread the awareness of Café Coffee Day among the people.
- To study the consumer perception of café coffee day and Barista.
- To analyse which is better among them.



## 4.2 Research Design

“A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.”

- **Exploratory Research Design**

Exploratory research studies are also termed as formulative research studies. The main purpose of such studies is that of formulating a problem for more precise investigation or of developing the working hypothesis from an operational point of view. The major emphasis in such studies is on the discovery of ideas and insights.

## 4.3 Data Sources

- **Primary Data**

Primary data are those which are collected fresh and for the 1<sup>st</sup> time.

Questionnaire survey has been used as the Primary data. **200** questionnaires has been used and filled by different people between age group of **14-60**. Open ended and close ended question are been used.

- **Secondary Data**

Secondary data are those which have been collected by someone else already and which have been passed through statistical process.

Information gathered from **Internet, magazines, Café coffee day site, etc.** is the secondary data in this project.

Questionnaires: - A questionnaire consists of a set of questions presented to respondent for their answers. It can be Closed Ended or Open Ended

Open Ended: - Allows respondents to answer in their own words & are difficult to Interpret and Tabulate.

Close Ended: - Pre-specify all the possible answers & are easy to Interpret and Tabulate.

The objective behind formulating each question to be interviewed from the respondent is to know the awareness of Café Coffee Day and Barista amongst large number of people in the society, its marketing methods, its products, its affordable prices, services. Also to know the customer satisfaction and their perception about Café Coffee Day and Barista.

Close ended and open ended questions have been used in the questionnaires for the survey.

#### **4.4 Sample Design**

- **Sample element**

The population considered for the purpose of the survey was people residing in Delhi

- **Time frame**

30 days

- **Sampling technique**

Convenience sampling

- **Sample size**

Number of questionnaires – 200

#### **4.5 Limitations of the Research**

- Only a single method of collecting the data has been used i.e. Questionnaire method.
- Limited resource material.
- Not free from biasness.
- Resorted in secondary data.
- Limited area of conduct.
- Limited time period.

## Chapter 5–Data Analysis and Interpretations

Q1. Which coffee shop you prefer to go to?

- Barista
- Café Coffee day

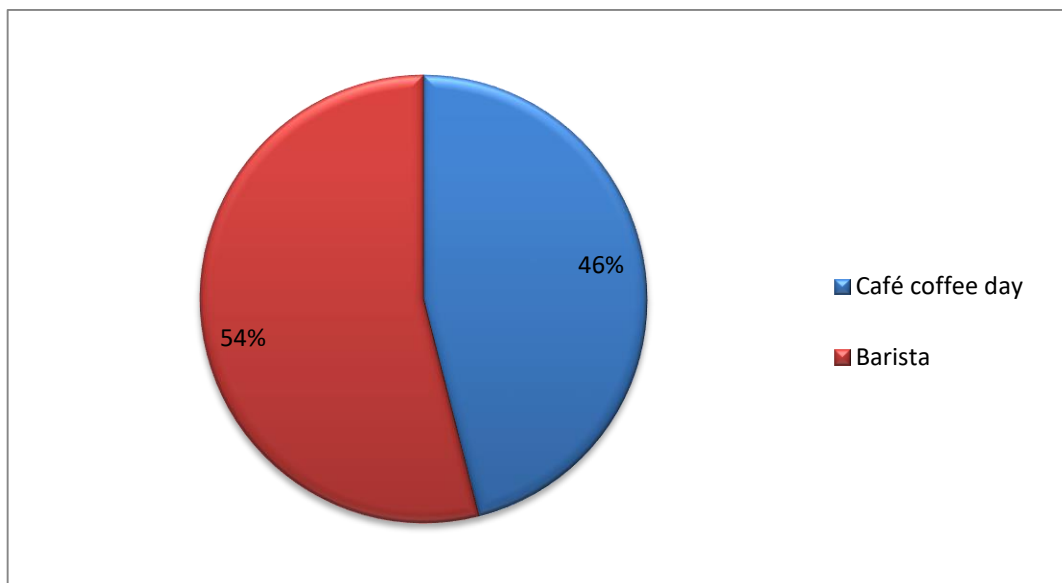


Figure5.1 Preference of Coffee Shop

### Interpretation-

According to the survey conducted people prefer to go to Barista more than Café coffee day due to many reasons like ambience, service, etc.

Q2. How often you visit Café coffee day/Barista?

- Almost daily
- 2-3 times a week
- 2-3 times a month
- Not often

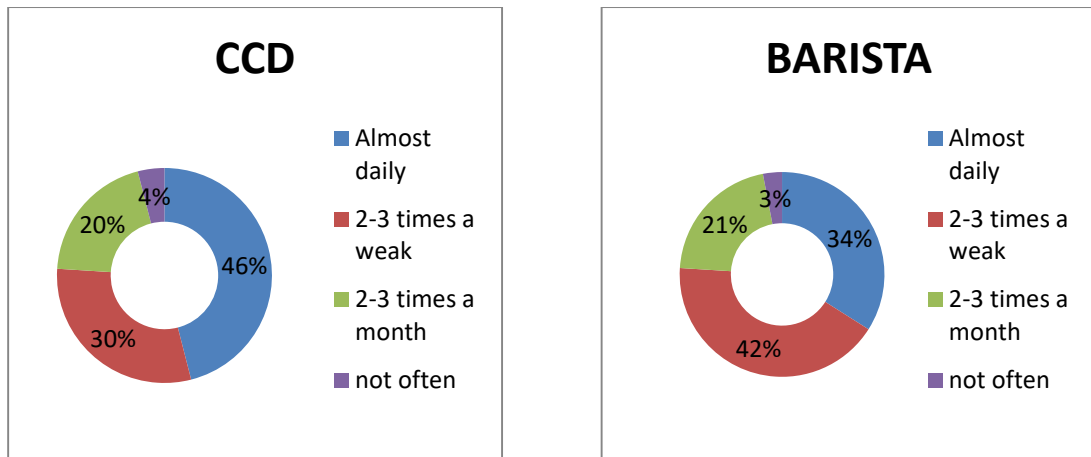


Figure 5.2 Frequency of Visit

### Interpretation-

#### CCD

According to the survey conducted majority of the people go daily or 2-3 times a week and rest of the people go 2-3 times a month or not often.

#### BARISTA

Majority of the people go almost daily or 2-3 times a week and rest i.e. 24% people go 2-3 times a month or not often.

Q3. On an average how much time you spend in Café coffee day/Barista?

- Less than half an hour
- Half an hour to one hour
- One to two hour
- More than two hour

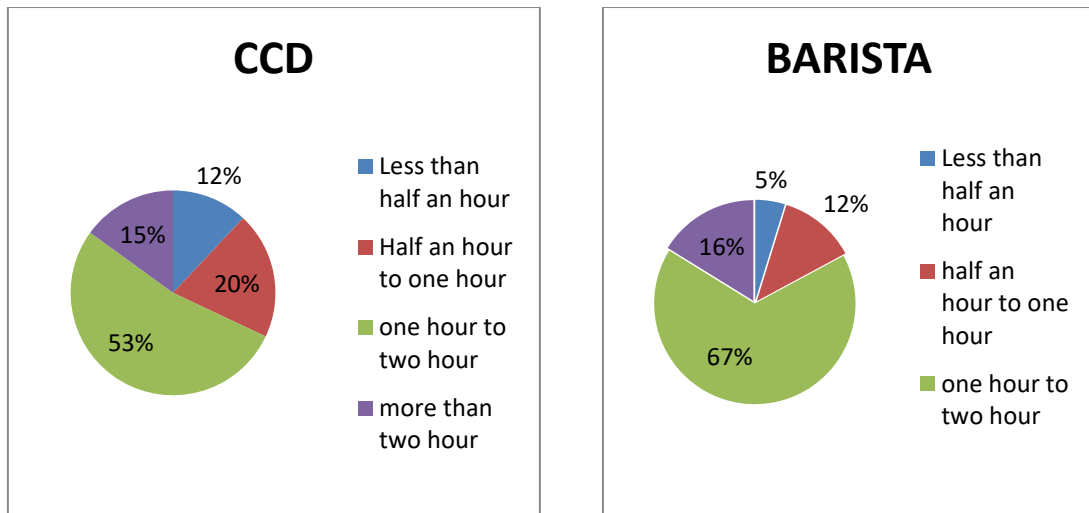


Figure 5.3 Time Spent in café

### Interpretation-

#### CCD

According to the survey most of the people spend upto one to two hours or more in Café coffee day and rest of the people spend less than one hour.

#### BARISTA

People who go to barista almost 83% of people spend one hour at Barista and rest less than one hour.

Q4. How much money you spend at a Café coffee day/Barista?

- 100-150
- 150-200
- 200-250
- More than 250

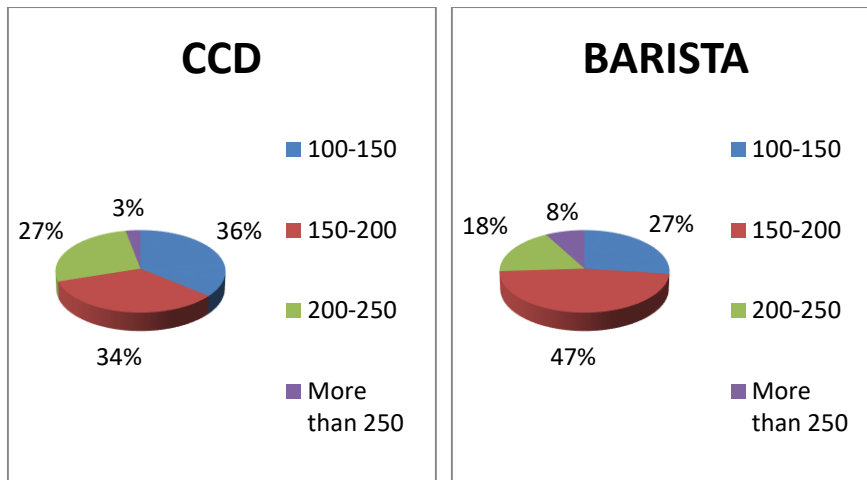


Figure 5.4 Money Spent in café

### Interpretation-

#### CCD

According to the survey conducted most of the people spend money between 100 to 150 because CCD is much cheaper than Barista.

#### BARISTA

People who go to Barista spend money between 150 to 200 because of the high price.

Q5. What is the single most important factor for you to choose in Café coffee day/Barista?

- Taste of coffee/food
- People/service
- Value for money

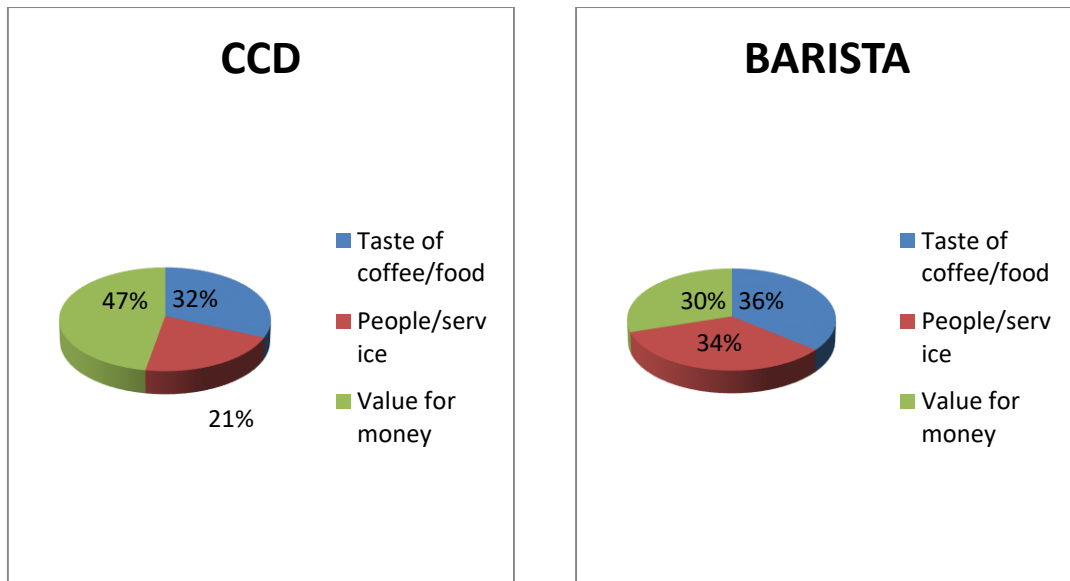


Figure 5.5 Important Factors while selecting

**Interpretation-**

**CCD**

According to the survey conducted most of the people find value for money in Café coffee day.

**BARISTA**

People who go to barista go because of everything ie value for money, tasty coffee and people

Q6. Why do you go to Café coffee day/Barista?

- Only to have coffee
- To enjoy private time
- Catch up with friends
- For a group activity.

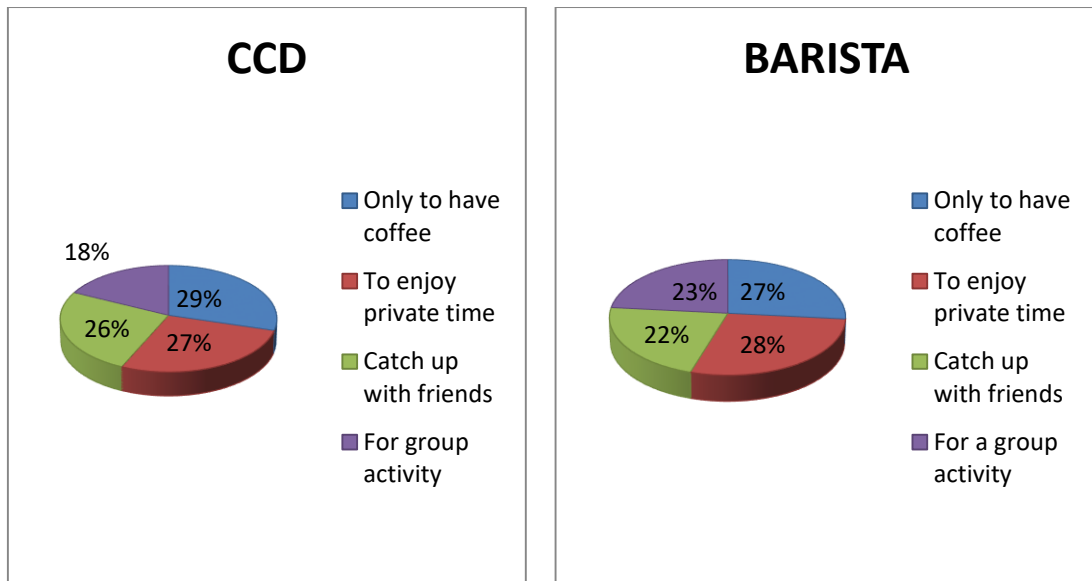


Figure 5.6 Reason for going

**Interpretation-**

**CCD**

People who prefer CCD 29% of them go only to have coffee, 27% go to enjoy private time, 26% to catch up with friends and 18% go for group activity.

**BARISTA**

People who prefer Barista 27% go to have coffee, 28% go to enjoy their private time, 22% go to catch up with friends and 23% go for group activity.

Q7. What do you normally eat or drink in Café coffee day/Barista?

- Coffee
- Beverages
- Deserts
- Eatable like sandwich, samosa etc.



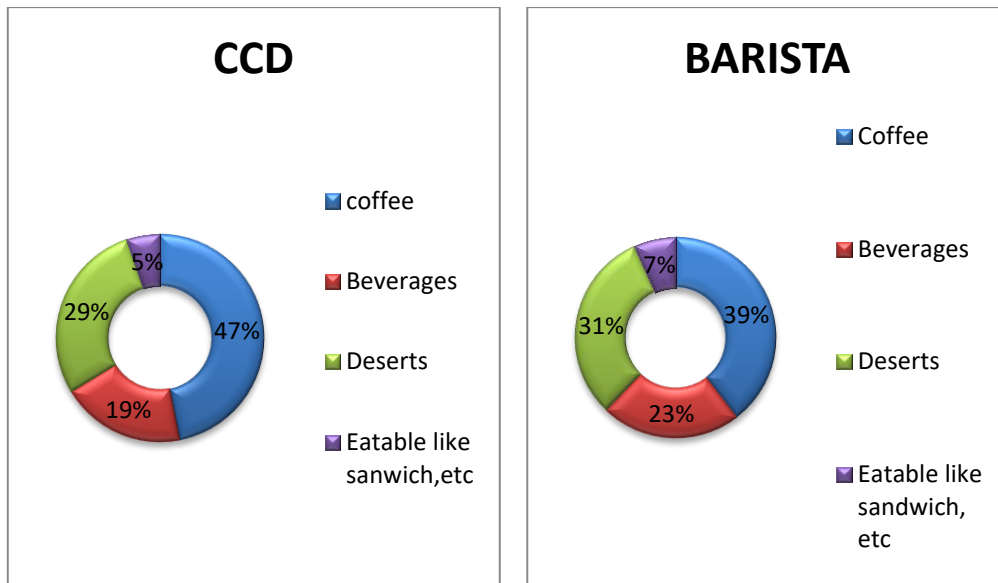


Figure 5.7 Eating Preferences

**Interpretation-**

**CCD**

According to the survey conducted people who prefer to CCD 47% go to have only coffee 19% go to have Beverages, 29% go to have deserts, 5% go to have sandwich.

**BARISTA**

People who go to Barista 30% people go to have coffee, 23% people go to have Beverages, 31% people go to have deserts and 7% go to have sandwich.

Q8. Rate the following factor Of Café coffee day and Barista? (Tick the choice)

### 1) Staff Behaviour

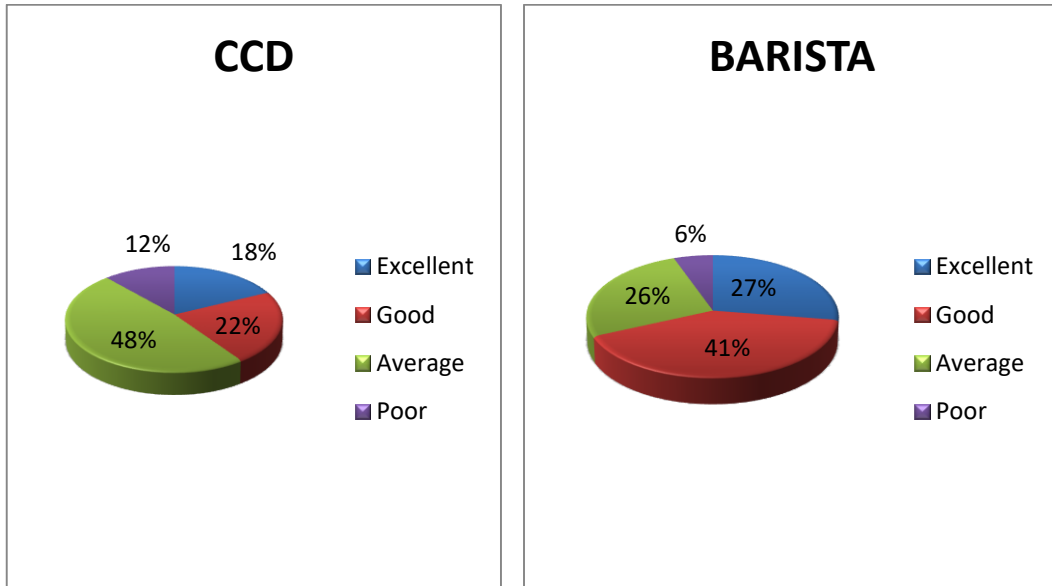


Figure 5.8 Staff Behavior

#### Interpretation-

##### CCD

18% of people think that CCD has an excellent staff behavior, 22% people think that it has a good staff behavior, 48% think that it has a average staff behavior and 12% people think that CCD has a poor staff behavior.

##### BARISTA

27% people think that Barista has an excellent staff behavior, 41% people think it has an good staff behavior, 26% people think it has an average staff behavior ad 6% think it has an poor staff behavior.

More people like to go to Barista because staff behavior of barista is comparatively much better than CCD.

## 2) Value for money

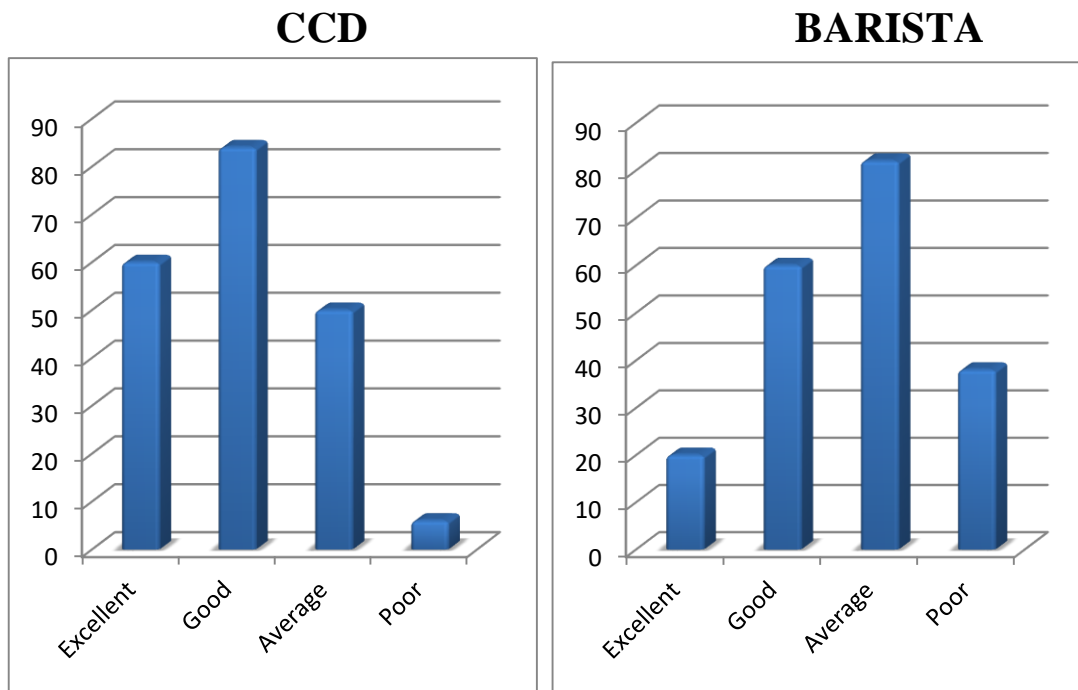


Figure 5.9 Value for Money

**Interpretation-**People who go to CCD find more value of money as compare to Barista because CCD is cheaper than Barista.

## 3) Availability of preferred items

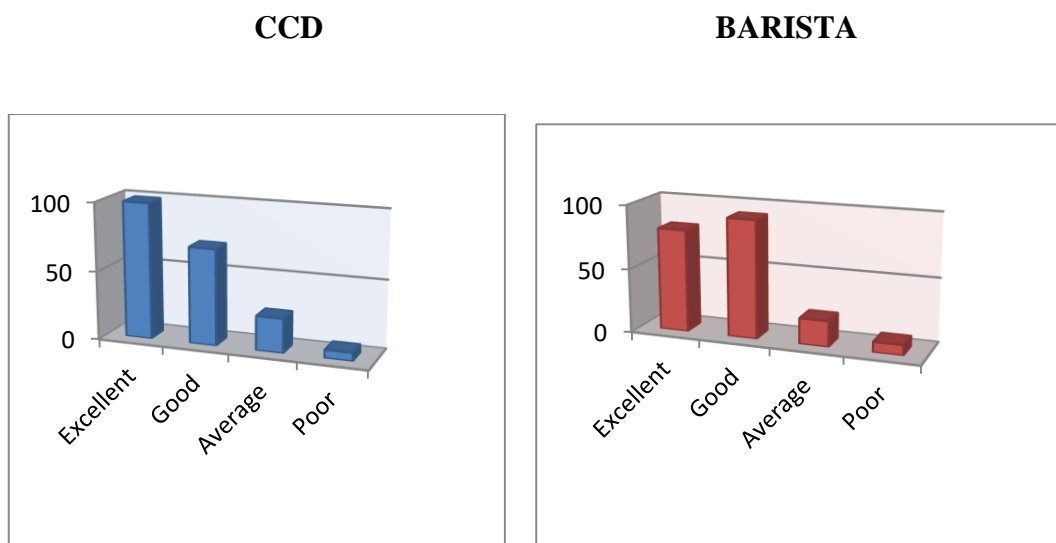


Figure 5.10 Availability of preferred items

### Interpretation-

According to the survey conducted CCD provide better preferred items than Barista. This could be due to many reasons like taking feedback from public, to understand the need of public, etc.

#### 4) Service

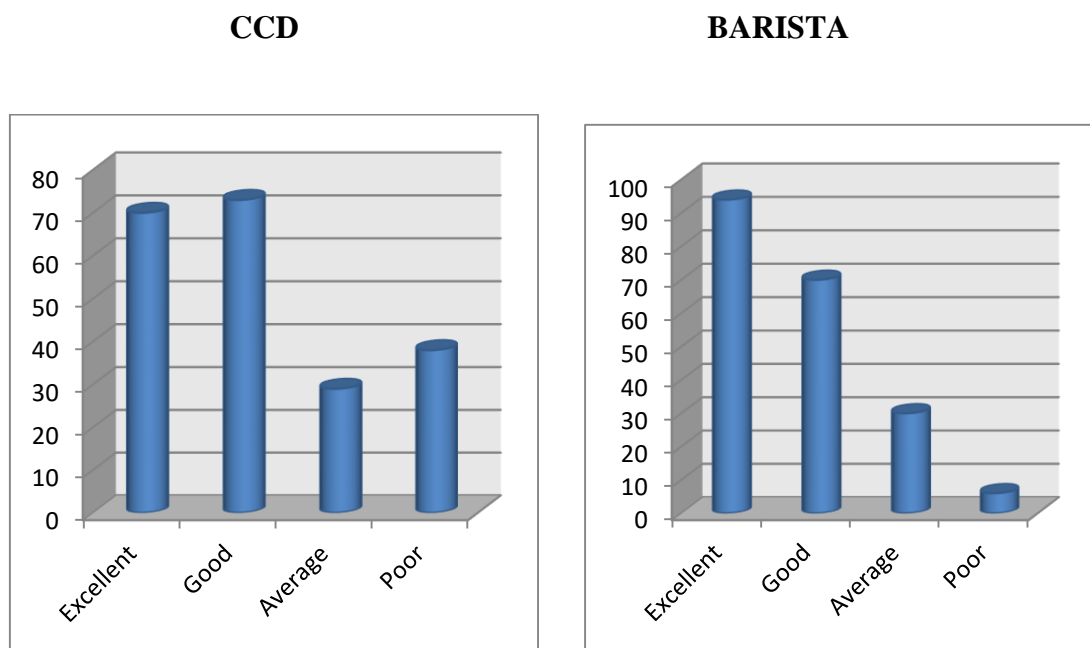


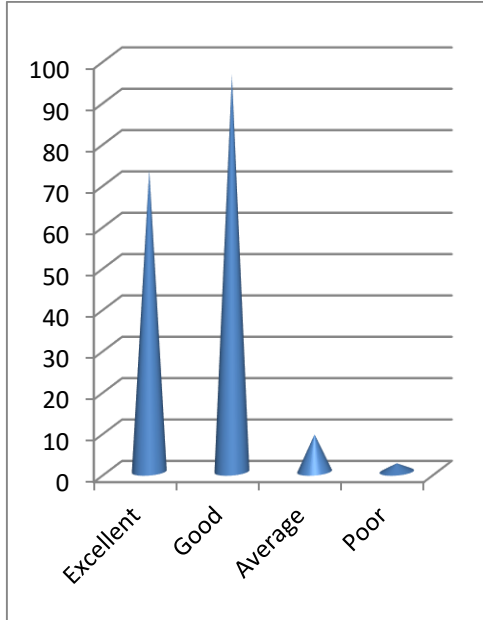
Figure 5.11 Service

### Interpretation-

According to the survey conducted Barista provide better services than Café coffee day because it has efficient human resources than CCD due to which they can serve people better.

## 5) Quality of food

### CCD



### BARISTA

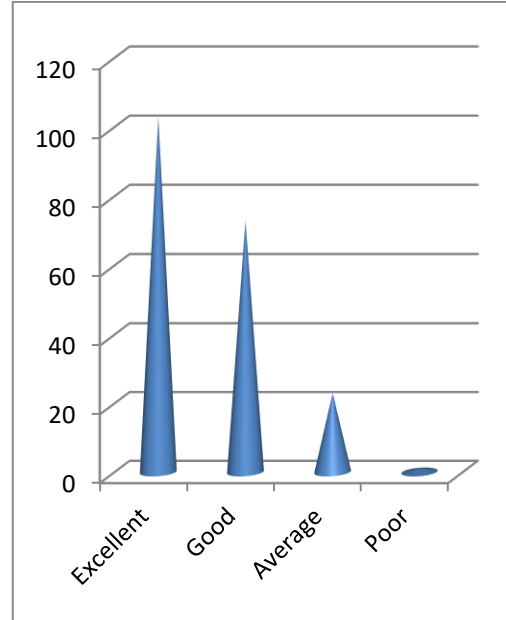


Figure 5.11 Quality of Food

### Interpretation

According to the survey both of them provide same quality of food but Barista's rating is higher than that of Cace coffee day this could be because of better human resource or machine etc.

## 6) Furniture and Décor

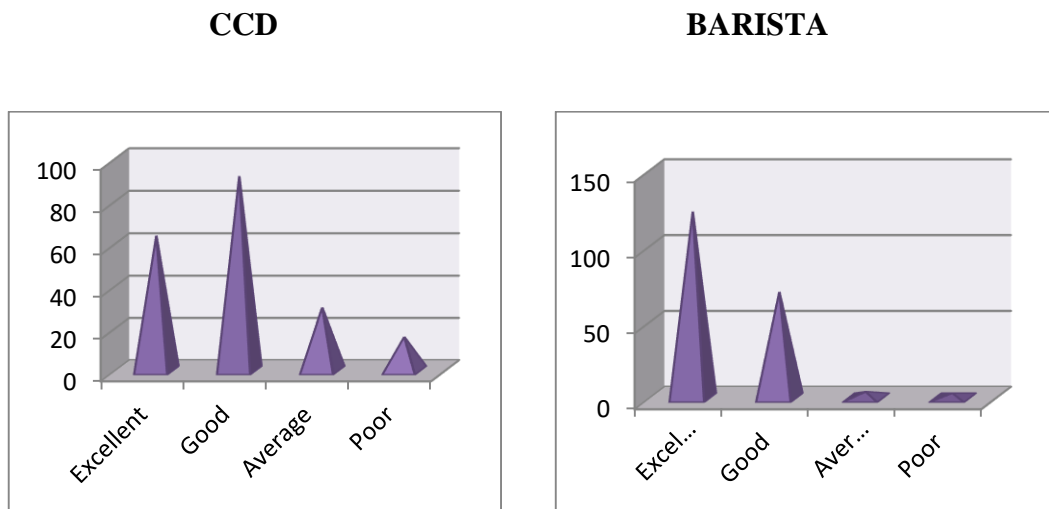


Figure 5.12 Furniture and Decor

### Interpretation

According to the survey conducted Barista provide much better environment than CCD and their Furniture and Décor is much superior to Café coffee day. Due to this more people like to go to barista.

Q9. Are you aware of the different 'format cafes' Café coffee day is coming up with?

- YES
- NO

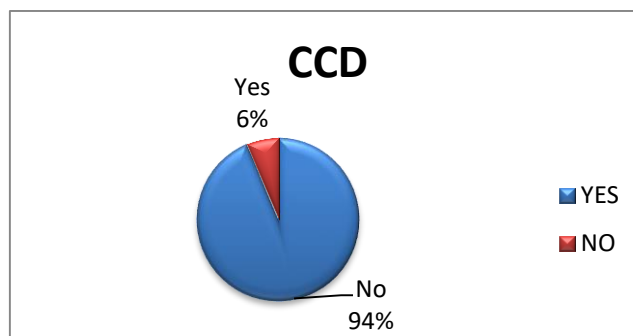


Figure 5.13 Awareness of format cafes

**Interpretation-**

According to the survey conducted only few people know about the different format that CCD is coming up with and almost all people don't know about different formats.

This is due to the bad marketing strategy lack of public appeal.

Q10. If you have to choose which coffee format would you prefer?

- Music Café
- Book Cafe
- Garden Cafe
- Cyber Cafe
- Sports Cafe
- Lounge Cafe

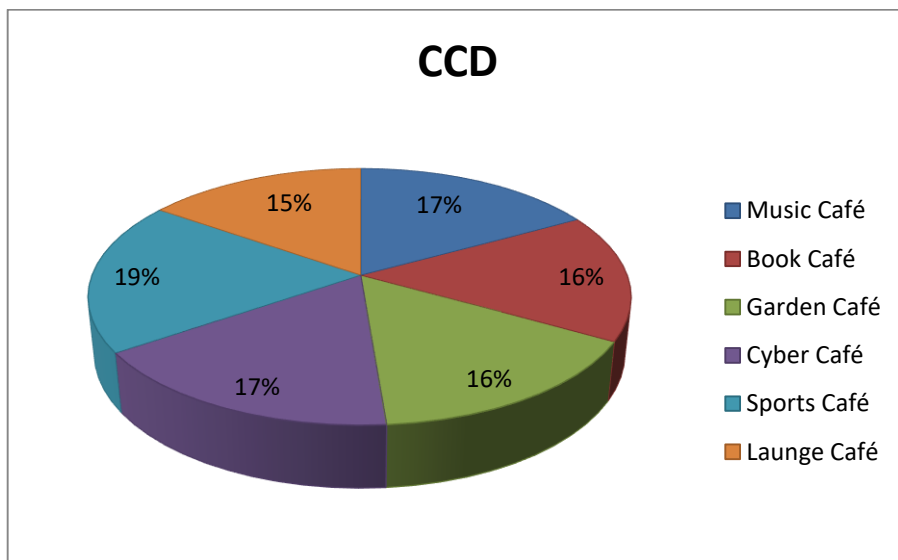


Figure 5.14 Preference of format cafes

### Interpretation-

According to the survey conducted 17% people prefer Music Cafe, 16% people prefer Book Cafe, 16% people prefer Garden Cafe, 17% prefer Cyber Cafe, 19% prefer Sports Café and 15% people prefer Lounge Cafe.

Q11. Do you like the tagline of Café Coffee Day ie “a lot can happen over coffee”?

- Yes
- No

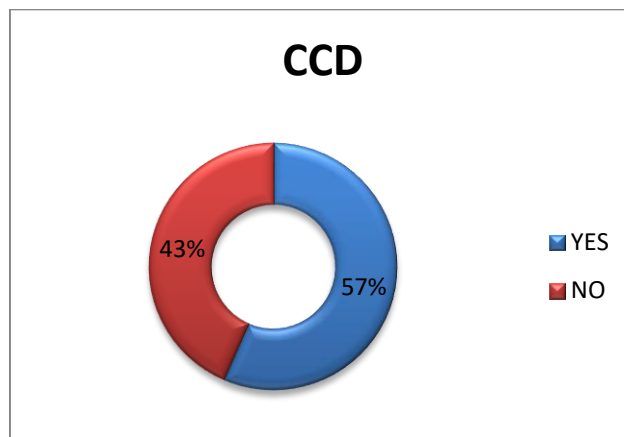


Figure 5.15 Tag line of CCD

**Interpretation-** 57% of people like the present tagline of CCD and 43% do not like the tagline of CCD. 57% people think that the tag line suits its brand and rests don't.



## **Chapter 6–Findings and Recommendations**

### **6.1 Findings**

#### **Areas of Excellence**

Both Cafes have certain areas where they have been consistently performing well. These are essentially the strengths of the brand, and Barista & Café Coffee Day need to capitalize on these strengths to increase their market share and brand loyalty. The main areas of excellence, based on the Case Studies & Market Survey, have been identified as follows:

#### **Café Coffee Day**

##### **1) Highly rated Taste & Quality of products:**

Café Coffee Day got a high rating in the market survey, for the Taste & Quality of their products. If they work on this aspect, there is huge potential for them to attract customers, just based on the taste and quality of products. This is also helped by the fact that they grow their own coffee beans, and this provides an important base for future expansion and growth. Café Coffee Day even won the “Barista Coffee-Making Championship” for the Best Coffee.

##### **2) Value for money proposition:**

Café Coffee Day is projected as an “affordable” brand. This strategy has worked extremely well so far, and Café Coffee Day got a high rating, both for their prices and for their value for money, in the market survey.

### **3) Strong youth orientation:**

The Café Coffee Day brand is, and always has been, extremely youth- oriented. In a country where over 40% of the population is under the age of 20, there is huge potential for Café Coffee Day to become one of the country's largest youth brands. The untapped market share and potential for growth is enormous.

## **BARISTA**

### **1) Strong Brand Image:**

Barista has a strong and clear brand image. Their customers can easily identify and relate to the Barista brand. This helps increase and maintains brand loyalty.

### **2) Excellent Staff:**

According to the survey, Barista received an excellent rating for the service and behavior of their staff. This is a huge advantage, especially in a service organization. Barista must strive to keep this advantage.

### **3) Ambience & Décor:**

Another significant area of excellence is the kind of ambience and décor Barista Cafes have. Respondents to the survey, including who's who chose Café Coffee

Day as their choice of Café gave Barista a near perfect rating for their Ambience & Décor.

### **4) Strong base for expansion & growth:**

Barista have worked hard on their brand image and human resources, and have a strong base for future expansion and growth- whether nationally or internationally.

## **Areas Needing Improvement**

Both Barista and Café Coffee Day have underperformed or not lived up to potential in certain areas. The areas are weaknesses, which need to be improved upon, as that both can eliminate any disadvantage that may have, and improve customer satisfaction. The main areas needing improvement, based on the Case Studies & Market Survey, have been identified as follows:

### **BARISTA**

#### **1) Perceived as an expensive brand:**

Customer perceptions of Barista's prices and value for money are quite negative. Even though the prices of Barista and Café Coffee Day are almost identical, Barista is still perceived as the more expensive brand.

#### **2) Inconvenient delivery process:**

On a smaller note, Barista's self-service delivery process received almost unanimous complaints from respondents of the market survey. They found it inconvenient to go back to the counter just to receive their order.

### **Café Coffee Day**

#### **1) Weak brand image:**

The Café Coffee Day brand, although clearly a youth-oriented brand, lacks the power and strength expected to maintain brand loyalty. The brand doesn't project a clear image to customers about what Café Coffee Day is all about. This could prove as a deterrent during future national and international expansion.

## **2) Inefficient human resources:**

According to the market survey, Café Coffee Day's staff received only an average rating for their behavior and service. Café Coffee Day needs to work hard at this aspect, especially considering they are a service sector organization that is looking at large expansion.

## **3) Ambience & Décor**

The Ambience & Décor of Café Coffee Day outlets received a below- average rating from respondents of the market survey. A lot of respondents did not like the fact that Café Coffee Day outlets and literature served as prime space for a lot of advertising and promotions. They felt as if the Cafe's had been hijacked just for advertising.

## **6.2 Recommendations**

### **Café Coffee Day**

- Café Coffee Day has done extremely well so far to project itself as an affordable youth- oriented brand. But there are still certain areas where their brand needs to be much stronger.
- With regard to the physical evidence associated with the brand, Café Coffee Day needs to do a lot of work if they hope to catch up with Barista. My first recommendation for Café Coffee Day is to clean up the décor at every outlet, wherever unnecessary advertising is taking place.
- Although it might be an important source of revenue, long-term customer perception of the brand isn't very positive.
- Café Coffee Day would do better to provide promotional space for its partners with the use of clever collaborations, and not printed advertisements and posters everywhere.

- My second recommendation is that Café Coffee Day looks at its current recruitment, selection and most importantly, its current training policies.
  
- Customers are not happy with the behaviour and service of the staff, and Café Coffee Day is lagging far behind Barista in this aspect.
  
- Choosing more appropriate tagline which appeals to large no of customer for eg
  - 1) A mathematician is a device for turning coffee into theorems.
  - 2) A morning without coffee is like sleep.
  
  - 3) Appease the Moderator Monster. Send coffee!
  
  - 4) Be a coffee-drinking individual...espresso yourself!

## **Barista**

- Barista has an extremely strong brand image, but they need to work hard on improving their customer perception of being an expensive brand. Barista and Café Coffee Day have almost identical pricing, but Barista is still perceived as the more expensive brand.
  
- That's why my first recommendation for Barista is, to carry out a promotion campaign to ensure that their target market is well aware of their current low prices. This would help change customer perception and turn Barista into an affordable brand.
  
- Another backlash of having such a strong traditional Café brand image is that customers have very high expectations of the taste & quality of products. Barista needs to work hard at this aspect, especially for coffee and eatables products.

- My second recommendation is for Barista to look at its coffee beans suppliers and coffee brewing process to ensure that it is the best it can be.
- This is especially important considering the international expansion Barista is undertaking. Barista should also look at the Taj, their national suppliers for eatables and desserts, and either improve the taste & quality of eatable, or look at another supplier- because as of now, they are not living up to expectations, and losing customers to Café Coffee Day.
- On a smaller note: the Barista delivery process should change, so that a Café attendant delivers the coffee to the table. This may seem insignificant, but it can go a long way in improving customer satisfaction.

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## Annexure

### Questionnaire

Q1. Which coffee shop you prefer to go to?

- Barista
- Café Coffee day

Q2. How often you visit Café coffee day/Barista?

- Almost daily
- 2-3 times a week
- 2-3 times a month
- Not often

Q3. On an average how much time you spend in Café coffee day/Barista?

- Less than half an hour
- Half an hour to one hour
- One to two hour
- More than two hour

Q4. How much money you spend at a Café coffee day/Barista?

- 100-150
- 150-200
- 200-250
- More than 250

Q5. What is the single most imp factor for you to choose in Café coffee day/Barista?

- Taste of coffee/food
- People/service
- Value for money

Q6. Why do you go to Café coffee day/Barista?



- Only to have coffee
- To enjoy private time
- Catch up with friends
- For a group activity

Q7. What do you normally eat or drink in Café coffee day/Barista?

- Coffee
- Beverages
- Deserts
- Eatable like sandwich rolls etc.

Q8. Rate the following factor Of Café coffee day and Barista? (Tick the choice)

		Excellent	Good	Average	Poor
Staff Behavior	CCD				
	BARISTA				
Value for money	CCD				
	BARISTA				
Availability of preferred items	CCD				
	BARISTA				
Service	CCD				
	BARISTA				
Quality of food	CCD				
	BARISTA				

Furniture and Decor	CCD				
	BARISTA				

Q9. Are you aware of the different ‘format cafes’ Café coffee day is coming up with?

- YES
- NO

Q10. If you have to choose which coffee format would you prefer?

- Music Café
- Book Cafe
- Garden Cafe
- Cyber Cafe
- Sports Cafe
- Lounge Cafe

Q11. Do you like the tagline of Café Coffee Day ie “a lot can happen over coffee”?

- Yes
- No