



A Report for The Café Coffee Day to Consider the Global Marketing Strategies and Challenges in The Foreign Market



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Submission Date - 31-05-2021

Module Name - Global marketing

Module number - TH6GO350

Executive summary

A report for the café coffee day to consider the global marketing strategies and challenges in the foreign market. In this report we are going to talk about a famous coffee outlet all over India called café coffee day and how it was established and about its locations and what all problems they face to keep the business running. Starting off with some introduction of the overall topic in brief, then moving on to the overview of the company in which we will be talking about how it was founded in which year and in which state and by whom. Moving on we will be talking about the political factors that affect the running of the business as well as the economic factors and the social factors and the technological factors and the legal factors and even the environmental factors. We are going to be talking about the theories on consumer behaviours and a SWOT analysis of the company café coffee day including their strengths and weakness, the opportunities that it creates and the threats that it imposes. There are many things that effect the running of a business specially a running and successful café like café coffee day, especially with so many outlets and staffs around and finally we will be ending with conclusion and recommendations.

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1.0 Introduction

Small independent businesses are figuring out how to go from a local to a worldwide operation (Delaney. L. J, 2014). Organizations choose to go global and join foreign markets for a number of reasons. The most frequent way of business change is known as the "growing engagement" strategy. A transition to a wholly owned company is frequently implemented as company and trust increase. This strategic objective stems on a goal to establish a firm in the foreign market as rapidly as feasible (Biggs. P. R, 2013). In this report the domestic Hospitality company i.e. Café Coffee Day which is planning to expand to the foreign markets i.e. in UK, so first we will be discussing the overview of the company and later on we will be discussing Justification for a local corporation doing business overseas, Global Marketing Strategies i.e. Café Coffee Day may employ when growing in international countries for long-term benefit, Cultural, political, and organizational problems that senior management may confront when entering an overseas market for the first time, and conclude with Conclusion and Recommendation.

1.1 Overview of the Business

Cafe Coffee Day is more than just another coffee shop for the people of India. It's more of a deliberately cultivated societal trend. Because of its tranquil ambience and ample amenities, it is one of the most popular hangout areas for young people. The first Cafe Coffee Day branch debuted on July 11, 1996, in Bangalore, Karnataka, with the tagline "A lot can happen over a cup of coffee." It quickly grew across India, with new locations opening in a variety of places, and by 2016, there were over 2000 cafes operational across the country. VG Siddhartha comes from a coffee-growing family that has been in the business for 135 years. Despite this, he was a cautious market participant, and after completing his Master's degree in Economics from Mangalore University, he hoped to work as an investment banker in Mumbai. Prior to establishing the CCD chain, VG Siddhartha established Sivan Securities, an investment and venture capital firm in Bangalore, in 1984, and began investing the proceeds of his enterprise in coffee farms in Karnataka's Chikmagalur region (Vishnu. A, 2019).

Coffee Day Enterprises Limited is an Indian company that owns and runs coffee shops (Refer Appendix No.1) Under the Cafe Coffee Day (CCD) outlets, The Lounge, and The Square brand names, the corporation primarily operates cafe chain units. The majority of its coffee beans are shipped to Europe, Japan, and the Middle East. The company also engages in coffee commerce, sourcing, processing, roasting, and distributing coffee items. It also operates Coffee Day Xpress kiosks and Coffee Day Beverages vending machines under the Coffee Day Beverages brand (Businessstandard, 2020).

2.0 Justification for conducting business abroad

Diversification is a growth plan that entails creating a new marketplace that a company does not already serve. It can be a terrific method to keep the company

stable. It enables business to hedge one's bets so that if one of the marketplaces or items fails, then can fall back upon other (Nibusinessinfo, 2021).

Sustaining growth and profitability in today's business environment is never assured. As a consequence of technical and scientific breakthroughs, product and service life cycles are growing shorter. To identify market opportunities, the whole business model must be evaluated, including consumers and businesses, as well as other factors such as direct and indirect competitors, supply chains, existing regulations, and the overall environment (Chehtman. A, 2017).

Consumers' health concerns are inextricably linked to food safety issues. Price, health and safety, and technical quality will continue to be the leading factors in global food consumption. Consumers will place greater emphasis on variables such as production sustainability, ethical food sourcing, and food miles. The amount of store engagement in promotion, as well as the size and economic worth of the sectors of concerned customers, will determine how much these new trends will affect food consumption in the future. (Ntnu, 2014).

Every major business decision comes with its own set of problems, but global expansion has its own set of problems. Language and cultural variations, foreign compliance and regulatory concerns, packaging, slower speed, and local competition are some of the hurdles that should be anticipated when growing globally (Brooks. C., 2019).

2.1 Why UK market?

Most companies only establish an international operation after first testing the market. Working with an agency or distributor might be a sensible next step. Most nations have government-backed economic development organizations (Great, 2021). Business functions within at least two cultures: the culture in which it was created and the larger society. Companies must examine the ethical consequences of outsourcing manufacturing (Opentextbc, 2021). Building partnerships lets them make the most of your chances, whether they are importing or exporting. Dealing with practical difficulties and communicating are essential for good partnerships. (Marketingdonut, 2021). Understanding migrants' economic contributions has become even more crucial in a quickly changing policy framework, particularly the government's plans for a new immigration system once the United Kingdom departs the European Union (Forbes, 2021).

3.0 Global marketing strategies that a domestic firm may use to get a competitive edge in global markets

3.1 EPRG framework in international marketing:

Worldwide marketing orientations are several perspectives on a company's involvement in the worldwide marketing process. The EPRG framework (Refer Appendix No. 2) was created by Wind, Douglas, and Perlmutter. This framework investigates how strategic choices are made as well as the formation of the

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connection between the headquarters and its subsidiaries. In the evolution of international operations, Perlmutter's EPRG framework has four stages. The next sections go through these steps.

3.1.1 Ethnocentric Orientation

There are no variations in product specifications, price, or promotional measures between the domestic and international markets. The operating corporation's activities, policies, and exercises in the home nation become the default standard. The top management team typically believes that citizens from the company's home country are more suited to push foreign initiatives forward.

3.1.2 Regio centric Orientation

This approach entails a company identifying economic, cultural, or political linkages across locations in order to suit the needs of potential clients. Pakistan, India, and Bangladesh, for example, have a lot in common. They have a strong feeling of place in the area.

3.1.3 Geocentric Orientation

Developing a solid culture and informal management channels will ensure that human resources are used efficiently. It strives for a balance between global integration and local responsiveness. The main disadvantages are that it may be limited by national immigration limitations and is more expensive than polycentrism.

3.1.4 Polycentric Orientation

Coffee Day is credited with establishing India's coffeeshop culture. The native café business faces a slew of competition, including chains like Starbucks, Costa Coffee, and Barista. According to Bidisha Nagaraj, group president of marketing at Coffee Day, the most challenging challenge for a brand is to be current and inventive. The technique is well suitable to countries facing financial, political, and cultural problems (Tutorialspoint, 2021).

3.2 Global Market entry Strategies

By introducing the firm to vast markets, the sales can boost and can earn profits, raise brand awareness, reduce the danger of operating just in one market (e.g., as a result of economic or seasonal downturns), and by selling the goods or service in another country, which can extend the product's life cycle. So, the company i.e., Café Coffee Day is planning to expand its business in one of the foreign markets i.e., in United Kingdom which is aiming to be 'first to market' and shouldn't be waiting for the competitors' to venture in. Entering on a lesser scale allows firm owners to learn about the new industry while limiting risks (Workspace, 2021).

So, the organization i.e., Café Coffee day is planning to use two Global Market entry Strategies (Refer Appendix No 3) i.e., Exporting and Licensing, so either one fails they can use the other.

3.2.1 Exporting

Exporting refers to the direct sale of goods and/or services in another country. It is, without a

doubt, the most well-known and risk-free approach for entering a foreign market. It may also be less expensive because you will not need to invest in manufacturing facilities in the chosen country - all things are still created in the home country and sent to other countries for sale. Increasing transportation costs, on the other hand, are expected to drive up the cost of exporting in the near future.

The majority of the costs connected with exporting are marketing-related. Typically, four parties will be required to participate: your firm, an importer, a transportation provider, and the government of the country to which you wish to export (Workspace, 2021).

3.2.2 Licensing

The intellectual property may be licensed to another company in the target country. In most situations, the disputed property is intangible, such as trademarks, manufacturing techniques, or patents. The licensee will pay a fee in exchange for the right to use the property.

Licensing requires little money and can provide a high return on investment. The licensee will also be responsible for the costs of production and marketing in the foreign market (Workspace, 2021).

CCD had hoped to expand into the Philippines, Malaysia, Vietnam, and other nearby countries, but plans had been delayed, according to a business official in charge of foreign operations, and the business was still working on clearer plans.

“We didn't want to rush and make a mistake,” says the narrator. We had discussions with international players in various nations, but in some situations, we were unable to achieve an agreement. Things have taken longer than expected, but for the time being, I can only say that we are continuing developing internationally,” said Shwetha Shetty, president of CCD's international business.

CCD was considering establishing a presence in the global market through joint venture agreements, believing that local knowledge would help the coffee retailer achieve a firmer footing (Financialexpress, 2016).

3.3 Approaches to the market entry

So, for this we have chosen the “Waterfall” Approaches to Market Entry (Refer Appendix No. 4) for this report. The waterfall model contains at least 5 to 7 stages that run in tight linear sequence, with no phase commencing until the previous phase is completed. The phases have different names, but they were originally stated by their inventor, Winston W. Royce, as follows:

3.3.1 Requirements:

The fundamental advantage of waterfall is that all customer needs are collected at the beginning of the project, allowing all following stages to be planned without additional customer communication until the product is done. At this stage, it is expected that all criteria will be collected.

3.3.2 Design:

There are two aspects to the design phase: logical design and physical design. Potential solutions are considered and suggested during the logical design subphase. When theoretical notions and schemas are transformed into actual needs, the physical design subphase begins.

3.3.3 Implementation:

The implementation step is where developers put the requirements and specifications from the previous stages into actual code.

3.3.4 Verification:

This is the stage in which the client inspects the product to confirm that it meets the standards provided at the beginning of the project. This is achieved by providing the finalized product to the customer.

3.3.5 Maintenance:

During the maintenance phase, the customer uses the product on a regular basis, finding flaws, inadequate features, and other manufacturing errors. These adjustments will be made by the production team as needed until the client is satisfied (Projectmanager, 2021).

The United Kingdom has the world's sixth largest economy and leads the European Union's list of developed countries. The United Kingdom is home to world-renowned educational institutions and corporations. According to the Central Intelligence Agency, the population of the United Kingdom was 62,348,447 in July 2010, while the country's real GDP was -5 percent (2009 est.). According to the World Bank's annual report, the United Kingdom is placed 4th out of 183 economies in terms of ease of doing business (Timesofindia, 2019).

4.0 Challenges in terms of culture, politics, and organization Senior management who are entering a foreign market for the first time may experience difficulties.

4.1 Consumer behaviours theories (Refer Appendix No. 5)

Attitudes are inner expressions or feelings that represent a person's positive or negative feelings. Attitude and conviction in Café Coffee Day products are best, according to 36 percent of male respondents and 31.6 percent of female respondents. 62.9 percent of men and 66.2 percent of women responded to the survey that products of CCD are better. The majority of respondents rated the overall service and experience in the cafés as above average.

Cafe coffee day items are pleased by 21.7 percent of male respondents and 26.3 percent of female respondents. It is quite tough to satisfy customers because their demands and desires differ from one another. According to 19.5 percent of men and 15.4 percent of women, the quality of café coffee is good (Onlinemasters, 2020).

4.2 Organisational challenges

4.2.1 SWOT ANALYSIS OF CAFE COFFEE DAY (Refer Appendix No. 6)

4.2.1.1 STRENGTHS

- * Products of exceptional quality and flavor
- * The greatest number of shops
- * Youth have a high brand equity.
- * Vertical integration

4.2.1.2 WEAKNESSES

- * High pricing
- * Wrong-site selection
- * Lacks strength to maintain the brand

4.2.1.3 OPPORTUNITIES

- * The coffee café sector is one of Asia's fastest-growing industries.
- * Entering and appealing to overseas markets
- * People's incomes are rising

4.2.1.4 THREATS

- * Growing competition from global and local coffee chains
- * Growing attrition rate (Marketing91,

4.2.2 Pestle Analysis of Cafe Coffee Day (Refer Appendix No. 7)

4.2.2.1 Political Factors:

The administration of Café Coffee Day maintains tight contacts with lawmakers at all levels of government. The pandemic has significantly curtailed exports, which has had a substantial impact on the company's export operation. Café Coffee Day should include environmental and social concerns as well, argues Ravi Agrawal.

4.2.2.2 Economic Factors:

Since the epidemic, people have started spending more prudently. As a result of the adjustment, CCD will have to change its labor and operational expenses. The epidemic also had an impact on coffee bean exports. People have been gathering for a few months, the immunization procedure is underway, and the economy is expanding.

4.2.2.3 Social Factors:

Café Coffee Day is popular among millennials and Generation X. The organization should focus on features that will appeal to this new generation of customers. The firm should pay more attention to shifting lifestyle patterns, changing working conditions, and the growing urban population.

4.2.2.4 Technological Factors:

Café Coffee Day is always seeking for innovative ways to improve their menu. During the epidemic, they devised a no-contact technique to adapt to the situation. They understand their clients' demands and use big data analytics to provide a personalized experience for them.

4.2.2.5 Legal Factors:

Depending on the nation and state in which it operates, Café Coffee Day is subject to a variety of rules and regulations. It has created a whistle blower policy and developed several employee engagements programs. It also guarantees that consumer concerns are addressed and that workplace harassment is not tolerated.

4.2.2.6 Environmental Factors:

Monsoons, like the weather, create changes in coffee output. Café Coffee Day is concerned about its carbon footprint across the whole value chain. It should compel its partners to follow environmental standards and contribute to the prevention of climate change. In the long run, this will help coffee output.

5.0 Conclusion

Price, health and safety, and technical quality will continue to be the leading factors in global food consumption. Attitude and conviction in Café Coffee Day products are best, according to 36 percent of male respondents and 31.6 percent of female respondents. 62.9 percent of men and 66.2 percent of women responded to the survey that products of CCD are better. The majority of respondents rated the overall service and experience in the cafés as above average. 18.4% of males, 21.9% of females go below the acceptable limit.

6.0 Recommendation

Moving ahead on to recommendation we are going to tell about a few ways on how Café Coffee Day can move on to the bigger market by that we mean open internationally and there are many ways but with the competition in the larger market with companies such as Starbucks (Refer Appendix No. 8), Costa coffee and many more there are many things to consider Starting with the demand in each area to the staffing than Knowing about the current situation the current market asks for a lot of differences in choices from the needs to availability.

Most coffee businesses want to open in UK in order to tap into domestic demand. However, Café Coffee Day is not only trying to strengthen its position in the home market, but also to establish itself as a global brand" (Businessstandard, 2013)

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27.

8.0 Appendices

Appendix No. 1



“India’s favorite coffee shop, where the young at heart unwind.”

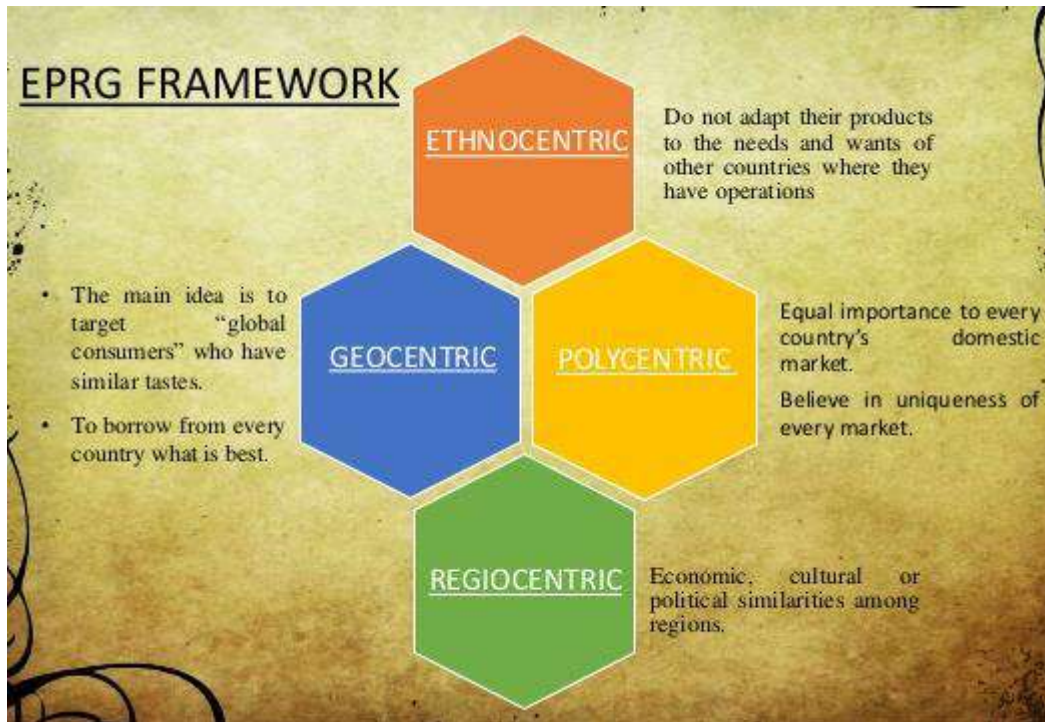
Café Coffee Day is a chain of coffee shops in India having its head quarters in Chikmagalur, Karnataka. A division of Amalgamated Bean Coffee Trading Company Ltd. (ABCTCL), it is commonly known as Coffee Day or CCD.

It opened its first cafe in 1996 on Brigade Road in Bangalore, and today has the largest cafe retail chain in India - with **1481 cafes in 110 cities**. Headquartered in Bangalore, a majority of its cafes are also located in Bangalore.

The cafe chain has had much success riding, and to some extent creating, the cafe culture wave that swept across metropolitan India following strong economic growth resulting in an increase in youth spending power.

It has even tied up with World Space and Microsense to enable its cafes with satellite radio and Wi-Fi, respectively. Its first Wi-Fi cafe was opened on Lavelle Road, Bangalore.

Appendix No. 2



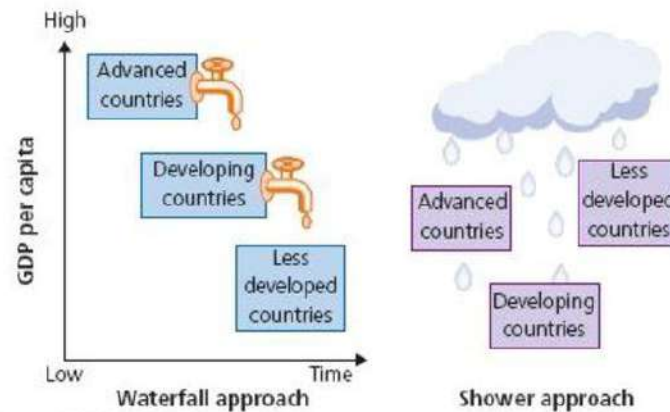
Appendix No. 3

INTERNATIONAL MARKETING Entry Methods



Appendix No. 4

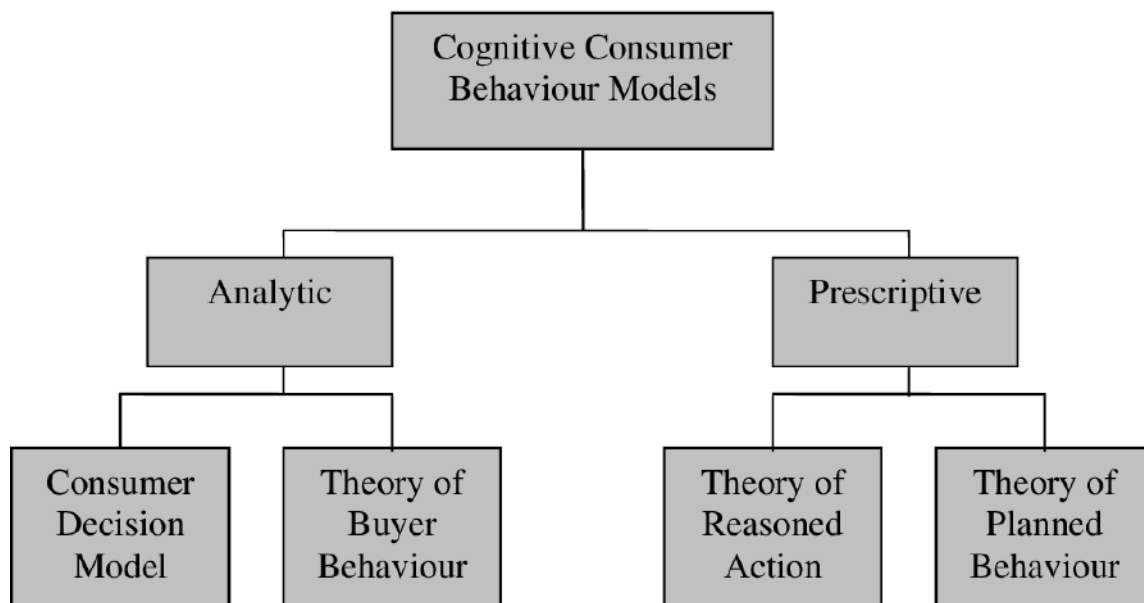
The 'Waterfall' vs. 'Shower' Approaches to Market Entry



Source: Based on Keegan (1989: 30-1)

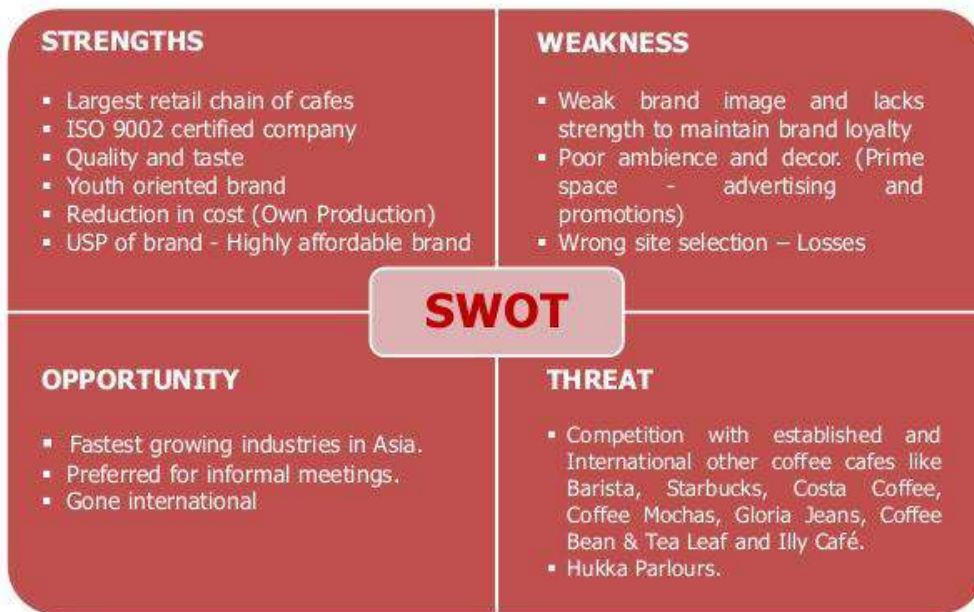


Appendix No. 5



Appendix No.6

 **SWOT Analysis**



Appendix No. 7



Appendix No. 8

