

# BARISTA VS CAFÉ COFFEE DAY – A COMPARATIVE STUDY



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## **SYNOPSIS**

The objective of the thesis is “To compare and study Barista & Café Coffee Day, identify areas of excellence and areas needing improvement; and provide suggestions for such improvement”. The aim of this Thesis is to successfully compare two prominent service sector companies on a common platform, analyze their working and performance, and highlight what they are doing well, while providing suggestions and recommendations for improvement.

Barista and Café Coffee Day were chosen because of their identical pattern of functioning and growth. They are the only two major players in the national coffee café industry, and their customers consider both as interchangeable brands. This is why it is important to study how these brands differentiate themselves from each other, and attempt to improve brand loyalty amongst their customers.

For the purpose of this study, I prepared 2 research tools, both questionnaire, to find out the relevant primary data pertaining to the functioning and working of both Barista and Café Coffee Day. The data was collected based on information provided by:

1. The management of the organization.
2. Customers visiting Barista and Café Coffee Day outlets.

Besides the primary data collected with the help of the questionnaire, I have also collected the relevant secondary data from various sources like magazines, books and Internet and newspapers. Based on the relevant primary and secondary data, a

comparative analysis has been done so as to find out the areas of excellence and areas of improvement of both organizations.

The areas of excellence and improvement have been identified based on factual information, in light of which recommendations and suggestions have been provided for the overall improvement of the organizations in the future.

This Thesis was conducted in 2005 in Kolkata, India; so the information is relative to this city.

Section One: The Coffee Café Industry.

Section one of the Thesis is a peek at the coffee café industry. It takes a look at how the industry has evolved through time, from its early beginnings in Europe, to its current form of a highly organized sector. It also details the structure of the industry, with its various components, in its current form. It finally deals with how this industry has grown in India, and what its current status is.

Section Two: Case study on Barista.

Section Two is a case study on the first organization being compared in this study, Barista. The case study looks at the overall working and performance of Barista, and the various aspects and functioning of its Marketing and Human Resource.

Section Three: Case study on Café Coffee Day.

Section Three is a case study on Café Coffee Day, the other organizations being compared in this study. This section deals with the overall operations of Café Coffee Day, and like the previous section, the functioning and aspects of its Marketing and Human Resource.

Section Four: Market Survey.

Section Four is the main comparative rating of both Barista and Café Coffee Day, based on a survey of customers visiting the outlets. The survey analyses how both are performing in the areas of Taste and Quality of Products, Value for Money, Delivery, People, Décor & Architecture, etc.

Section Five: Conclusion.

The last section of the Thesis identifies areas where both organizations are performing excellently, and areas where they need to improve. It also provides recommendations based on the finding of the market survey, and the case studies of both firms. This section will provide an overall perspective on the comparative study of both the firms.

## **INTRODUCTION**

### **Section 1: THE COFFEE CAFÉ INDUSTRY**

#### **1.1: Evolution of a Coffee Café**

The beginning:

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, cafés and everything related is given below:

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.	<b>850</b>
<b>1100</b>	The first coffee trees are cultivated on the Arabian Peninsula. Coffee is first roasted and boiled by Arabs making ‘qahwa’.
The world’s first coffee shop opens in Constantinople.	<b>1475</b>
<b>1554</b>	The first establishment in Constantinople soon becomes widely popular, and two more cafés are opened.
Coffee enters Europe through the port of Venice. The first coffee house opens in Italy in 1654.	<b>1600s</b>

	<p><b>1652</b></p> <p>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.</p>
<p>The first Persian coffee house opens.</p>	<p><b>1672</b></p>
	<p><b>1683</b></p> <p>The first coffee house opens in Vienna.</p>
<p>Edward Lloyd’s coffee house opens. It eventually becomes Lloyd’s of London, the world’s best-known insurance company.</p>	<p><b>1688</b></p>
	<p><b>1695</b></p> <p>The first sign of the French Revolution had its roots in Parisian cafés where the people’s movement started gathering steam.</p>
<p>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.</p>	<p><b>1700</b></p>
	<p><b>1721</b></p> <p>The first coffee house opens in Berlin.</p>



<p>One of Europe's first coffee houses, Café Greco opens in Rome. By 1763, Venice has over 2,000 coffee shops.</p>	<p><b>1750</b></p>
<p><b>1822</b></p>	<p>The prototype of the first espresso machine is created in France.</p>
<p>A process of using natural gas and hot air becomes the most popular method of roasting coffee.</p>	<p><b>1885</b></p>
<p><b>1905</b></p>	<p>The first commercial espresso machine is manufactured in Italy.</p>
<p>The invention of the world's first drip coffeemaker. Melitta Bentz makes a filter using blotting paper.</p>	<p><b>1908</b></p>
<p><b>1933</b></p>	<p>Dr. Ernest Illy develops the first automatic espresso machine. There is enormous interest from cafés all around Europe.</p>
<p>Achilles Gaggia perfects the espresso machine with a piston that creates a high-pressure extraction to produce a thick layer of cream.</p>	<p><b>1945</b></p>

	<p><b>1980s</b></p> <p>Coffee is now the world's most popular beverage, which leads to a boom in retail and hotel cafés. The American retail café Starbucks is born.</p>
<p>With the growth of the Internet, cyber cafés are born, providing Internet access and coffee to users.</p>	<p><b>1990s</b></p>
	<p><b>2000s</b></p> <p>With an increased penetration of PCs in homes, cyber café chains close, and re-immerge as retail coffee café chains.</p>

**Table 1: A brief timeline for coffee**

*Interesting facts about Coffee & Cafés:*

- 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.
- Nescafe was invented by Nestle because it had to assist the Brazilian government to solve its coffee surplus problem.

## 1.2: 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 cafés, hotel cafés and retail café chains.

### *Individual Cafés:*

The main bulk of revenue is earned by small, individual cafés, run mostly by families and friends. It is a relatively unorganized sector. There are millions of such cafés around the world, and they provide customers with a homely, casual experience.

The bulk of these cafés are mainly in Europe, where every little town or village has local cafés, where people gather together for a conversation over coffee, or just to be alone with their thoughts.



**Diagram 1 – Individual Cafés**

These cafés 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 café.

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

### *Hotel Cafés:*

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 cafés are not really major players in the coffee café industry, but rather provide supplementary services to the hotel industry.



**Diagram 2 – Hotel Cafés**

### *Retail Café Chains:*

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 do 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: Coffee Day.



Barista & Café

**Diagram 3 – A popular Retail Café Chain logo**

### **1.3: 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 cafés, 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 café owners 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 cafés now form a multi- crore industry in the country, and have huge potential for growth locally, and internationally.

These cafés form the main focus of this project.

## **RESEARCH METHODOLOGY**

For the purpose of this study, I prepared two research tools, both questionnaire, to find out the relevant primary data pertaining to the functioning and working of both Barista and Café Coffee Day.

The data was collected based on information provided by:

- 1.The management of the organization.
- 2.Customers visiting Barista and Café Coffee Day outlets.

Besides the primary data collected with the help of the questionnaire, I have also collected the relevant secondary data from various sources like magazines, books and Internet and newspapers.

Based on the relevant primary and secondary data, a comparative analysis has been done so as to find out the areas of excellence and areas of improvement of both organizations.

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## Section 2: CASE STUDY ON BARISTA

### **2.1: Corporate Profile**

#### Background, Market Entry & Growth:

Barista coffee was established in 1999 with the aim of identifying growth opportunities in the coffee business. Increasing disposable incomes and global trends in coffee indicate immense growth potential in one particular segment.

More significantly, they believe they have been quick to spot a latent need waiting to be trapped: Coffee lovers seek a complete experience. One that combines intelligent positioning with the right product mix and carefully designed cafés. In other words, customers seek an “experiential brand”.



**Diagram 4 – The Barista Café Logo**

As of today, Barista exists in over 22 cities, and operates over 140 outlets nationally. In the last 2 years, Barista has opened over 100 outlets in the country and with a new outlet opening nationally every 14 days, Barista is currently experiencing phenomenal growth. With outlets opening in Sri Lanka and Dubai, Barista is looking at potential growth opportunities in Asia, making it highly competitive international brand.



## 2.2: Marketing Mix

Product Mix\* :

Coffees & Teas	Refreshing Alternatives	Eatables
<b>Coffee with Milk</b>	<b>Smoothies</b>	<b>Sandwiches</b>
Cappuccino Caffe Mocha Caffe Latte	Guava Mango Grape	Paneer Tikka Cheese & Tomato Chicken Tikka Smoked Chicken
<b>Black Coffee</b>	<b>Granitas</b>	<b>Rolls</b>
Espresso Italiano Esperano™ Americano	Blue Curacao Lime Ice Mixed Fruit Tango Guava Crush	Kadhai Paneer Roll Chicken Masala Roll
<b>Dessert Coffees</b>	<b>Milk Based</b>	<b>Pastas</b>
Latte Bianco Caffe Borgia	Strawberry Freeze Mocha Freeze Icepresso	Tangy Tomato Pasta Creamy Chicken Pastas
<b>Cold Coffees</b>	<b>Iced Tea</b>	<b>Other Food</b>
Brrrista™ Brrrista Frappe™ Brrrista Blast™ Iced Caffe Mocha	Lemon Peach	BBQChicken Croissant
<b>Coffee Add-ons</b>	<b>Other Drinks</b>	<b>Desserts</b>
Various Flavours Chocolate Fudge Whipped Cream Espresso Shot Ice Cream Scoop	Ginger Fizz Kinley Water	Walnut Brownie Mocha Excess Chocolate Excess Dark Temptation Chocolate Mousse Chocolate Chip Muffin Almond Raisin Muffin Apple Cake
<b>Teas</b>		
Assam English Breakfast Darjeeling Earl Grey		

**Table 2: Barista: Product Mix Width**

\* Some products may have been added/ removed from the product mix, due to changes since gathering information.

**Product Sources:**

Barista sources its coffee beans from around the world, but a major supplier is TATA Coffee, part of the TATA Group that owns a large stake- holding in Barista. These coffee beans are then sent to Venice, Italy where they are roasted into a blend exclusively for Barista. The food and desserts at Barista is exclusively catered to by the Taj, who ensures a high standard of quality with all its products. Barista also sells merchandise through its store, all of which is imported. The merchandise accounts for nearly 1/6<sup>th</sup> of Barista’s overall sales.



**Diagram 5 – The Barista coffee beans**

**Quality Sources:**

Barista has a check on the quality of its products every 14 days. Barista also incorporates TQM at its headquarters in Delhi. Since Delhi is the base for all its distribution, quality control measures are adopted there to avoid any poor quality products being distributed.

**Serving Size:**

The serving size of a product is a measure, not only of quantity, but also of value for money. The average serving size for Barista’s main product categories is detailed in

Table given below:

<b>Product</b>	<b>Serving Size</b>
Hot Coffee (2 kinds)	240 ml/ 300 ml
Cold Coffee	340 ml
Smoothies	300 ml
Granitas	340 ml

**Table 3: Barista Serving Size**

**Merchandising:**

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

<b>Merchandise</b>
Tiramisu Flavors
Coffee Mugs
Blue Curacao
Barista French Press
Barista Coffee Beans

**Table 4: Barista Merchandising**

**Pricing:**

Barista has a ‘Skim Pricing Policy’. They began with a higher price, and skimmed the cream for the market. With the sudden spurt of growth in number of outlets, came the benefits of economies of scale. Because of this, they have been able to gradually lower their prices, and appeal to different segments of their target market.

Currently, their prices are the lowest they have ever been, and they can competitively match their prices against Café Coffee Day’s prices. The prices are constantly changing though, and the last 1-year has seen 3 changes (mostly reductions) in prices. This gradual price reduction meant that Barista could maintain its profit- maximization policy until it could earn large cost savings because of the benefits of high volume.

The main factors that affect their pricing are their cost of goods sold. The costs are quite high because imports a majority of its products and product- sources.

### **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.

### **Positioning:**

Consumer Profile:

According to research, over 65% of Barista's customers are in the 15- 30 age- group. The majority of these are students and young urban professionals.

### **Brand Image:**

Barista positions itself as a brand for anyone who loves coffee. Their products, services and outlets are more like the traditional European cafés, where people would meet for the love of coffee, and for an intellectual appealing time. They position their outlets as a place “where the world meets”, and they look to appeal to anyone in the 14- 60 age group that loves good coffee and looks for a nice quiet time.

#### ➤ 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, their prices are mostly inexpensive, 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 café.

➤ 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.



**Diagram 6 – The Barista Interiors**

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 for coffee lovers.

b) Décor and Architecture:

Barista’s internal décor and architecture expresses the simplicity you would normally associate with traditional cafés. The furniture is made of light shades of wood, and there are comfortable sofas in bigger cafés. 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 cafés. 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.

**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.



“*Absolutely*



**Diagram 7. – The Barista Collaborations**

d) 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. Barista hopes this card can help drive sales growth, and increase customer retention.

**Distribution:**

**Distribution of outlets**

Every Barista outlet is owned by the company, and not franchised out to anyone.

Barista can thus control and make quick changes to its entire retail chain.

Barista currently operates in over 120 outlets all over the country, and at their current rate, they are opening a new outlet approximately every 10 days. They have a market presence in over 20 cities. Mumbai alone has over 30 outlets, and the number of outlets in the city is increasing at a phenomenal pace.

Barista has a thumb rule for selecting cities and locations for the distribution of outlets.

**Location:** this is a prime factor in determining the success of a retail chain. However, Barista Coffee has adopted a top down approach, wherein they first identify the cities and then decide on precise locations within its limits.



**Selecting a city:** Barista has devoted substantial management time and effort in zeroing in on the cities where they are now situated. The selection of the cities was based on the following criteria.

- Sizeable population of executives, students and families in SEC A & Barista category;
- High disposable income with people looking for new vistas in leisure and lifestyle oriented concepts;
- High level or organized retail activity;
- Rapid socio- economic development;
- Level of commercial importance (Industrial cities, state capitals etc.)
- Number of educational establishments and opportunities available for employment.

On the basis of the above criteria, they had initially targeted cities like Delhi, Mumbai, Bangalore, Chennai and Hyderabad. Chandigarh and Ludhiana were later added due to tie- ups with ‘Planet M’ and ‘Ebony’ to set up store-in- stores at their outlets.

They are also pursuing an equally aggressive international business expansion strategy. They have over 50 overseas locations presently under their consideration. They have already done their groundwork in terms of getting brand and name registrations in over 30 of these locations. To facilitate their global expansion, they plan to work with strategic partners, who share the same vision of expanding and promoting the brand worldwide. Currently they have opened new outlets in Sri Lanka and Dubai as a part of their international strategy.

### **Distribution of Stock**

The distribution of stock at Barista begins from the coffee beans being sent abroad for roasting. The roasting takes place in Venice, and the beans are then supplied to the main warehouse in Delhi. Stock is then distributed to the various Regional Warehouses, and then to the local Warehouses. The outlets get their stock from the Local Warehouses. Barista uses a *Re-Order Level* system for the distribution of their stock.

Barista out sources its transportation needs from external organizations, and currently uses trucks as the preferred means of distribution.

### 2.3 : Human Resources

Barista's boom in growth has sparked of a greater need for more and more human resources. This poses a challenge for Barista to ensure that their employees all across the country are well trained and provide consistent service at every outlet.

<b>Position</b>
<u>Counter Staff:</u> Junior Executive (0-2 years experience) Executive (1-3 years experience) Senior Executive (3-5 years experience)
<u>Field Staff:</u> Territory Manager Area Manager Regional Manager
<u>Support Staff:</u> Marketing Supply Human Resources Finance Training

**Table 5: Employee Profile**

The average age of Barista employee is 22. Most employees are in the 19-26 age groups. The break-up of the various posts are given below:

#### **Recruitment & Selection:**

Barista currently opens a new outlet somewhere in the country every 10-12 days. The spurt of growth can only be successful if they have the right people working for them. The high expansion means that more staff is needed immediately at the *Counter Staff* and *Field Staff* Level. This is only possible is Barista uses the correct recruitment and selection policy

## **Sources of Recruitment**

Barista's main sources of recruitment are:

- i. Walk- ins
- ii. Referrals
- iii. Placement Agencies

## **Recruitment & Selection Process**

Barista hires people for their counter staff from external sources, and follow the following process for recruitment:

- i. Collection and review of Curriculum Vitae
- ii. Personal interviews with H.R. Manager
- iii. Personal Interviews with Area Manager/ Regional Manager.

Recruitment is usually done on a monthly basis, depending on the number of outlets and expansion taking place in that month.

## **Training & Development:**

To insure consistent employee performance, training and development policies are very important- even more so in service sector organizations. Barista Coffee has a set, 14 days rigorous training procedure for each employee. With training modules customized to fit the professional needs of each employee. In the case of their brew masters, the training programs are drawn up and conducted by trainers who have been trained by Italian brew masters.

Barista has a Training & Development policy, which basically consists of two parts, Induction Training and Refresher Training.

### **i. Induction Training**

Induction Training occurs when a new employee joins Barista. The employee is taught about the Barista culture, what it means to be a Barista employee, the sort of attitude and behavior expected from him, and product and technical training.

### **ii. Refresher Training**

Refresher Training usually happens once every two months, in the form of technical training and soft skills training. This ensures that the employees are constantly aware of what is expected from them, and their required level of performance.

### **Employee Working Hours:**

Barista employees work on an average for 9 hours, and there are usually 3 shifts per day.

### **Employee Code of Conduct:**

Barista employees are trained with regard to their code of conduct at the induction level. It is at this stage Barista tries to infuse, what it refers to as *key qualities* for its employees: pleasant manners, polite behavior and positive attitude. The code of conduct of each employee is supervised everyday by territory managers.

### **Promotion Policy:**

Barista prefers promoting from within, rather than externally. The amount of training and development programs that go into developing an employee, they would like to harness that potential for higher posts. The current promotion policy is based purely on performance.

**Performance Appraisal:**

Barista currently carries out performance appraisals every quarter of a year. Direct supervisors in most cases carry out these appraisals. Currently Barista doesn't have any other kind of appraisal programs like upward/ 360° appraisals.

Barista does conduct Exit Interviews though, and uses it to improve employee retention.

**Employee Turnover & Retention:**

Barista's current rate of Employee Turnover is about 10 %. The company attributes this to the fact that some of the employees in the 19-22 age group, look at this job as a temporary source of income, and have no long-term commitment to Barista.

To increase employee retention, Barista focuses on the following key aspects:

- Right hiring
- Right working environment
- Grievance handling and redressal.

## Section 3: CASE STUDY ON CAFÉ COFFEE DAY

### **3.1: Corporate Profile**

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

Café Coffee Day

Coffee Day – Vending

Coffee Day - Xpress

Coffee Day – Exports

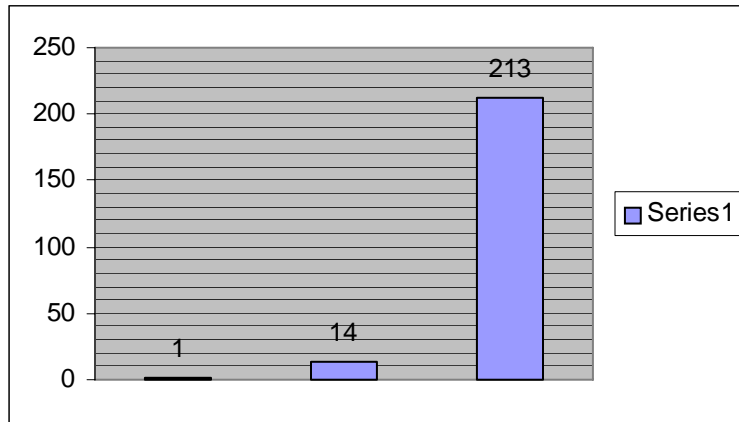
Coffee Day - Perfect

Café Coffee Day currently owns and operates 213 cafes in all major cities in India. It is a part of India's largest coffee conglomerate named Coffee Day, Rs. 200 crore ISO 9002 certified company. 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 café, 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





**Table 6: Growth of Café Coffee Day outlets**

### 3.2: Marketing Mix

#### Product Mix:

Coffees & Teas	Refreshing Alternatives	Eatables
<b>Hot Coffee</b>	<b>Granitas</b>	<b>Melting Moments</b>
Espresso Espresso Americano Macchiato Cappuchino Café Latte Chococinno Café Mocha Irish Coffee	Blood Orange Cool Blue Pineapple Crush Emerald Ice Ruby Surprise	Banana n' Walnut Cake Banana Chocolate Mousse Banana Caramel pie Chocolate Doughnut Cookies Marble Cake Pineapple Getaux Chocolate Cake
<b>International Coffee</b>	<b>Smoothies</b>	<b>Ice Creams</b>
Colombian Juan Valdez Ethiopian Qahwah Kenyan Safari	Mango Colada Strawberry Colada	Vanilla Chocolate Seasons Best
<b>Cold Coffee</b>	<b>Creemosas</b>	<b>Quick Bites</b>
Sweet Mint Cold Sparkle Brandied Banana Tropical Iceberg Iced Eskimo	Litchi Ginger Spice Pina Colada	Samosa Puff Pizza Croissant French Fries Kathi Roll Wraps

		Biryani Sandwiches Kulcha Burger Pasta Masala Sandwich
<b>Coffee Add-ons</b>	<b>Cool Refreshers</b>	
Honey Flavoured Syrups Red Eye Whipped Cream Scoop pf Ice cream Chocolate Sauce	Fruit Juices Mineral Water	
<b>Teas</b>		
Assam Tea Masala Chai Lemon 'n Ice Tea Kashmiri Qahwah Apple n Cranberry ice tea		

**Table 7: Café Coffee Day: Product Width**

**Product Sources:**

Coffee Day's most unique aspect is that it grows the coffee it serves in its cafes. **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. The coffee beans are supplied to all the cafés from Chikmagalur.

The **eatables** at Café Coffee Day are catered by different vendors: example: ice creams are catered by Cream Bell, Milk by Amul and samosa's by Patsiers Gallery.

Café Coffee Day also sells **merchandise** through its stores. 5 per cent of the revenue comes from sale of merchandise.

**Quality standards:**

Café Coffee Day has a check on quality all the time and in several aspects. The operational in-charge will go around checking business, record keeping, service and check the feedback forms. The food in-charge will look at the way food is being stored, coffee is being made, what is the time take to extract the coffee and so on. Marketing person will go about checking displays, how the merchandise are displayed

**Serving Size:**

The serving size of a product is a measure, not only of quantity, but also of value for money. The average serving size for Café Coffee Day’s main product categories is detailed in table:

<b>Product</b>	<b>Serving Size</b>
Hot Coffee	210 ml
Cold Coffee	350 ml
Smoothies	350 ml
Granitas	350 ml

**Table 8: Café Coffee Day - Serving Size**

**Merchandising:**

At Café Coffee Day merchandise started more as a sentimental thing than as a revenue stream. They wanted to reward coffee lovers and they started selling mugs. People wanted to wear something that reminded them of the cafe so they designed T-shirts and sold thousands of those.

But soon it has become a serious business. 5 per cent of their revenue comes from the merchandising.

Café Coffee Day sells various young and trendy merchandise through its stores:

Caps
T-Shirts
Bags
Mugs
Coffee Filters
Coffee Powders
Coffee Mints
Pens

**Table 9: Café Coffee Day - Merchandising**

**Process:**

The order process at Café Coffee Day is based on self-service, where the customer goes to the counter to place his order. Whereas they have a flexible delivery process, where they wait for some time for the customer to pick up the order but if the customer takes too long then the order is delivered on his table.

**Positioning:**

**Consumer Profile:**

Research shows that 37% of the customers are between 20 and 24years. 27% of the customers are between the age group of 25-29 years. 60% of the customers who visit the café are male and 40% are female. 52% of customers who visit the cafes are students.

18% of the customers visit the cafes daily while another 44% visit weekly. Each café, depending upon its size attracts between 500 and 800 customers daily, mainly between 4pm and 7 pm. Customers describe Café Coffee Day as the place they frequent most after “home and workplace/college”. It is a place where they meet friends and colleagues, in groups of 3 or more. The prices here are perceived to be reasonable and it is a place where customers come to rejuvenate themselves and be themselves rather than a place to be “seen at” vis a vis other cafes.

## **Brand Image**

Café Coffee Day is a regular meeting place for 15 to 29 years old, both male and female, who are waited on by friendly and informed staff, and are offered the best made coffee, hot or cold, beverages and food in an invigorating ambience. It is urban youngsters favorite “hangout”. Its customers are mostly young college students and young professionals. It is for those who are *young or young at heart*.

## **Products:**

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.

## **Prices:**

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.17 to Rs.54. 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 any thing else.

**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.

**Physical Evidence:**

**a) Logo, Colors, Images:**

Café Coffee Day has used bright red and green colors in its logo. RED stands for leadership and vitality. It also stands for passion (... for coffee). The GREEN stroke harks back to their coffee growing heritage and the coffee plantations that they own.

Café is noticeably larger than the rest of the text inside logo box. This denotes that Café Coffee Day pioneered café concept in India way back in 1996. Café Coffee would like to own the word “café” in the minds of its customers.



the  
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**Diagram 8. – The Café Coffee Day Logo**

When one thinks of a café it’s got to be Café Coffee Day. The font used for “Café” is called SLURRY. The font looks as though the letters have congealed out of a liquid. It gives the impression that the word is still forming itself and evolving into something new and something better constantly. This is the characteristic of Café Coffee Day’s customers and this is the characteristic that the brand too wants to adopt. The upward SWIRL inside the logo box stands for the invigorating and uplifting nature of coffee and the ambience at Café Coffee Day.

### **Décor & Architecture:**

Café Coffee Day had gone in for image change and revamping of interiors in the last quarter of 2001. Café interiors have been given a whole, new look. In a change from the largely wood and granite based interiors, there is more of steel and lots more colour now. The young colours of today, lime green, yellow, orange, and purple predominate.



**Diagram 9. – The Café Coffee Day Decor**

### **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. They also have their magazine called as ‘Café Beat’, which is published monthly at their Bangalore head office and distributed throughout the branches.

### **Locations:**

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

### **Promotion:**

Café Coffee Day does not believe in mass media promotions. But they are involved in all the areas of serious consumer passion.

### **Through 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 and a lot of youth like watching the programme. That is why they had a contest running where customers could win *Friends'* merchandise. The linkage was that it is a youth based programme and it had a coffee house.

They have tied up with Channel [V]'s Get Gorgeous contest. The reason being that a lot of their young consumers are interested in careers. Modeling is a career that a lot of youngsters are interested in and this was an excellent platform. They have also done promotion for History Channel, where they have run promotion for *Hollywood Heroes*. They had asked a few question and a lucky winner won a trip to Hollywood.

### **Ticket sales:**

Café Coffee Day is involved in ticket sales in quite a few events, Enrique being one of them. They were involved in WWE, Elton John, and Bryan Adams ticket sales. These acts are very much appreciated by their consumers.

It helps both the organizers as well as Café Coffee Day. Organizers need to tell people where the tickets are available and single Café Coffee Day logo says it all. From Café Coffee Day's point of view, they always ask for a certain amount of tickets around which they have a contest. Couples can win ticket for free. This in turn raises the awareness level as cafe staff approaches the consumers to inform them about the contest. There is



not a better publicity mechanism than the person who is serving you telling you about the same.

**Tie-ups:**

Besides that Café Coffee Day also tie up lot of the youth brands. Their promise to the customer is that a lot can happen over a coffee. So every time they try to ensure something good happens to their customer. So they have a contest going on with Levis, another one with Scooty, Liril, latest one with Airtel *Friends*.

Another placement area they have is with HDFC. HDFC wanted to promote their debit card and they choose Café Coffee Day. So 21 cafes have debit card machines.

**Association with movies:**

Café Coffee Day also decided to stick with the next big thing i.e. Bollywood. Earlier a few movies, whose target audience matched that of the consumers at Cafe Coffee Day, started shooting a few scenes in the cafe. So they had a Hindi movie *Bas Yun Hi* and a couple of Telugu and Tamil films with prominent Cafe Coffee Day brand placement. Later they took a conscious decision of being seen in certain movies like *Khakee* and *Main Hoon Na*.

As part of this effort, the brand was placed smartly in two Bollywood ventures, the Amitabh Bachchan, Aishwarya Rai, Vivek Oberoi starrer *Kyun Ho Gaya Na*, Sajid Nadiadwala's Salman Khan, Priyanka Chopra starrer *Mujhse Shaadi Karoge*, forthcoming movies like Salman Khan starrer *Lucky* and *Socha Na Tha*.

A lot of serials are shot in Cafe Coffee Day. Recently, *Kahaani Ghar Ghar Kii* was shot.

### **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.



The Café Citizens Card entitles members to a 10% discount on all food and beverage bills. The members also receive surprise gifts, along with special offers and invitations from Café Coffee Day from time- to- time.

### **Diagram 10. – The Café Citizen Card**

#### **Distribution:**

##### **Distribution of outlets:**

Every Café Coffee Day outlet is a part of India’s largest coffee conglomerate named Coffee Day. Since all the cafes are owned by the company, it becomes easier for them to conduct feedback surveys like dipsticks etc. Coffee day’s most unique aspect is that it grows the coffee it serves in its cafes.

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.

Café Coffee Day currently operates 213 outlets all over the country. They have a market presence in over 49 cities. Delhi, NCR alone has 24 outlets, and the number of outlets in the area is increasing at a phenomenal pace. Each café, depending upon its size attracts between 400 and 800 customers daily.

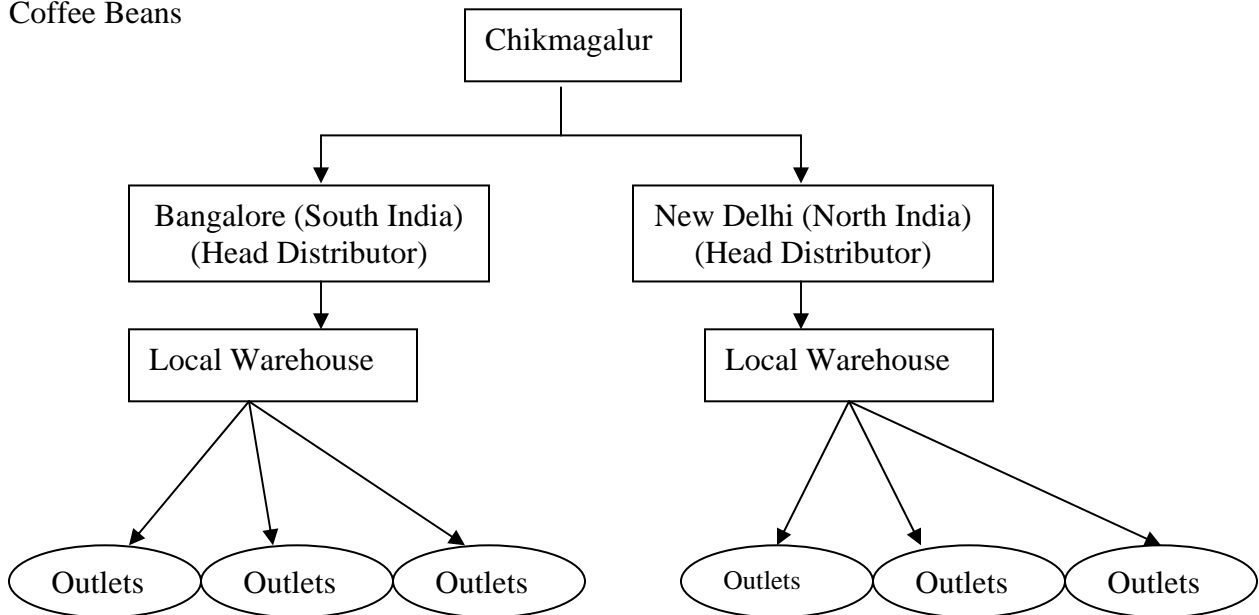
In addition to that they are also going abroad. They will open 50 outlets overseas in 10 cities.

**Location:**

This is a prime factor in determining the success of a retail chain. Café Coffee Day is focusing mainly in malls and main markets.

**Distribution of stock:**

Coffee Beans



**Table 10: Café Coffee Day - Distribution**

The distribution of coffee beans start from their roasting plant at chikmagalur. The coffee beans are sent to the main offices of north and south India on monthly basis. The outlets contact the Head Distributors on weekly basis.

As far as other eatables are concerned, the inventory is checked on daily basis and orders are placed according to the requirement. Café Coffee Day uses its own store vehicle (small van) for transportation needs.

### **3.3 Human Resources**

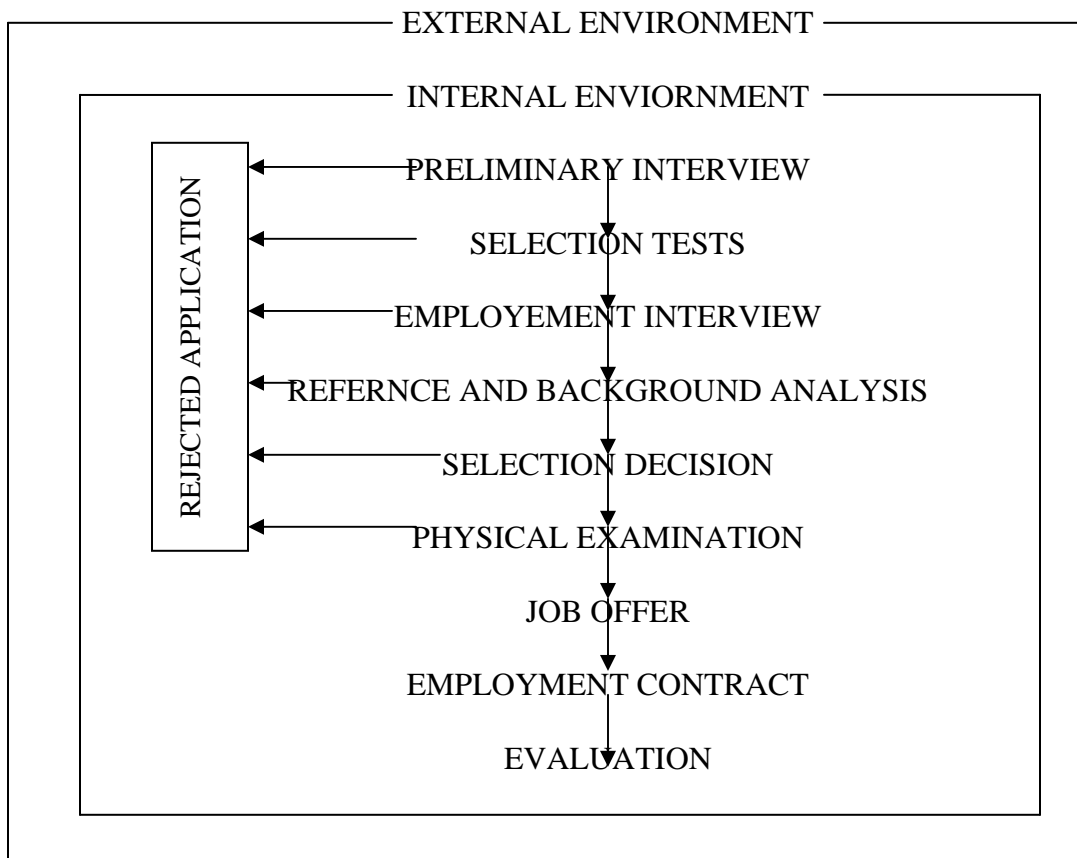
With the boost in the number of their retail outlets, Café Coffee Day had to concentrate on the quality and quantity of their human resource in order to meet up with the set standards. They make sure that the employees all across the country are well trained and provide consistent services at every outlet.

#### **Recruitment & Selection:**

It is the process of differentiating between applicants in order to identify those with a greater likelihood of success in a job. The role of selection in an organization's effectiveness is crucial for at least two reasons; first work performance depends on individuals and second because of the costs incurred in hiring individuals is enormous for an organization.

The best way to improve performance is to hire the people who have the competence and the willingness to work. Arguing from the employee's viewpoint poor or inappropriate choice can be demoralizing to the individual concerned and demotivating for the rest of the workforce. The cost of searching and training individual may range from Rs. 2,50,000.or more. Costs of wrong selection are even greater.

Selection is a long process commencing from the preliminary interview of the applicant and ending with the contract of employment. The process differs among organizations and between two different jobs within the same organization. Selection procedure for senior managers is long-drawn and rigorous but on the other hand for shop floor workers it is simple and short.



**Table 11: Café Coffee Day – Selection Process**

Café Coffee Day is expanding at a phenomenal rate. Thus the need for right people, in the right place at right time is also increasing. In order to meet the demand for efficient and effective workforce, Café Coffee Day has adopted the correct recruitment and selection procedures.

**Sources of recruitment:**

Café Coffee Day has different sources for recruitment depending on the job profile in demand. For **Team Members** the sources are:

In store Posters

Referrals and Walk- ins

**Recruitment and selection process:**

For posts of team members the following rounds take place

1. Psychometric tests, Behavioural Intelligence Test, Logical thinking and Comprehension Test.
2. Application blank.
3. Personal Interview, Operations Interview, Regional Manager Interview.

For **Area Manager:**

**Recruitment and selection process:**

1. Collection & review of curriculum vitae
2. Personal interview with Regional HR Manager
3. Personal interview with GM- HR.

**Training & Development:**

To ensure consistent employee performance, training and development policies are very important- even more in service sector organizations. Café Coffee Day has set 12 days rigorous training procedure at their office in Bangalore for all the assistant managers. Whereas all the team members undergo a 3 days training at respective head offices in North or South India.

**Employee working hours:**

The working hours are split into convenient shifts spread over 8:30 am to 10:30 pm. Night drops are provided for late evening shifts.

**Employee code of Conduct:**

After substantial efforts Café Coffee Day has been able to convey to their staff (the ones who serve food) that they are doing a job and are at par socially with many consumers.

Their attitude and communications is kept up to mark.

Along with cleaning the table well, their employees communicate with the consumers on one to one basis. It is a cultural shift; it is a huge responsibility as, in India you do not look at the people serving at your table as your peer

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.

**Promotion Policy:**

Café Coffee Day prefers promoting from within, rather than externally.

**Performance Appraisal:**

Performance management is an integral part of a comprehensive human resource management strategy. Its objective is to **maximize** individuals' performance and potential with a view to attaining **organizational goals** and enhancing overall effectiveness and productivity. The immediate superior carries out the performance appraisal at Café Coffee Day every 6 months.

**Employee Turnover & Retention:**

Café Coffee Day's current rate of Employee Turnover is about 9%. The reason behind this is the people between the age group of 19-24 who do not see their job as permanent means of income. They are not committed towards the organization.

## **Section 4: CUSTOMER SURVEY**

### **4.1 Survey Methodology**

A survey was conducted, consisting of a sample of randomly selected people, in the age group of 18-25. This survey aims to find out how Barista and Café Coffee Day's target market, rate their products and services. A copy of the customer survey is attached in the Annexure.

#### **Characteristics of visit:**

The respondents were first asked to describe the characteristics of a typical visit to a coffee shop. This includes their choice of coffee shop, frequency of visits, time & money spent on a single visit, average group size and influential factors affecting their choice.

#### **Comparative Rating:**

The survey also asked the customers to rate the following parameters on a scale of 1-5 (1 being the worst, 5 being the best), for both Barista and Café Coffee Day:

1. Taste & Quality of products.
2. Prices of products.
3. Order/ Delivery time & Order/ Delivery process.
4. Performance of staff.
5. Ambience.
6. Availability of products.

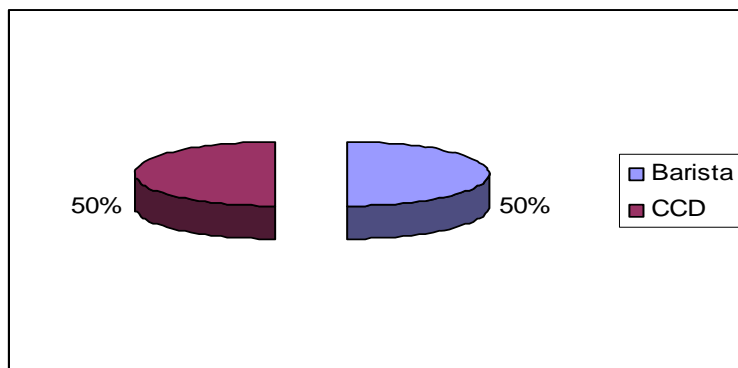


7. Value for money of products.
8. Overall performance.

## **ANALYSIS OF THE SURVEY**

### **4.2: Characteristics of visit**

#### **Preference of coffee shops:**



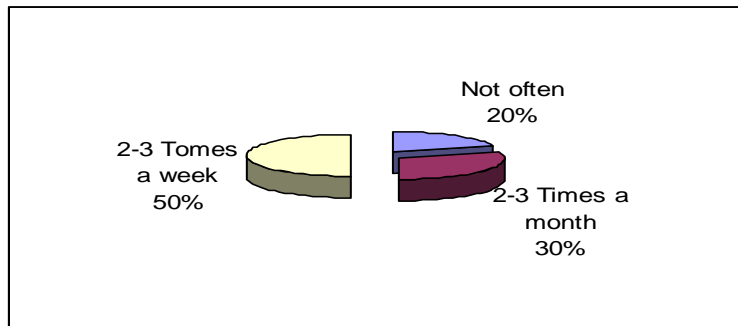
#### **Graph – 1**

The Graph – 1 shows which coffee shop the respondents usually preferred to visit.

Although this is not a true indicator of market share, it gives us some idea or the closeness in which both companies operate. They both received an equal preference in the survey, with 50% of the respondents choosing Barista and the remaining 50% choosing Café Coffee Day, indicating there is no clear winner in terms of actual visits to the outlets.

This can be analyzed in relation to the comparative rating respondents give both outlets, to help us identify which areas both the chains are doing well in, where they need to improve and where the opportunity for growth exists.

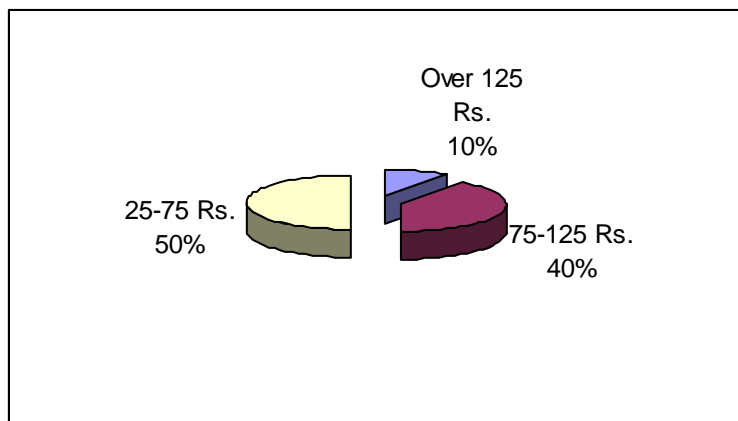
**Frequency of visit:**



**Graph – 2**

The Graph -2 indicates how often the respondents visited a coffee shop. Considering the age- group for the sample, it's quite evident that they have enough free time to visit cafés regularly. Out of those surveyed, 50% said they visited a coffee shop 2-3 times a week, and 30% visited a coffee shop 2-3 times a month. This is great opportunity for Barista and Café Coffee Day to attract regulars with loyalty programs.

**Spending Habits:**

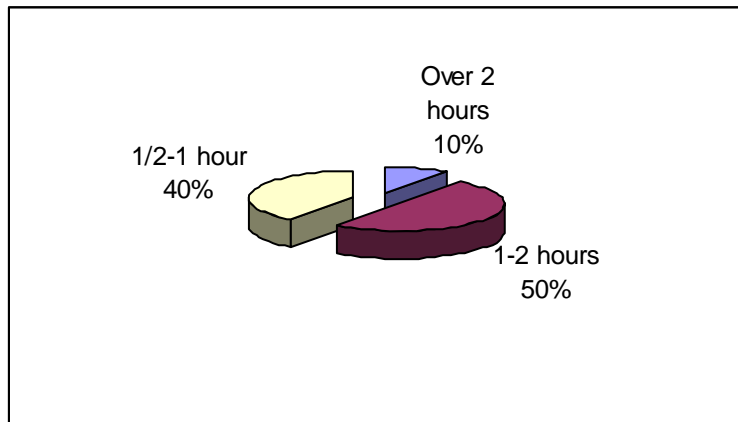


**Graph – 3**

The values of Graph - 3 illustrate how much money the respondents usually spend at coffee shops. While the majority of respondents spent between Rs. 25 & Rs. 75 on a

single visit to an outlet, a high percentage also spent between Rs. 75 & Rs. 125. An important point to note here however is that a majority of the people who were in the Rs. 75 & Rs. 125 bracket were Barista customers.

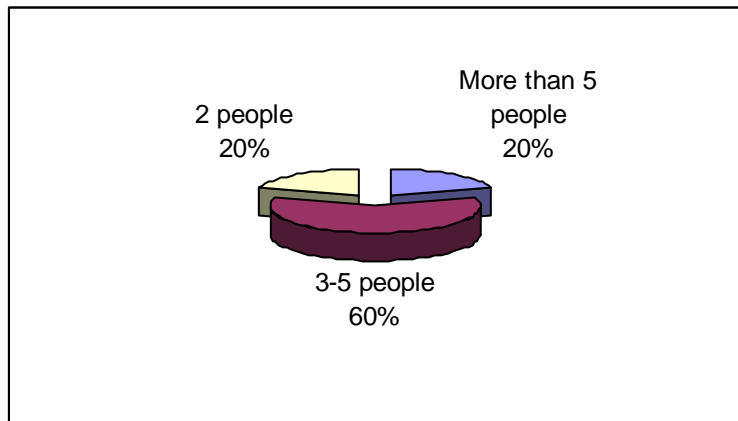
**Length of Visit:**



**Graph – 4**

The survey also asked the respondents how much time they would usually spend on a single visit to a coffee shop. The Graph - 4 shows that half of them would spend between 1 hour and 2 hours, and 40% would spend between ½ hour to 1 hour.

**Average group size:**

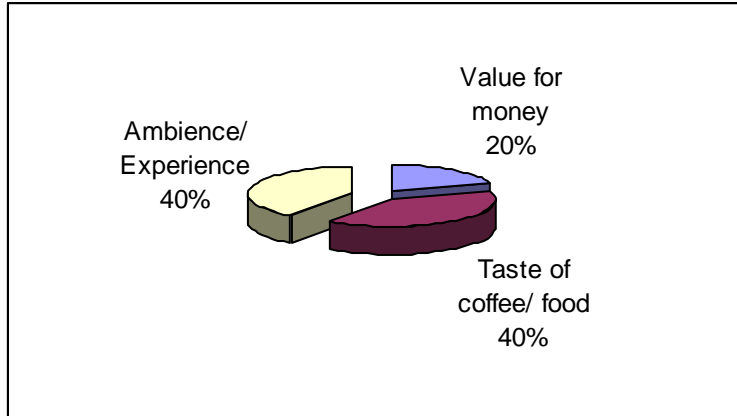


**Graph – 5**

Another important factor to consider is the size of the groups that go to these cafés. This would help us identify consumer patterns, and enable us to create customer- specific policies. The Graph - 5 shows that 60% of the respondents visit café in groups of 3-5

people. This would indicate that they are usually accompanied with common friends, who have similar tastes, and buying patterns. The remaining 40% either went with only 1 person, or in a group of more than 5 people.

**Deciding Factor:**



**Graph – 6**

When asked about the most important factor that contributed to their choice of coffee café, an equal number (40%) of respondents selected the taste of coffee/ food and the ambience/ experience. Only 20% of them choose value for money as their most important factor. This would indicate a clear shift of consumer focus from price factors to service factors.

**4.3: Comparative Rating**

Parameter	Barista	Café Coffee Day

**Taste & Quality of Products**

The first parameter that respondents were asked to rate was the taste and the quality of the products available at both Barista and Café Coffee Day. Essentially these products are Coffees, Other Drinks (*like Granitas, Cremosas etc*), eatables and desserts.

Finding out how customers feel about the taste and quality of products offered, could help both these organizations improve their share, by adapting and improving their products.

This parameter is also especially important, because 40% of the sample stated *Taste & Quality of Coffee/ Food* as the most influential factor in choosing a coffee café.



**Diagram 11. – Comparative Rating - Taste & Quality of Prime Products.**

Since coffee is the primary product served by cafés, it is vital that the taste and quality standards of their coffee are up to the mark, because it directly affects the cafés performance. Various kinds of coffee are available, and a detailed list can be found in the product mix of both Barista and Café Coffee Day.

The Coffee at Café Coffee Day seems to have a slight edge over Barista. This is quite an important fact, considering Café Coffee Day uses its own brand of Coffee beans, while Barista uses a combination of imported coffee beans and coffee beans from TATA Coffee.

A large chunk of Barista’s costs are tied up with importing Coffee Beans and roasting them abroad. Their performance in this area didn’t live to expectations.

Some respondents highlighted the variety of flavors Café Coffee Day has as an added advantage.



4/ 5

3.5/ 5

**Diagram 12. – Comparative Rating – Other Drinks**

Though most customers visit café for coffee, other drinks like Granitas, Cremosas, smoothies and ice teas are very popular. Cafés need to focus on providing the right kind of drinks in the right taste and with a certain level of quality.

Ratings for the taste and quality of *Other Drinks* indicate a marginal advantage for Barista over Café Coffee Day, with ratings of 4/5 and 3.5/5 respectively. Café Coffee Day should look at different ideas for improving in this area.

A significant number of respondents also specifically expressed their preference for Barista’s *smoothies*, and Café Coffee Day’s *Cremosas*.

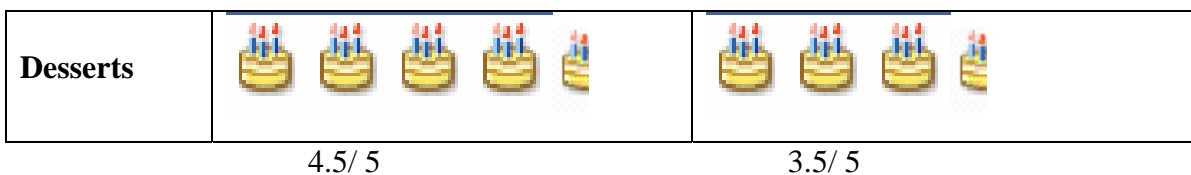


**Diagram 13. – Comparative Rating - Eatables**

Café customers usually have a light snack or side order along with what they are drinking. This provides an opportunity for cafés to offer these eatables at marginally higher prices, and increase their revenue. Increase in revenue though, would be useless if they offered substandard eatables, which can often be caused by inefficiencies in storage and distribution, which leads to eatables becoming stale. That’s why it is important for cafés to provide high quality food, which allows them to charge a premium.

Respondents rated the eatables available at both Cafés equally, this in spite of the fact that Barista uses Taj as their national caterers, while Café Coffee Day has private caterers in each city.

Café Coffee Day got a positive rating with respect to the variety of their eatables (especially their Indian food), although the quality was often inconsistent. While, respondents described Barista’s sandwiches as “tasteless” and “sometimes stale”. Overall, Barista did not live up to expectations considering they use the Taj as their national caterers, while Café Coffee Day performed well in spite of their seeming disadvantage of not having a nationally recognized caterer.



**Diagram 14. – Comparative Rating - Desserts**

Desserts are another valuable source of revenue for a café. The better the taste and the quality of the desserts, the higher the premium a café can charge. Desserts, like eatables, have a tendency to spoil quickly if not stored or distributed properly, so taste and quality is of paramount importance.

The Desserts category shows a huge lead for Barista over Café Coffee Day – one entire rating point- and this is where Barista’s choice of a single, high quality national caterer plays to their advantage.

Respondents gave Barista a near- perfect rating (4.5/ 5) because of their excellent standards and quality of desserts. Café Coffee Day received only an average rating of 3.5/ 5, and this is one area where they need to really concentrate on, because they are lagging for behind Barista.



**Diagram 15. – Comparative Rating – Overall Taste & Quality of Products**

Overall, Barista received a higher rating of 4/5, thanks almost entirely due to its *Desserts*.

Otherwise, both Barista and Café Coffee Day performed almost identically.

The closer Café Coffee Day gets to Barista in the *Desserts* products area, the harder it will be to differentiate the two in terms of taste a& quality. The equality of their performance in the core product area, would then lead to a larger differentiation in their peripherals.

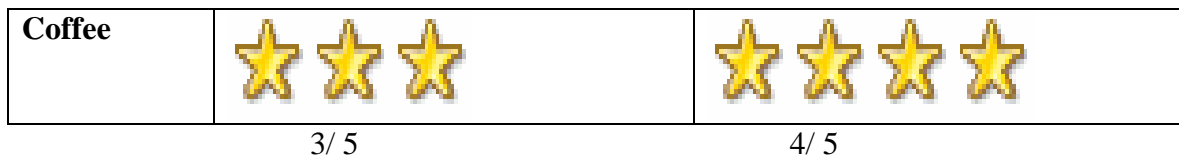
**Prices**

Customer’s perception of prices plays a very important role in a service sector industry.

Because of the intangible nature of a service, prices are often regarded an approximate indicators of quality.

Pricing policy affects the cafés revenue directly. The higher the price, the larger the profit margins, but the lower the price, the higher the market share. In a retail café chain though, volumes are what count- that’s why the more competitive the price is, the better for the firm.

The survey asked respondents to rate the prices of both the café chains on a scale of 1-5, 1 being most expensive, and 5 being the cheapest. This would directly illustrate whether the customer perceives price to be inexpensive, affordable or expensive.

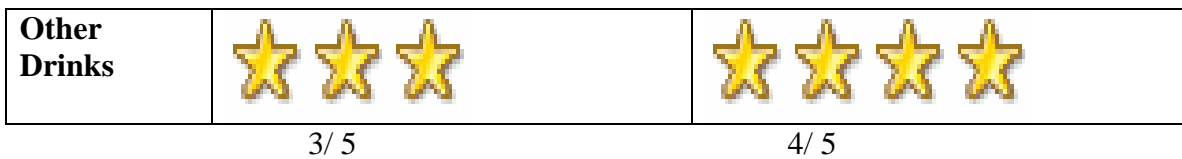


**Diagram 16. – Comparative Rating -Pricing**



Respondents rated Café Coffee Day’s coffee prices as highly inexpensive, with a rating of 4/ 5, while Barista got an average affordability of 3/ 5.

This is strange though, considering the prices of coffee at Barista and Café Coffee Day are within 8% of each other, and in a lot of the cases, Barista’s actual prices were lower than Café Coffee Day’s.



**Diagram 17. – Comparative Rating – Other Drinks Pricing**

The ratings for the prices of *Other Drinks* followed an almost identical pattern to the ratings for *Coffee*. And in this case, all of Barista’s *Other Drinks* were less expensive than Café Coffee Day’s.

Respondents may not be aware of this, because they gave Café Coffee Day an excellent 4/ 5, and only an average rating of 3/ 5 to Barista.



**Diagram 18. – Comparative Rating – Eatables Pricing**

Although the eatables provided at both cafés are mostly different, the prices for the common eatables are approximately the same in both cafés.

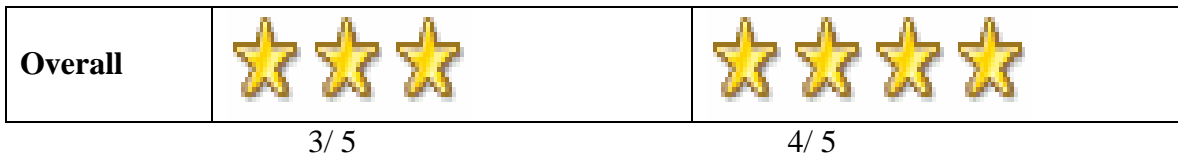
Barista received another poor rating of 2.5/ 5, a whole point behind Café Coffee Day’s 3.5/ 5. Again, if the actual prices are used, there is less than a 10% difference in the average prices of eatables at both café chains.



**Diagram 19. – Comparative Rating – Desserts Pricing**

In the *Desserts* category, although most of the products were more expensive at Barista, there isn't as big a difference as is shown in the ratings of the 2 cafés.

Respondents somehow seem to still perceive Barista's prices as higher than Café Coffee Day's.



**Diagram 20. – Comparative Rating – Overall Pricing**

Overall, Café Coffee Day has done well to live up to its USP of being an affordable brand. Almost all respondents perceived their prices to be lower than Barista's.

Barista on the other hand, although their prices are within 10% of Café Coffee Day's, received a very poor rating. This is strange considering that in almost 50% of the products; Barista is priced lower than Café Coffee Day. This could only indicate that customers are still not aware of the reduction in price, and make customers aware of the close proximity of both cafés prices.

**Delivery of Product**

The delivery of the product plays a vital role in improving customer service. Factors like the time taken to place/ deliver an order, and the process of placing and delivering an

order contribute to the customer's overall experience. The sample was asked to rate *Order Time and Delivery Time* on a scale of 1-5 (1 being the slowest and 5 being the quickest), to help us discover how much time is usually taken to complete delivery cycle.

Respondents were also asked to rate the *Order Process* and *Delivery Process*, on a scale of 1-5 (1 being the most inconvenient, and 5 being the most convenient), so that we can understand how much value is really added to the service, in terms of convenience.



**Diagram 21. – Comparative Rating – Order Time**

*Order Time* is the time taken from when the customer wants to place an order, till when the order process is completed. The order process largely affects the order time.

Café Coffee Day scored higher than Barista, with a rating of 4/ 5 to 3.5/ 5.

Some respondents attributed Café Coffee Day's faster order time to the fact that they had more staff on hand than Barista (in a café of the same average size).



**Diagram 22. – Comparative Rating – Delivery Time**

*Delivery Time* is the time taken from the point when the customer gives the order, to when it is delivered to the customer. It largely depends on the preparation time/ process and the delivery process, and is an indicator of how long a customer must sit idle until his order is ready for consumption.

Barista scored marginally higher here, indicating that their orders, once entered were prepared and delivered quicker than Café Coffee Day.



4/ 5

4/ 5

**Diagram 23 - Comparative Rating – Order Process**

*Order Process* is the sequence of actions taken by a customer to place an order.

Barista and Café Coffee Day’s order process is basically self-service. When the customer is ready to place an order, he goes to the counter and tells the attendant what he wants.

This process earned both the cafés a near- perfect rating of 4/ 5. Respondents liked the fact that they could take their own time, and place their order when they found it convenient.



3.5/ 5

4.5/ 5

**Diagram 24– Comparative Rating – Delivery Process**

*Delivery Process* is the process of delivering the product to the customer once it is prepared and ready for consumption.

Barista’s delivery process is again, self-service. When an order is ready, the Barista attendant calls out the customers name and the customer has to go to the counter and collect it. Barista received an above – average rating of 3.5/ 5. Although none of the respondents found the Barista delivery process very inconvenient, some said that they would have preferred having the order delivered to their table.

Café Coffee Day’s delivery process involves a restaurant- like approach. When the order is ready, and the customer has not collected it from the counter, a Café Coffee Day attendant comes to the customers’ table and delivers the order. Café Coffee Day received an excellent rating of 4.5/ 5 for this process. A lot of the respondents praised Café Coffee Day for their delivery process.



**Diagram 25. – Comparative Rating – Overall Delivery**

Overall both Barista and Café Coffee Day performed exceptionally, getting an overall rating of 4/ 5, indicating that there isn’t much difference between the two in the overall delivery of the product.

Barista scored higher than Café Coffee Day in *Order Process* and *Delivery Time*, while Café Coffee Day scored higher in the *Order Time* and *Delivery Process*.

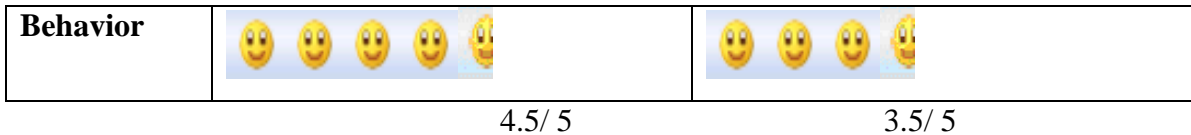
It is significant to note, that although the convenience of Café Coffee Day’s *Delivery Process* was rated higher than Barista’s, Barista still managed to have a better *Delivery Time* rating. This would indicate that Barista’s preparation time could be significantly lower than Café Coffee Day’s.

Barista’s *Order Process* received a near-perfect rating, but their Order Time wasn’t as quick as Café Coffee Day’s. Respondents attributed this to the fact that the average Café Coffee Day outlet has more attendants than a Barista of the same size- so the Order Time is significantly reduced because there are more attendants to cater to the customer.

**Staff**

The staff at any service establishment plays a very important role in the proper functioning and success of that establishment. Especially in the restaurants and cafés – the staff makes or breaks the place. For the purpose of this study, the sample was asked to rate the staff at a café on four counts: *Behavior, Manners, Helpfulness* and *Service*.

This would help give us an insight on how customers feel about their interactions with the staff of a café, and how this affects their overall experience.

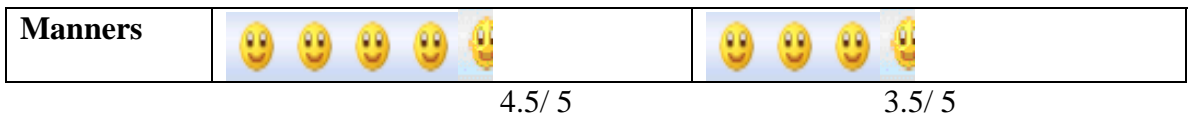


**Diagram 26. – Comparative Rating – Behaviour**

The behavior of the staff directly contributes to the customer’s overall experience. Their actions, reactions and conduct while interacting with the customers will directly affect the level of customer satisfaction.

Barista received an excellent rating of 4.5/ 5, which reflects on their training and development program. Respondents also especially highlighted the Barista staff’s non-intrusive as a great quality which really made their experience more enjoyable.

Café Coffee Day received an above average rating of 3.5/ 5, but they really need to work on their staff behavior if they hope to catch up to Barista.

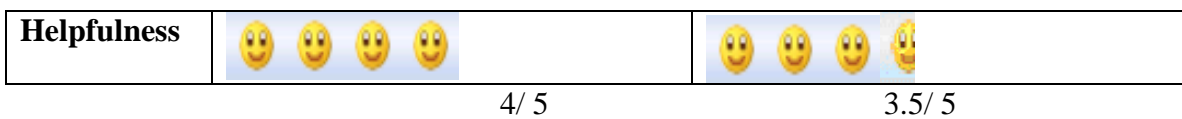


**Diagram 27. – Comparative Rating – Manners**

Perhaps the most important aspect of interacting with customers is the way an employee speaks to them. His mannerism and etiquette should be polite and courteous.

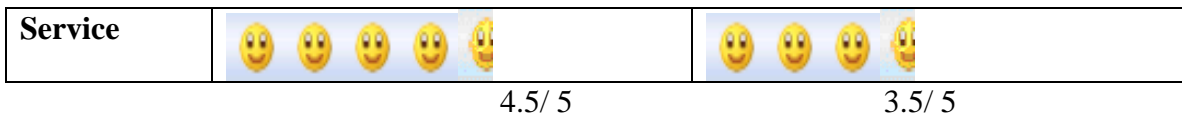
Barista again scored very highly with their Employees manners, and respondents were overall extremely happy with the politeness and courtesy of Barista’s staff.

Café Coffee Day received an above- average rating of 3.5/ 5 again, which indicates that although their training and development programs might not be bad, they still need to do a lot of work to be at par with Barista.



**Diagram 28. – Comparative Rating – Helpfulness**

The staff should be able to assist and help customers with their queries and needs. A little help or assistance goes a long way in improving the customer’s view of the organization. Both Barista and Café Coffee Day performed quite well, earning ratings of 4/5 and 3.5/5 respectively.



**Diagram 29. – Comparative Rating – Service**

A customer’s visit to a coffeehouse doesn’t end with his purchase of coffee. He goes there for the service the organization provides, and this service is provided directly by the staff. Barista performed exceptionally well, with another excellent 4.5/ 5 rating. Café Coffee Day stayed at the above- average level once again with only a 3.5/ 5.



**Diagram 30. – Comparative Rating – Overall Service**

Overall, Barista has a huge lead over Café Coffee Day when it comes to the staff at the outlets. Barista received another fantastic rating of 4.5/ 5 overall, while Café Coffee Day could only manage an above- average 3.5/ 5. The staff at Barista performed extremely well in terms of their *Behavior, Manners and Service*. Café Coffee Day can't afford to let Barista outperform them in this area, because it plays a vital role in building and developing their brand.

### **Ambience**

One of the main characteristics of a service is *intangibility*. A major effect of intangibility is that since the service cannot be seen or touched, it is very difficult communicating its qualities or advantages to the customers. This also poses a problem in creating a brand image for the organization.

Service organizations use physical evidence to overcome these hurdles. Physical evidence is basically any sort of tangible that can be attached to the service, like the building, the colors, the furniture, etc. This is especially true in the hospitality industry, where ambience plays a huge role in building the service organization's brand- and adding value to its core product.

For this reason, respondents were asked to rate *Ambience & Décor, Colors and Lighting, Comfort & Feel* and *Other Entertainment* on a scale of 1-5, to see how Barista and Café Coffee Day use their physical evidence to promote and develop their brand.

Also, considering that 40% of the sample stated *Ambience/ Experience* as the deciding factor in their choice of a coffeehouse, a lot of emphasis needs to be placed on this aspect.



<b>Furniture &amp; Decor</b>		
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5/ 5

3.5/ 5

**Diagram 31. – Comparative Rating – Furniture & Decor**

The *Furniture and Décor* of a café consists of everything from the chairs and tables, to the posters and paintings on the wall. It is probably the most influential factor to affect customer perception of the brand. The kind of furniture and décor reflects on the kind of café it is. Barista scored an unbelievable rating of a perfect 5/ 5 for their furniture and décor. Light wooden finish chairs and tables, artistic photographs on the walls depicting the love for coffee, wide sofas and high stools all contributed to Barista’s success. Café Coffee Day on the other hand received another above- average rating 3.5/ 5. A lot of the respondents didn’t like the fact that Café Coffee Day had so many advertisements and promotional posters over almost everything in the café. Other than that, the sample mostly liked the furniture at Café Coffee Day, although some said that it projected a very confused image of the café.

<b>Comfort &amp; Feel</b>		
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4.5/ 5

3.5/ 5

**Diagram 32. – Comparative Rating – Comfort & Feel**

The *Comfort & Feel* of a café play an important functional role in improving customer service. Taking into account, that 60% of the sample visits a coffeehouse for more than 1 hour, comfort forms an essential part of the customer experience. Barista performed brilliantly with a 4.5/ 5 rating, and Café Coffee Day too did well with a 3.5/ 5 rating.

<b>Other Entertainment</b>		
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4.5/ 5

3/ 5

### Diagram 33. – Comparative Rating – Other Entertainment

Customers come to a café because they want to have a good time with friends or family. Other forms of entertainment at cafés are very useful for enriching customer experiences and increasing customer retention. Music, T.V., games; books, etc are peripheral services that a café offers to its customers. These services add to the overall ambience of the café. Barista has again done brilliantly in this area, receiving a superb rating of 4.5/ 5. Barista has been able to successfully achieve this because they provide various facilities like board games and guitars to customers for their enjoyment. Café Coffee Day has taken steps in the right direction as well, installing *Q-Jam* jukeboxes at every outlet. But besides that, they have nothing really to speak of. This is why they only received an average rating of 3/ 5. They should concentrate more in this area, because there is plenty of scope for improvement.



### Diagram 34. – Comparative Rating – Overall Ambience

Barista completely outdid Café Coffee Day in this section, achieving higher ratings than Café Coffee Day in all 4 areas. Barista earned an overall 4.5/ 5 while Café Coffee Day could only manage 3.5/ 5. Although Café Coffee Day had an above- average performance, they cannot afford to lag behind Barista in these areas, especially in their *Furniture & Décor and Other Entertainment*.

#### **Availability**

The availability of products is essential to ensure customer order fulfillment. If a customer desires a product, it should be made available to him when and where he desires

it. People visit cafés primarily because they serve coffee and eatables. These are their basic products, without which the café itself would cease to exist. That’s why it is essential for cafés to make sure the food and drinks they have on their menu are available to customers when they place their order.

For the purpose of this survey, respondents were asked to rate the availability of the coffee, drinks, eatables/ snack and desserts of their choice; on a scale of 1-5 (1 indicating that the product is never available, 5 indicating that the product is always available).



**Diagram 35. – Comparative Rating – Coffee of Choice**

Making the coffee of choice available to the customer poses a different sort of problem to cafés. While a plain black coffee or milk- based coffee is always available, the flavored coffees, which are not ordered very often, may be unavailable due to insufficient supply caused by varied demand. Considering coffee is their core product, both cafés performed exceptionally well. Barista was marginally ahead of Café Coffee Day, with ratings of 4.5/ 5 and 4/ 5 respectively.



**Diagram 36. – Comparative Rating – Drinks Of choice**

The other drinks available at cafés like cool drinks, cold coffees and ice teas; depend a lot on various artificial and fruit based flavors/ syrups. These might not be available to the

café due to seasonal factors or supply factors. The availability of the café to overcome these factors would directly reflect on their rating.

Both cafés once again, performed brilliantly, with ratings of 4/ 5 each. This shows that both Barista and Café Coffee Day make sure that the various drinks they offer are almost always available to customer, despite the obvious problems.



**Diagram 37. – Comparative Rating – Eatables of Choice**

Eatables at cafés provide a much more obvious problem. They cannot be stored for very long, and because of that, supply must be short and frequent, often causing demand-supply gaps. Barista performed above- average with a 3.5/ 5 rating, and some respondents complained that a lot of the eatables were often stale or unavailable. Café Coffee Day on the other hand, did very well. The eatables they offer are almost always available, and they earned an excellent rating of 4/5.



**Diagram 38. – Comparative Rating – Desserts Of Choice**

The desserts pose the same problem to a café as the eatables, but the demand for them is usually higher. The desserts are also a large source of revenue, because they're usually accompanied by a high profit margin. Barista and Café Coffee Day performed at par, both earning an excellent 4/ 5 rating.



**Diagram 39. – Comparative Rating – Overall Availability**

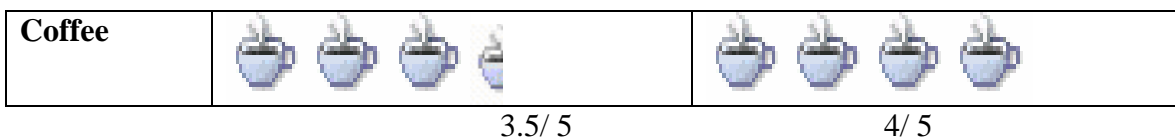
Overall, both Barista and Café Coffee Day performed very well in this section, with a rating of 4/ 5 each. This shows that both chains are doing well to make ensure that their products are available to customers at all their outlets.

**Value for Money**

Customers always take into consideration 2 factors while purchasing a product. The price of the product, and the quality/ quantity value of the product. Having a low- priced, low value product or a high- priced, high- value product is often difficult to market or sell. What customers ultimately look for is value for money.

In cafés especially, serving products at the right price in the right quality/ quantity is extremely important. Customers should feel that their paying the lowest price possible for the quality and quantity of the product they receive. This rating would reflect on the relationship between the price of the product, the taste & quality and the serving size.

Since the four basic products cafés offer are priced differently, with different quality and quantity values, the value for money for each should be rated separately.



**Diagram 40. – Comparative Rating – Value for money-Coffee**

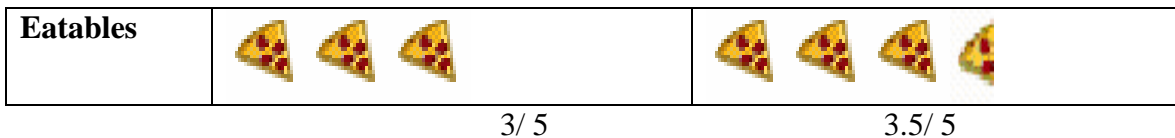
The value for money for coffee is probably the most important factor, since customers visit cafés primarily to drink coffee. Barista received an average 3.5/ 5, which is probably a result of the lower ratings they received in the *Taste & Quality* and *Prices* of Coffee.

Café Coffee Day on the other hand received a very good 4/ 5 rating, probably as a direct result of having a better *Taste & Quality* and *Prices* rating.



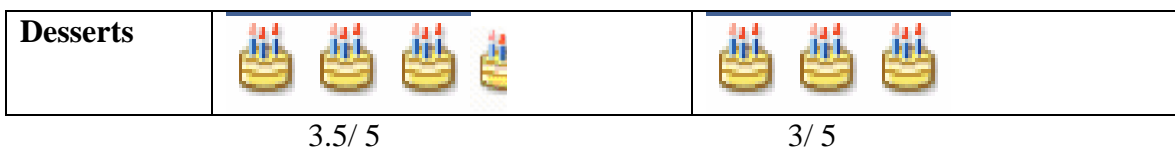
**Diagram 41. – Comparative Rating – Value for money-Coffee**

Customers drink the *Other Drinks* available at Café Coffee Days as alternatives to coffee, and since these drinks are usually priced between Rs. 30 – Rs. 40, providing good value for money is essential. Barista received only an average 3/ 5, while Café Coffee Day could only do marginally better with a 3.5/ 5 rating. This is reflective of the customer’s perception of prices and of serving size, because Barista received a higher rating in the *Taste & Quality* but Café Coffee Day received a better *Price* rating. It seems that the prices and/ or the serving size of the other drinks had an effect on the respondents rating.



**Diagram 42. – Comparative Rating – Value for money - Eatables**

While rating the *Value for Money of Eatables*, respondents gave Barista a 3/ 5 and Café Coffee Day a 3.5/ 5. This marginal advantage for Café Coffee Day is either due to their serving size, or their price, because while rating the *Taste & Quality* both Barista and Café Coffee Day received the same rating for Eatables.



**Diagram 43. – Comparative Rating – Value for money - Desserts**

Customers generally demand that *Desserts* provide high value form money. This is because they’re willing to pay a high price and they expect excellent taste, quality and

quantity. Presentation also plays a key psychological role here. The Desserts category is the only one where Café Coffee Day could not do better than Barista. Barista received a 3.5/ 5 and Café Coffee Day received a 3/ 5. Barista had a 1 point advantage when it came to the *Taste & Quality* of desserts. This indicates Barista currently dominates that desserts category.



**Diagram 44. – Comparative Rating – Overall Value for money**

Café Coffee Day has a marginal edge over Barista, when it comes to *Value for Money*. They edged out Barista on 3 parameters out of 4. In the case of coffee, Café Coffee Day had a *Taste & Quality* advantage; in the case of *Other Drinks* and *Eatables*, Café Coffee Day had a price advantage; and in the case of *Desserts*, Barista had a huge *Taste & Quality* advantage.

**Overall Services**

The final part of the survey asked respondents to comparatively rate the 3 main aspects of a café, i.e. the *Products*, the *People* and the *Ambience*. They were also asked to provide an *Overall Rating* judging the performance of Barista and Café Coffee Day.

It is important to understand how customers view the 3 main aspects as a whole, because it highlights a café's performance in a certain area. The results of the *Overall Rating* are

also important because it indicates overall, how a customer rates both the café of his preference, and the other café.



**Diagram 45. – Comparative Rating – Overall Services - Products**

The overall ratings of products available at these two cafés are indicative of not only the *Taste & Quality*, but also the type, quantity, variety, presentation and packaging of these products. Barista earned a very good rating of 4/ 5, with a marginal advantage over Café Coffee Day’s 3.5/ 5. This indicates that although Café Coffee Day got better ratings of *Taste & Quality*, Barista managed a better overall rating. One common comment made by most of the sample was, that Barista needs to improve its product variety, while Café Coffee Day needs to improve its packaging and presentation.



**Diagram 46. – Comparative Rating – Overall Services – People**

People are often called the most important part of a service sector organization. In the case of cafés, the people actually working at the café who directly interact with the customer influence the customer’s perception of the café and the service they provide. It is therefore important, especially in national retail café chains that employ over 1,000 employees, that their staff is properly trained and well behaved. Taking all that into consideration, Barista has done a very good job with its staff, earning an excellent 4/ 5 rating from respondents. Café Coffee Day however was not up to the mark, and received an average 3.5/ 5 rating.





4.5/ 5

3.5/ 5

**Diagram 47. – Comparative Rating – Overall Services – Ambience**

When respondents were asked to rate individual parameters of *Ambience*, they gave Barista an especially high rating while Café Coffee Day could only manage an average rating. It’s the same case when it comes to rating the overall *Ambience*. Barista has a huge lead of 1 whole rating point, and Café Coffee Day needs to work really hard to catch up to Barista.



4.5/ 5

3.5/ 5

**Diagram 48. – Comparative Rating – Overall Services Rating**

The overall verdict is in. Barista got a near- perfect average overall rating of 4.5/ 5, while Café Coffee Day was lagging a whole point behind. This in spite of the fact that 50% of the respondents chose Café Coffee Day as their café of choice. This shows that both Barista and Café Coffee Day have the potential for larger growth. Barista, because even though they are 1 whole point ahead of Café Coffee Day, it does not reflect in their market share. And Café Coffee Day, despite getting only an average rating commands a lot of market share, so if they utilize their unused potential, and catch up in key result areas, they will be able to match Barista in every facet.

## **Section 5: CONCLUSION**

### **5.1 Areas of Excellence**

Both cafés 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:

#### **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 maintain brand loyalty.

##### **2. Excellent Human Resource:**

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 cafés have. Respondents to the survey, including those 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 heir brand image and human resources, and have a strong base for future expansion and growth- whether nationally or internationally.

### **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.

## **5.2 Areas Needing Improvement**

Both Barista and Café Coffee Day have under performed 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. Average taste & quality of products:**

According to the market survey, other than their *Dessert*, Barista got only an average rating for the taste & quality of their products. Considering their strong brand image of being the coffee-lover's traditional café, they have not performed up to expectations in this area.

#### **2. 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.

#### **3. 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 café's had been hijacked just for advertising.

### **5.3 RECOMMENDATION & SUGGESTIONS**

#### **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.

### **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 behavior and service of the staff, and Café Coffee Day is lagging far behind Barista in this aspect.

## Annexure

### **Primary Questionnaire 1:**

#### **General:**

1. When was your café launched in India?
2. What was the reason for launching?
3. What kind of setup was required, in terms of:
  - a. Finance
  - b. Logistics
  - c. Human Resources

#### **Parameters:**

##### **A) Corporate Profile:**

1. Are you an independent organization or are you owned by a larger company?
2. What is the size of the parent company, and how is its performance?
3. What is your current size in terms of:



- a. Finance
- b. Human Resources

**B) Market entry & growth:**

1. When and where was the first Barista opened?
2. How many outlets have been opened, in how many cities and over how much time?
3. What is the rate of growth in terms of outlets per city and per year?
4. What kind of growth has taken place in terms of:
  - a. Finance
  - b. Human Resources
  - c. Products & Services

**C) Marketing Mix:**

1. Product:
  - a. What kind of product variety exists?
  - b. What is the product line strength and width?
  - c. What is the source for:
    - i. Coffee
    - ii. Food Items
    - iii. General items
  - d. What are the quality standards for the products?
  - e. What kind of brand name/ recognition do the products enjoy?
  - f. What sort of packaging do the products have in terms of:

- i. Convenience
    - ii. Presentation
  - g. What is the average serving size for the products?
  - h. What kind of merchandising products do you give?
2. Pricing:
  - a. What sort of pricing policy do you have?
  - b. What factors affect the pricing policy?
  - c. What are the prices of your products?
3. Process:
  - a. What is the preparation process and time for your products?
  - b. What kind of automation/ equipment do you use?
  - c. What is the delivery process and time for your products?
4. Positioning:
  - a. What is your target market & consumer profile?
  - b. How have you positioned your brand image?
  - c. In what way have you positioned the following, to appeal to your target market and sync with your brand image:
    - i. Products
      - Product Mix
      - Variety
      - Packaging
    - ii. Prices
    - iii. People/ Employees

- Employee profile
  - Uniforms and dress code
  - Employee code of conduct
- iv. Physical evidence
- Décor & Architecture
  - Colors, images and displays
  - Product literature (Menus, magazines, etc)
  - Websites, magazines
- v. Locations

5. Promotions

- a. What is the media and mode of advertising?
- b. What kind of advertising campaign and sponsorships do you carry out?
- c. What are your P.R. activities?
- d. What kind of sales promotion activities do you carry out?
- e. Do you have any promotional collaboration with external organizations?

6. Distribution:

- a. Are the outlets company owned or franchise owned, or both?
- b. What sort of coverage do you enjoy internationally, nationally or locally?
- c. What are the locations for your outlets? How and why do you pick these locations?
- d. What are the average inventory/ stock levels for your products?

- e. What sort of inventory/ stock distribution takes place?
- f. What sort of transport facilities exist for products & equipment?

**D) Human Resources:**

- 1. Employee profile:
  - a. What kind of employee profile do you have for your outlets?
  
- 2. Recruitment & Selection:
  - a. What are your recruitment/ hiring policies?
  - b. What are your sources for recruitment?
  - c. What is the recruitment & selection process?
  - d. How often do you recruit?
  
- 3. Training & Development:
  - a. What is your training & development policy?
  - b. How often are your employees trained?
  - c. Do you conduct any kind of skill/ personality development seminars for your employees?
  
- 4. Employee working hours & conditions:
  - a. What are the average working hours of your employees?
  - b. What is the average number of shifts in a day?
  - c. What kind of working conditions are provided to the employee?
  
- 5. Employee code of conduct:

- a. Do you have a special policy for code of conduct of your employees?
- b. What sort of codes exist for your employees in terms of:
  - i. Mannerisms
  - ii. Behavior
  - iii. Attitude
- c. How is this code of conduct infused into your employees? How often is it regulated?

6. Promotion policy:

- a. What are the promotion opportunities for employees who are a part of Barista?
- b. For higher positions, do you promote from within or recruit from outside?

7. Performance appraisal:

- a. How often do you undertake performance appraisal?
- b. Is the performance appraisal conducted downwards?
- c. Does Barista undertake exit interviews also?

8. Employer turnover & retention:

- a. What is your current rate of employee turnover?
- b. What are your policies to improve employee retention?

**PLEASE TELL US THE SOMETHING ABOUT YOURSELF**

Name -----

Address -----

***Thank You For Your Cooperation!***

**Primary Questionnaire 2:**

**Market Survey**

Name:

Age:

Profession:

Sex:

Q1) What Coffee Shop do you usually go to?

Barista                       Cafe Coffee Day

Others

Q2) How often do you visit a Coffee Shop?

Almost Daily               2-3 times a week

2-3 times a month       Not often

Q3) How much money do you usually spend at a Coffee Shop?

0-25 Rupees               25-75 Rupees

- 75-125 Rupees       Over 125 Rupees

Q4) How much time do you usually spend at a Coffee Shop?

- Less than 1/2 hour     1/2- 1 hour  
 1-2 hours               Over 2 hours

Q5) How many people do you usually go with?

- Alone                       With 1 person  
 2-4 people               More than 4 people

Q6) What is the single most important factor for you to choose a Coffee Shop?

- Taste of coffee/food     People/ Service  
 Value for money         Ambience/Experience

Q7) Please rate the following, according to your personal choice, for both Barista and Café Coffee Day:

Questions	Barista					Café Coffee Day				
<b>1) Taste and Quality of products: (1=Bad and 5= Excellent)</b>										
Coffee	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Other Drinks	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Eatables	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Desserts	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
<i>Your comments:</i>										

2) Prices: (1=Cheap and 5=Expensive)										
Coffee	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Other Drinks	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Eatables	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Desserts	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
<i>Your Comments:</i>										

Questions	Barista					Café Coffee Day				
3) Delivery of products: *(1=very slow and 5= quick) **(1=inconvenient and 5=very convenient)										
Order Time*	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Delivery Time*	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Order Process**	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Delivery Process**	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
<i>Your comments:</i>										
4) Staff: (1=Bad and 5=Excellent)										
Behavior	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Manners	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5



	1	2	3	4	5	1	2	3	4	5
Helpfulness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
<i>Your Comments:</i>										
Questions	Barista					Café Coffee Day				
<b>5) Ambience:</b> (1=Bad and 5= Excellent)										
Furniture & Décor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Colors & Lighting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Comfort & Feel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Other Entertainment (Music, TV, games, books, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
<i>Your comments:</i>										
<b>6) Availability:</b> (How often are the following products available) (1=Rarely and 5=Always)										
The coffee of your choice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
The drinks of your choice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
The eatables/snacks of your choice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5

The desserts of your choice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
<i>Your Comments:</i>										

Questions	Barista					Café Coffee Day				
<b>7) Value for money: (1=Bad and 5= Excellent)</b>										
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Other Drinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Eatables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Desserts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
<i>Your comments:</i>										
<b>8) Overall Service: (1=Bad and 5=Excellent)</b>										
Products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
People	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Ambience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5
Overall Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	1	2	3	4	5



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