

# CASE STUDY: CAFE COFFEE DAY



GROUP - 6

A lot can happen  
over  
**Coffee**



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-

## BACKGROUND OF CCD

- Founded on 11th July 1996 in Bangalore.
- Started off as internet cafe, moved to “cafe and conversation model”.
- Founder And CEO - V. G. Siddhartha.
- Wife of Siddhartha - Malavika Hegde- Current CEO
- Coffee Bangalore in 1996 by CCD first outlet - 25Rs/ Coffee.
- Idea came in mind during Singapore Visit.
- Since 150 years, Siddhartha's ancestors were doing coffee plantation.
- Owned by ABCTCL, India's largest coffee conglomerate.



# CCD STORES IN INDIA TILL FEB 2023

**1,384**

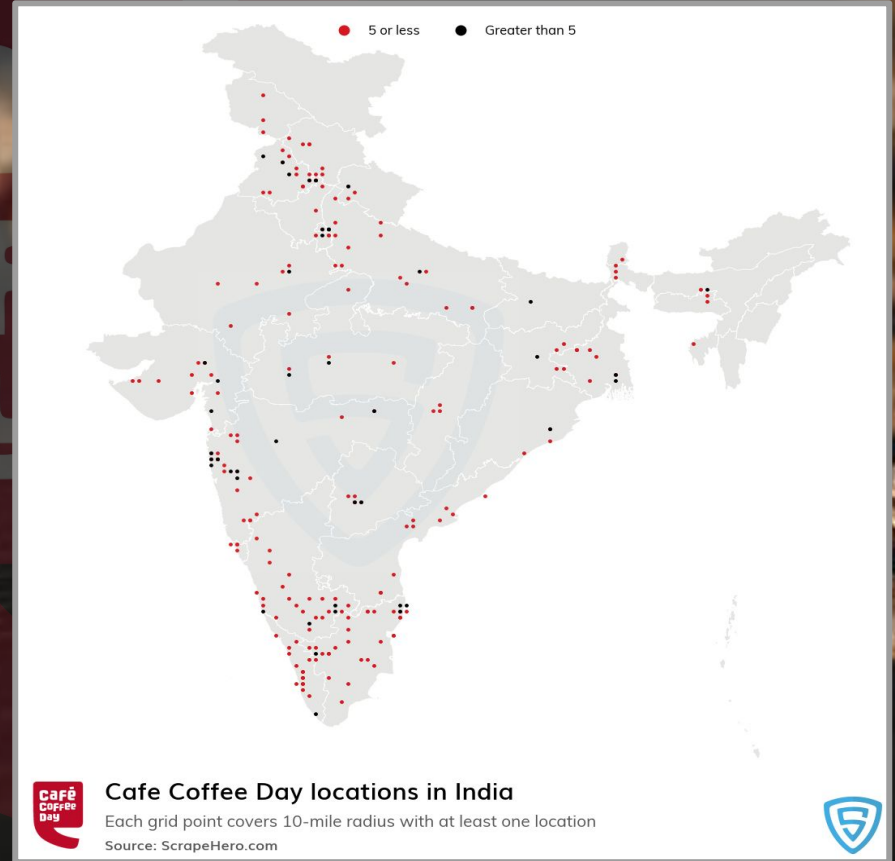
Locations

**28**

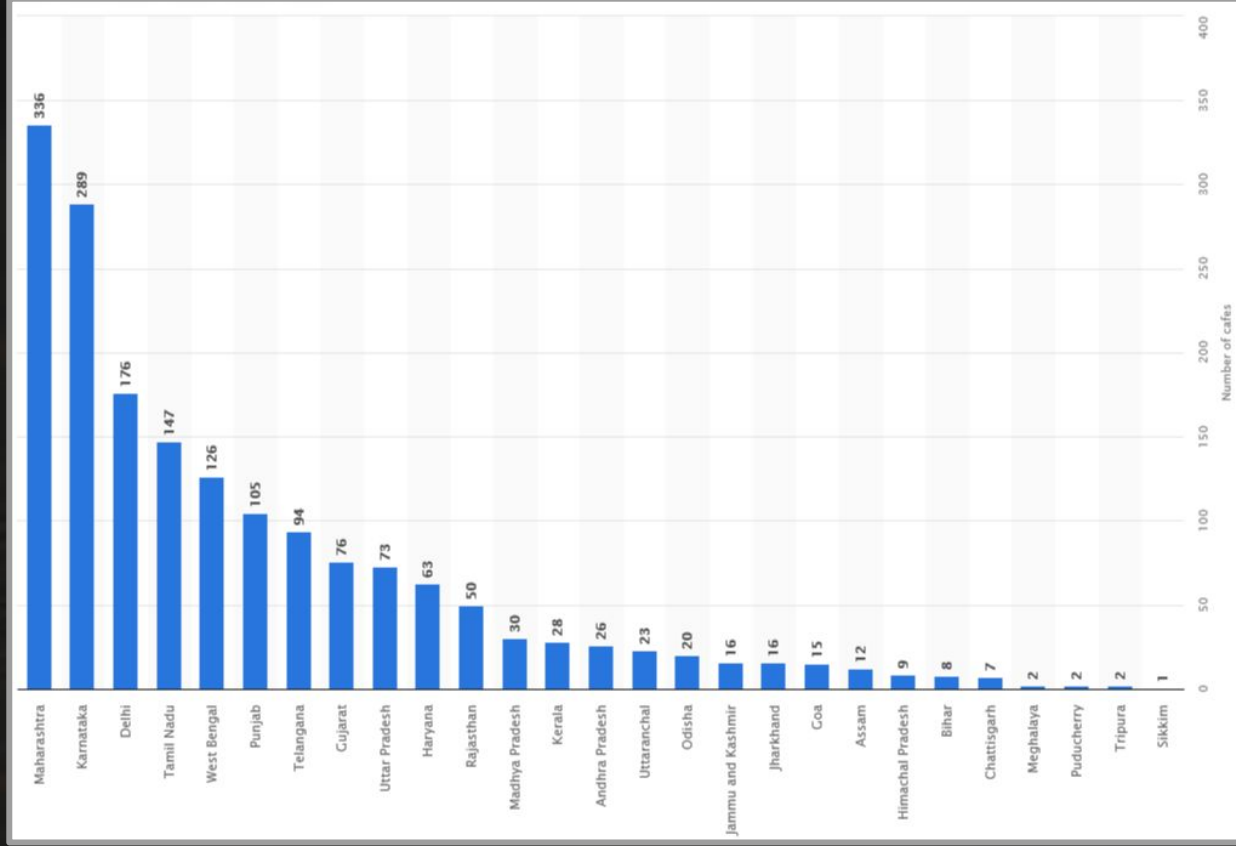
States and Territories

**161**

Cities

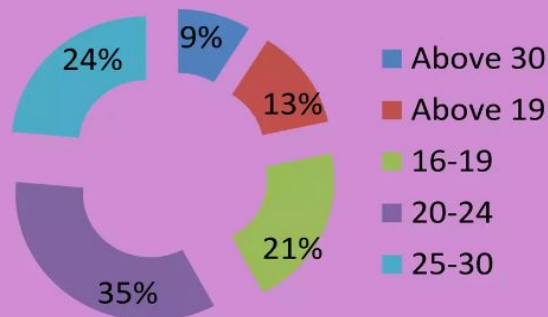
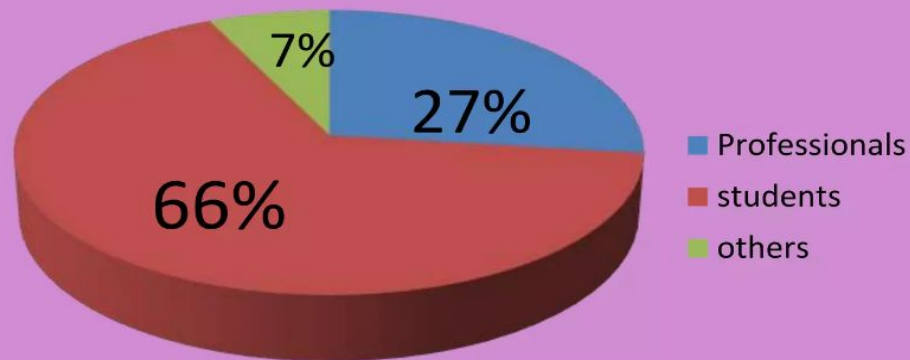


# NO. OF OUTLETS IN INDIAN STATES FY-2019





# Consumer Profile



# SYNOPSIS

01

Strategic Steps Followed By Landor.

- Competitor and Brand Analysis
- Consumer Research and Gaps in Intended Brand Identity.
- Exploring the Brand Positioning Options
- Evaluating the options.

02

Recommendations By Landor.

- Good Company.
- Real Coffee, Real Moments.
- Social Hub.

03

Questions to be addressed in the presentation.

- When and how did CCD know that brand rejuvenation was required?
- Perform pro-con analysis for the three positioning choices. Which one do you recommend and why?

## STRENGTHS

- (i) Youth Oriented brand.
- (ii) Affordability with comfort.
- (iii) Grows coffee in own land.
- (iv) Good quality and taste.
- (v) Indian company.

## WEAKNESSES

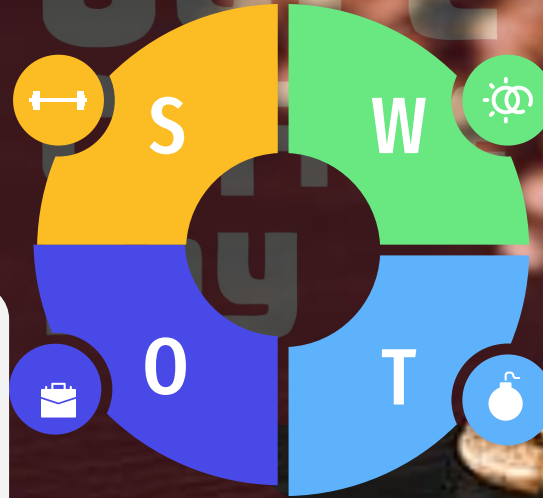
- (i) Low investment in promotion.
- (ii) Unhealthy food.
- (iii) Not expanded in big international markets.
- (iv) Crowd management.

## OPPORTUNITIES

- (i) Tie up with other companies.
- (ii) Merchandising.
- (iii) Introducing Combos.
- (iv) International market expand.
- (v) Clever collaborations.
- (vi) Tap smaller towns.

## THREATS

- (i) New competitors like Starbucks.
- (ii) Dependent on govt commodity rts.
- (iii) Large unorganized market.





# 4P'S ANALYSIS

## PRODUCT

- Coffee, shakes, lemonade, tea, indian snacks.
- Frappe for summers & Cappuccino for winters.
- Coffee vending machines, coffee powder.
- Funky T-shirts, caps.
- Several single varieties of coffee of diff. origin.
- Gift cards, apparels, accessories, cups, bottles.
- Catering service.



# PRICE

## 4P'S ANALYSIS

Cafe  
Coffee  
Day

- It's coffee price ranges Rs.45-80, where customers belong in age group of 15-29.
- Minor changes in pricing policy.
- Value based pricing.
- Varied and flexible pricing.
- Their policies:
  - (i) Premium pricing for Lounge/ Square.
  - (ii) Competitive pricing for Cafe.



# 4P'S ANALYSIS

## PLACE

- More than 1530 retail outlets in India
- Located in busy streets, entertainment centres
- International markets in Malaysia, Austria, Czech republic
- Three types of outlets:  
CCD Square, Lounge, stores
- Furniture and decor for freshness
- Wi-Fi facility, valet parking and presentation screens

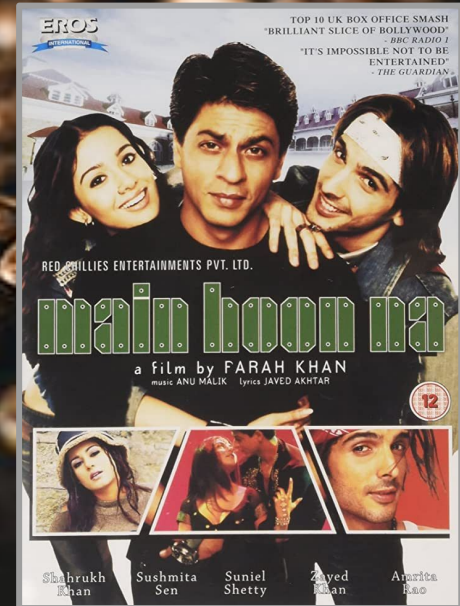




# 4P'S ANALYSIS

## PROMOTION

- Tie-ups: youth brands, contest going on with Scooty, Liril, Airtel
- Television: Contest Zee English program 'Friends', Collaboration with "Get Gorgeous Contest"
- Movies: Main Hoon Na, Khakee
- Sales Promotion: CCd uses 'Cafe Citizen Card' for their regular customers, tent cards in their restaurants





# WHEN AND HOW DID CCD KNOW THAT BRAND REJUVENATION WAS REQUIRED?

- CCD considered undergoing brand rejuvenation in the financial year- 2008/09.
- Brand audit report highlighted the difference between intended brand image and perceived brand image.
- We consider three frameworks here:-
  - (i) Brand Asset Valuator.
  - (ii) Perceptual map.
  - (iii) Brand Dynamics Pyramid

Café  
Coffee  
Day

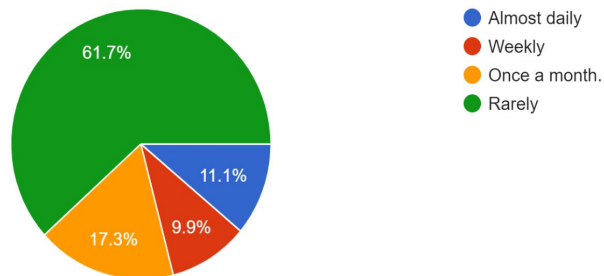


# WHEN AND HOW DID CCD KNOW THAT BRAND REJUVENATION WAS REQUIRED?

- Factors which highlighted need for rejuvenation-
  - i) Entry of newer competitors- call for differentiation.
  - ii) Exposure of youth to western culture- valuing experience along with core product(coffee).
  - iii) Growing middle class and their rising disposable income- aspirations backed by purchasing power.
  - iv) Change in marketing dynamics- from product and selling based to marketing based.

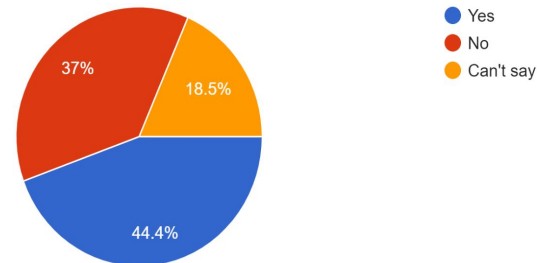
How often do you visit the campus CCD facility?

81 responses



Do you think CCD is affordable for you and in general for students here?

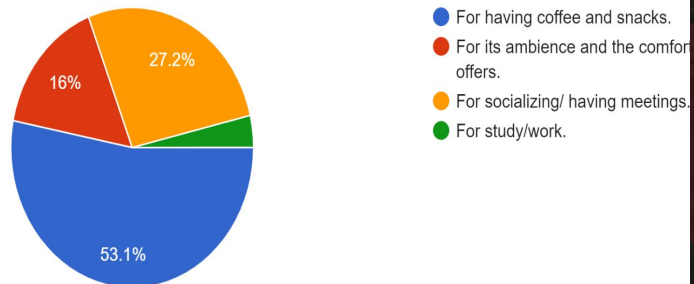
81 responses



## SURVEY

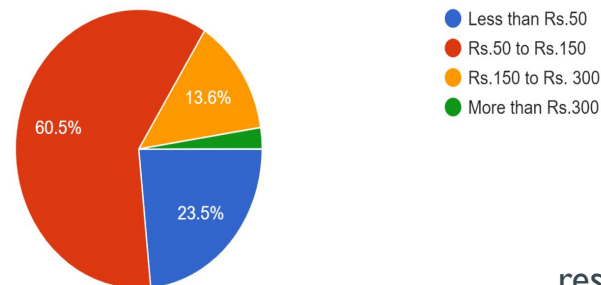
What is the most compelling reason for you to visit CCD?

81 responses



How much do you spend on average in a single visit to CCD?

81 responses



## GOOD COMPANY

Pros	Cons
<u>Better social media engagement and word-of-mouth recommendation.</u>	<u>Contradictory pricing with respect to intended image.</u>
Joyful moments leading to extended customer stay.	<u>Being low on aspirational aspect.</u>

## REAL COFFEE, REAL MOMENTS

Pros	Cons
<u>More emphasis on quality of coffee.</u>	Priority shift from community to convenience and innovation.
Emotional connection with the brand.	Customer experience is subjective and can be inconsistent.

## SOCIAL HUB

Pros	Cons
Focus on target demographic (youth).	<u>Less focus on homegrown indigenous premium quality coffee.</u>
<u>Hub for events, workshops, awareness sessions, etc.</u>	Too many places to socialize have come up.



## WHAT WOULD BE THE BEST POSITIONING??

- According to evaluation metrics, “Social Hub” is best.
- As we will see in the ad, they don’t emphasize coffee.
- CCD had a legacy for providing good quality coffee.
- Younger generation cares about product, convenience.

... “REAL COFFEE, REAL MOMENTS” FITS BETTER.

# RISE OF V. G. SIDDHARTHA'S BUSINESS

- Took Rs. 7.5 lakhs from his father for doing Share trading.
- Invested 5 lakhs in buying land.
- Invested 2.5 lakh in Share market.
- Started Coffee trading in 1993.
- Become India's largest Unroasted coffee trader in 2 years.
- Bought 3000 acres land from profit of both sectors.
- Started Coffee day (fresh & ground) own brand.
- Started selling coffee powder, Installed Coffee Vending Machine.

# RISE OF V. G. SIDDHARTHA'S BUSINESS

- Started selling coffee powder in 450 outlets as its own brand.
- In 1996, invested 1.5 Cr for first cafe coffee day.
- Provided free internet in CCD first time in India.
- Started Way2Wealth, a real estate company in the year 2000.
- Till year 2000, 22 outlets and till year 2004, 200 outlets of CCD had come up.
- Till year 2014, had 1488 outlets, 28777 coffee vending machines.

# RISE OF V. G. SIDDHARTHA'S BUSINESS

- Started SARAI resort business. (4 places in India)
- Started Dark forest furniture Company.
- Invested in Infosys IPO and made profit 6 times of invested money.
- Invested 170 Crore in Mindtree and made profit of Rs. 2858 Crores.
- Till year 2015, having asset of 6000 Crores.
- Coffee plantation mainly happens in Karnataka, Kerala and Tamilnadu (90%).
- 80% of Coffee was being exported.





# INVESTMENT IN DIFFERENT SECTORS BY V G SIDDHARTHA

Infrastructure

Logistics

IT Sector

Share market

Real Estate

Hospitality

# REASON BEHIND DOWNFALL OF CCD

**Main reason** The suicide of CCD's founder (Aug 01, 2019) unfolded the truths surrounding the company's failure, which were improper debt management and lack of control over financing decisions. Data revealed that V.G. Siddhartha's debt pile may have crossed even Rs 11,000 crore at one point.

## **Other reasons -**

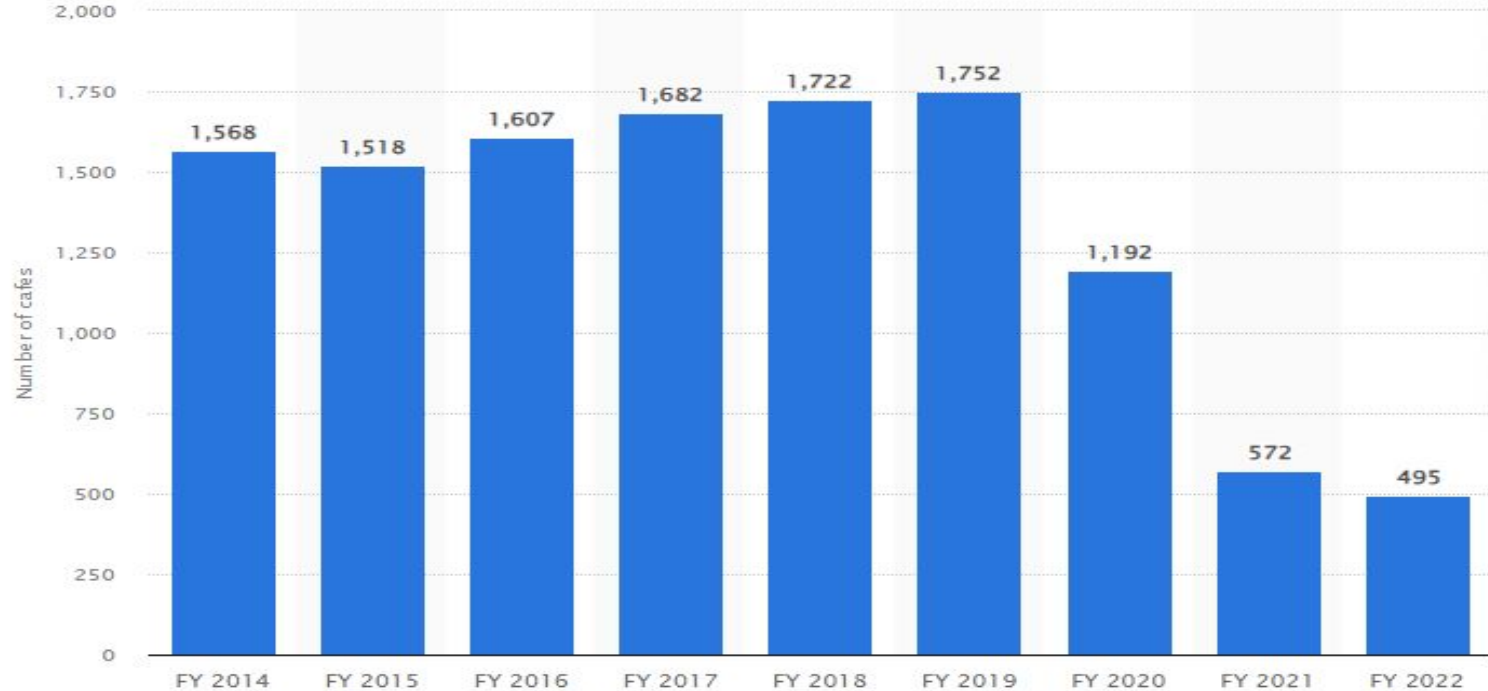
Lack of management team behind Siddharth for making financial decisions.

Investment in different sector totally depending on loan amount.

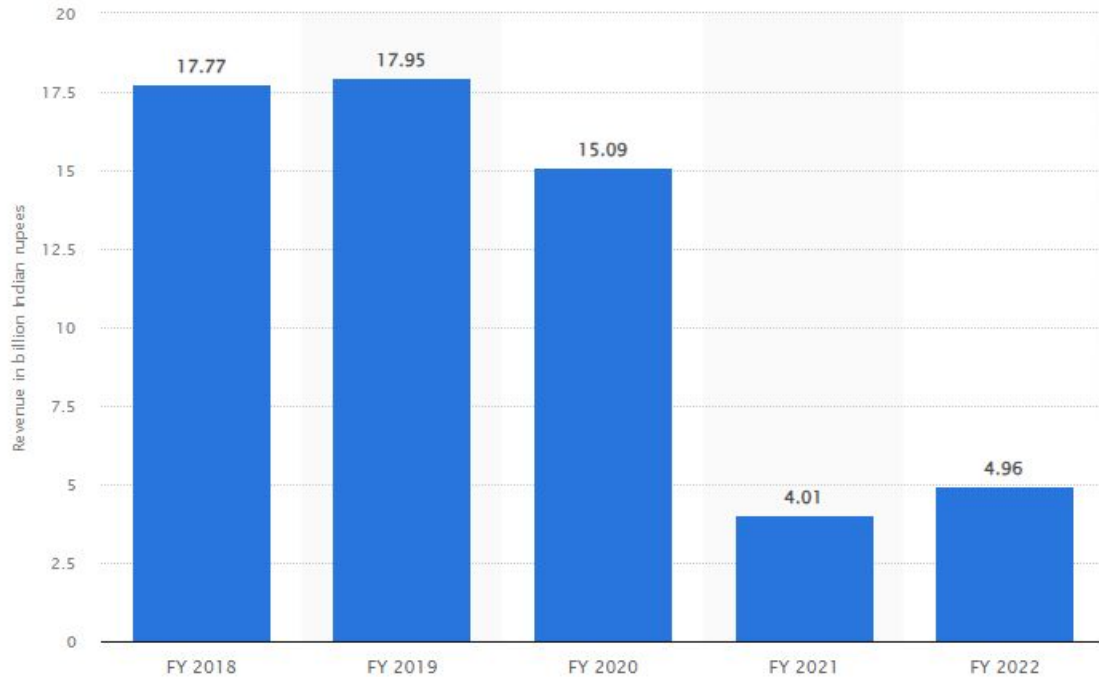
Income tax raid on 20 places of V. G Siddhartha.

Political connections caused issues.

# NO. OF CCD ACROSS INDIA FROM FY 2014-22



# TOTAL REVENUE OF CCD FROM FY 2018-22



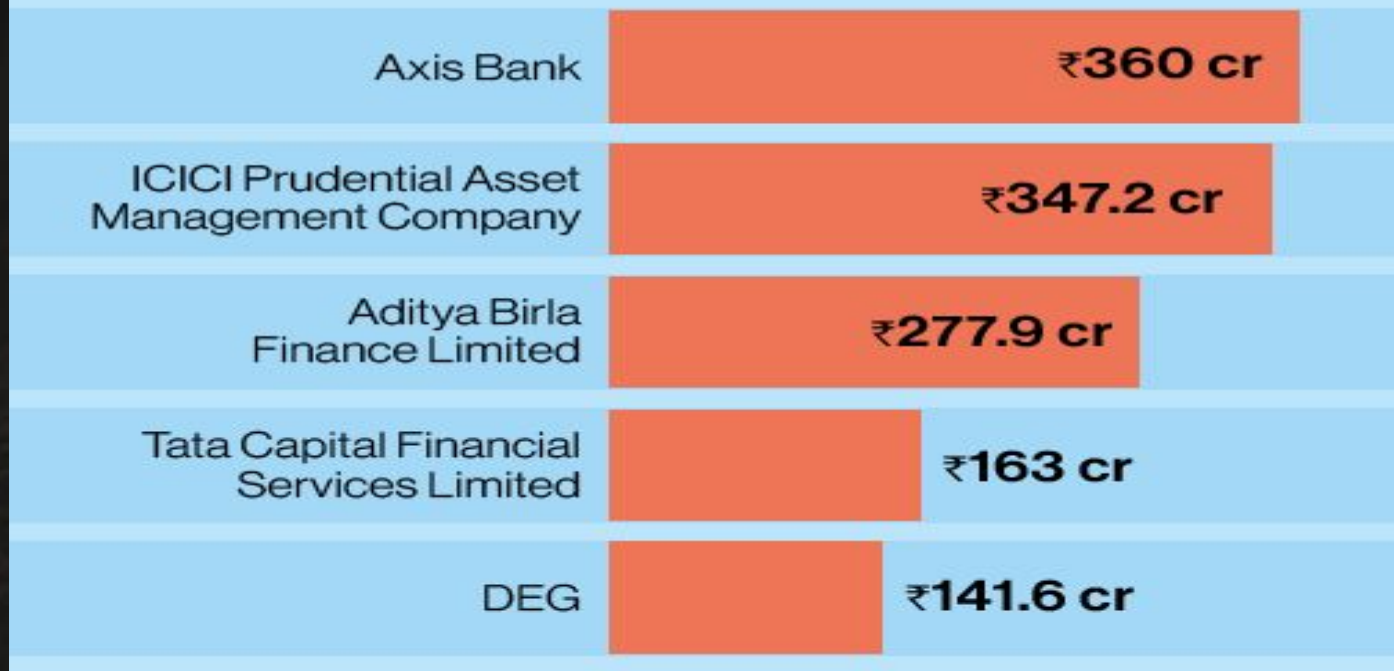


# FINANCIAL HIGHLIGHTS

*(Amount in Rs. Crores)*

Particulars	Coffee Day Enterprises Limited	Coffee Day Enterprises Limited	Coffee Day Global Limited	Coffee Day Global Limited
	(Consolidated)	(Consolidated)	(Consolidated)	(Consolidated)
	FY 22	FY 21	FY 22	FY 21
Net Operational Revenue	582	853	496	401
Finance charges	53	261	34	128
Depreciation	148	400	143	333
Profit Before Tax	(128)	(798)	(111)	(450)
Income Tax	3	(167)	-	(155)
Total Profit/ (Loss) attributable to the Owners of the Company.	(121)	(584)	(113)	(306)

## TOP 5 LENDERS



# LOAN AMOUNT FROM DIFFERENT SOURCES

Mutual funds	- ₹900 cr
Private equity investment	- ₹960 cr
Coffee Day IPO	- ₹1150 cr
NBFC	- ₹2000 cr

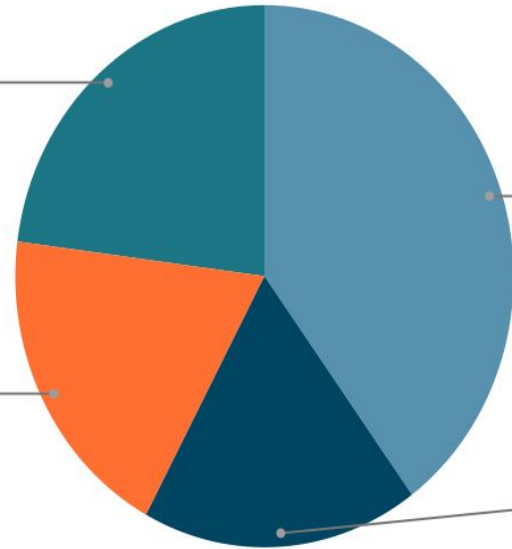
Points scored

CCD IPO  
23.0%

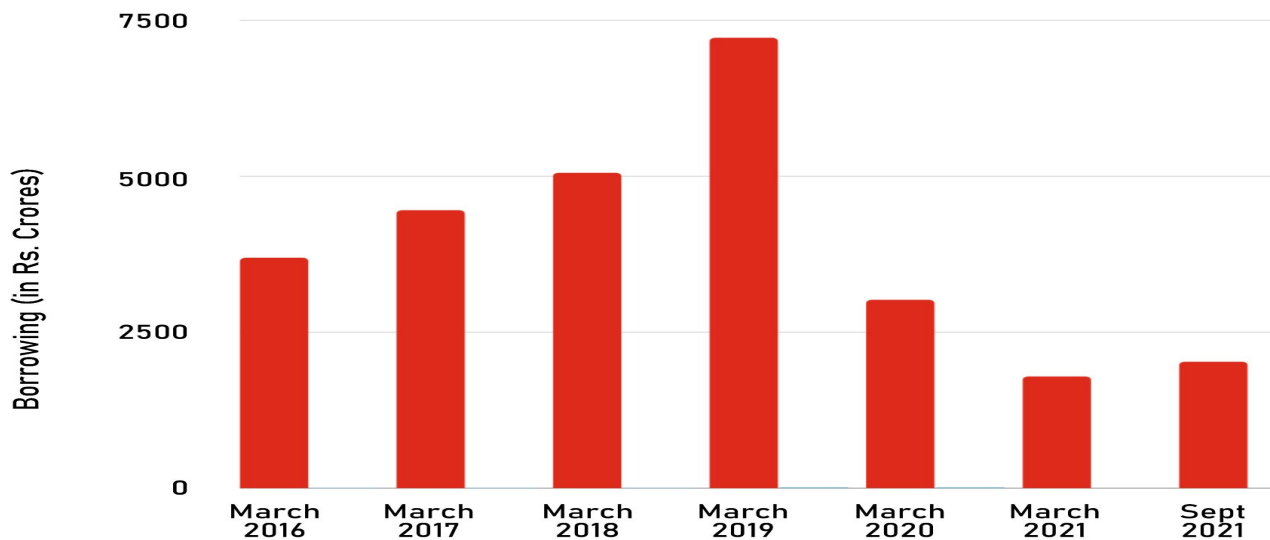
NBFC  
39.9%

PEI  
19.2%

Mutual funds  
18.0%



## Total Borrowings of CDEL across the years



Source: Screener.in



# IPO DETAILS OF CCD AND CURRENT PRICE

In march 2016	Rs.230 Rs/ Share	In march 2022	Rs. 101 Rs/ Share
In march 2018	Rs.310 Rs/ Share	In Dec 2022	Rs. 72 Rs/ Share
In Aug 2020	Rs. 86 Rs/ Share	On 14th June 2023	Rs.38.70 Rs/ Share

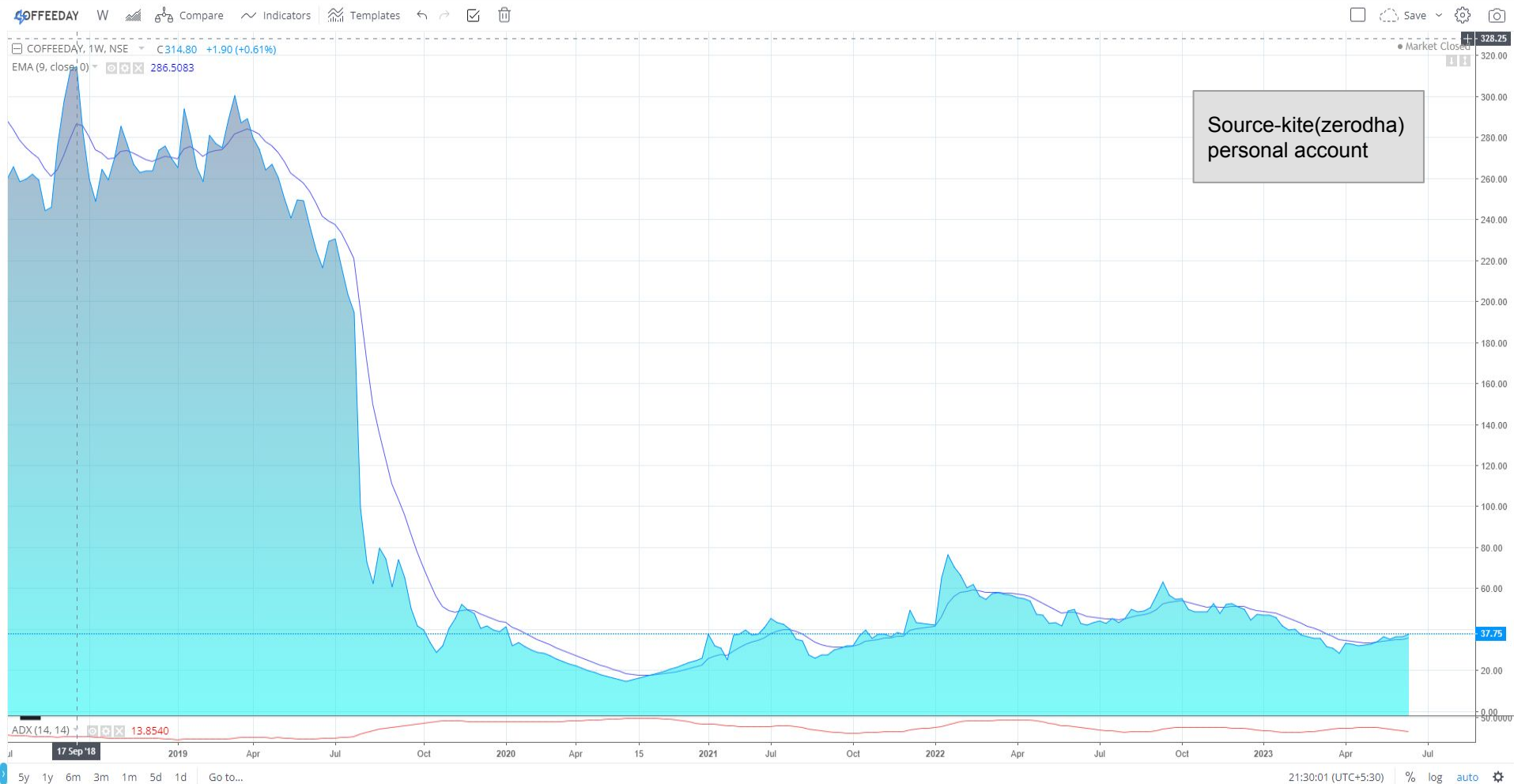
## Coffee Day Enterprises Ltd Offer Details

Issue Open Date	14-10-2015
Issue Close Date	16-10-2015
Listing Date	02-11-2015
Face Value (Rs)	10
Offer Price/Range (Rs)	316.00-328.00
Issue Size (Rs Cr)	1150.00@328/share
Issue Type	Public Issue (Book Building)

## Coffee Day Enterprises Ltd Listing Day Data

Open	313.00
High	318.00
Close	270.15
Low	266.00
Volume	Rs. 1082121531.00

# CoffeeDay(IPO) Chart and Exponential Moving Average curve









**THANK YOU**

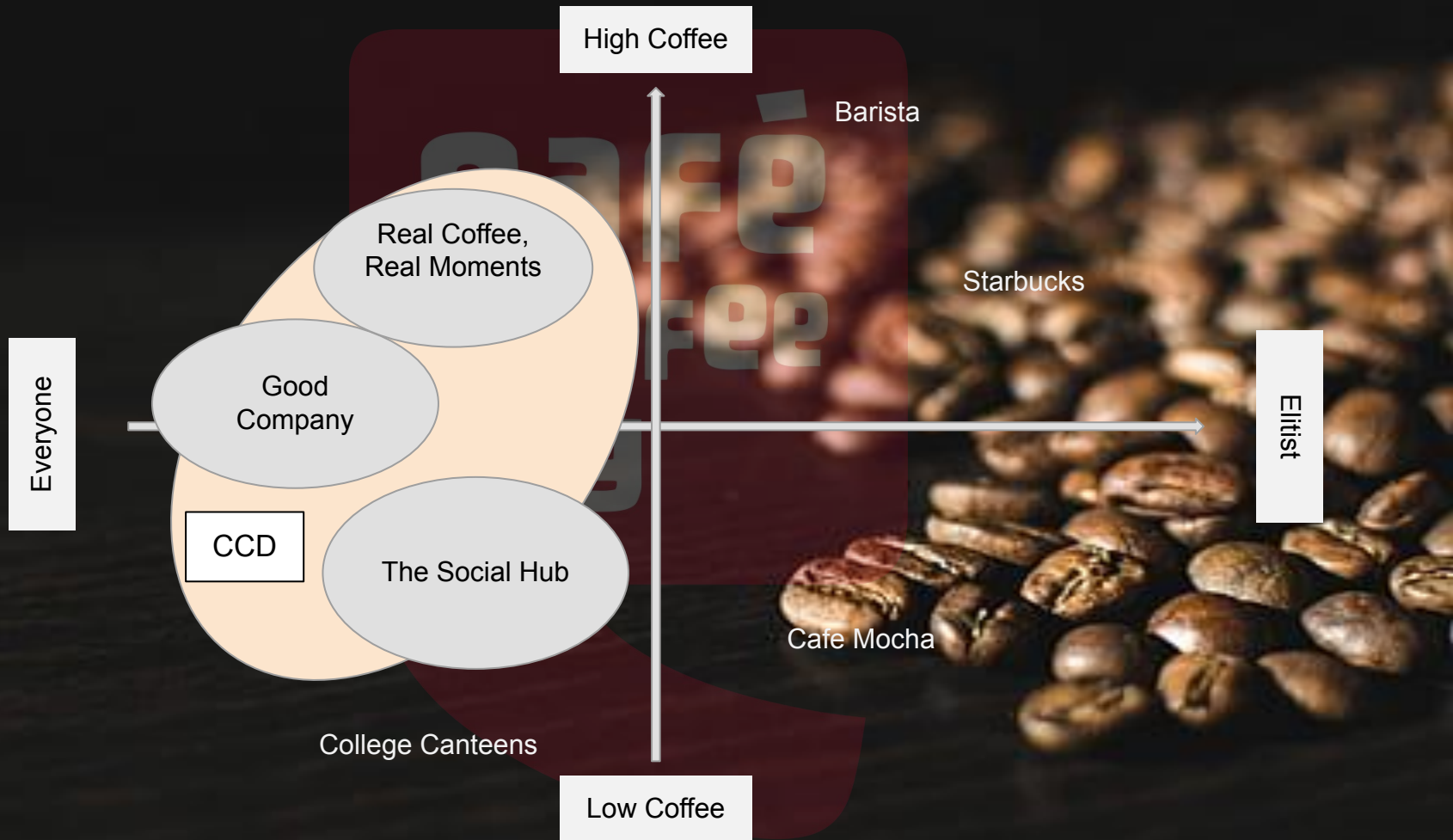




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credit - Unmukt IIT Kanpur



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	Good Company	Real Coffee, Real Moments	Social Hub
Platform Emphasis	Playful	Genuine	Inspiring
Lending greater dynamism	Medium-High	High	High
Lending greater aspiration	Low	medium-High	High
Lending a more differentiated and powerful identity	Medium-High	High	Medium-High
Adding greater value to cafe experience	High	High	High
Relevance to customers	Very High	Medium	High
Relevance to employees	Very High	Very High	Very High
Differentiation today	High	High	High
Long-term viability	High	Medium	Very High
Credibility	High	Very High	Medium
Brand stretch potential	High	Medium	Very High



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The new logo appears as the dialogue box creating a greater conversational effect on it's audience.

The new logo has the tagline- 'A Lot Can happen over Coffee'

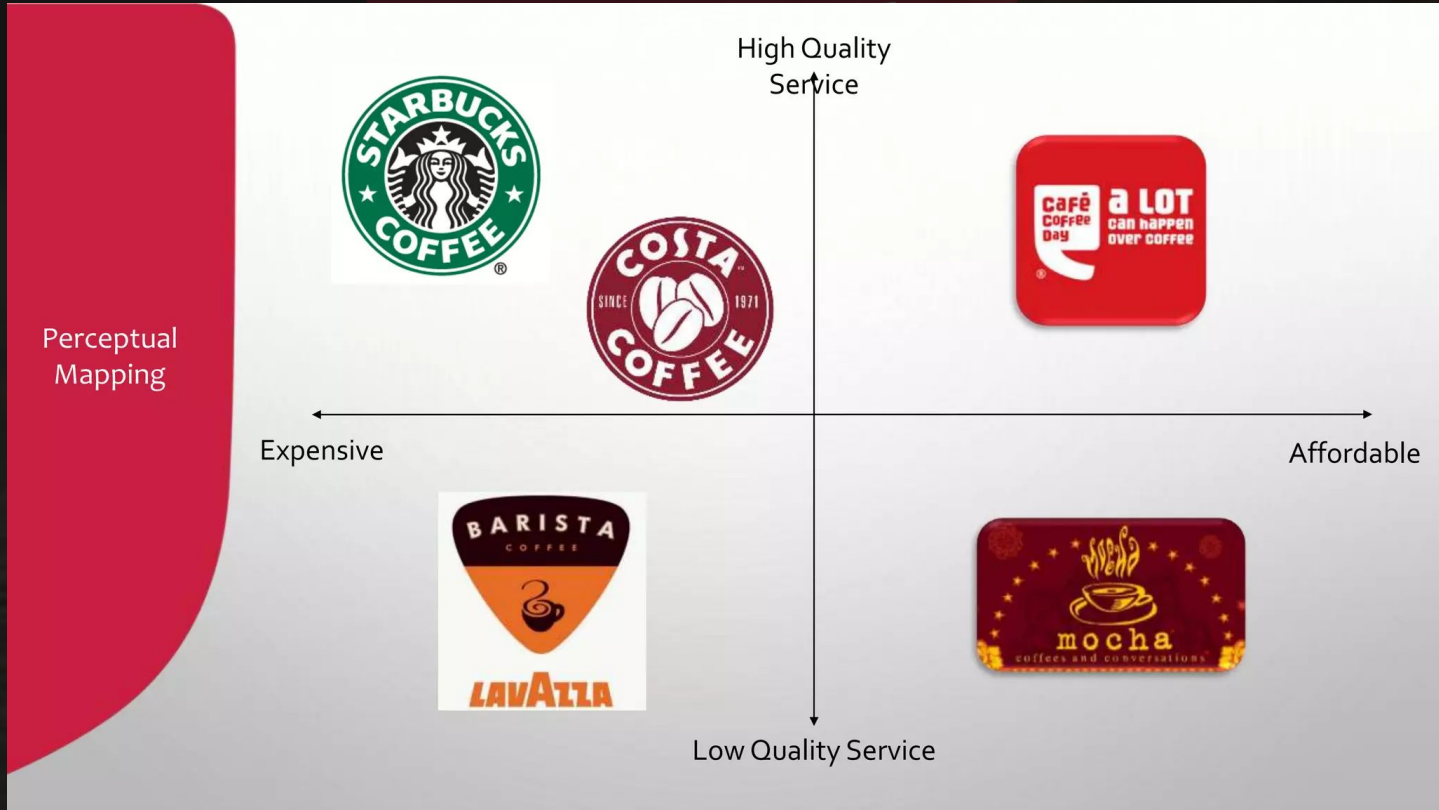


Old Logo



New Logo

[back](#)



Source- Slideshare

Figure 9.3

## Brand Dynamics Pyramid

